JOHNSON ELECTRIC

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

HIGHLIGHTS

- For the financial year ended 31st March 2015, total sales amounted to US$2,136 million – an increase of 2% compared to the prior financial year. Excluding the effects of foreign currency changes, underlying sales increased by 4%
- Gross profit margins slightly increased to 29.6% from 29.5% in the prior year
- EBITDA totalled US$336 million – up 4%
- Operating profit increased by 4% to US$243 million or 11.4% of sales
- Net profit attributable to shareholders increased 1% to a record US$211 million
- Basic earnings per share increased by 3% to 24.11 US Cents
- The Group's gearing level remained low with a total debt to capital ratio of 13%

LETTER TO SHAREHOLDERS

Johnson Electric delivered record profits for the financial year 2014/15 against a backdrop of uneven global economic conditions and dramatic foreign exchange rate movements.

Notwithstanding this unpredictable operating environment, Johnson Electric continued to make very satisfactory progress in all of the key elements of its strategy. The on-going expansion of our global operating footprint has been welcomed by customers seeking increased in-region responsiveness and shorter delivery times. And our focus on bringing innovative technology solutions to the most difficult electro-mechanical problems is resulting in a series of new business wins that are set to underpin healthy long-term growth.

DIVIDENDS

The Board has previously stated its 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 paid in January 2015 was consequently increased by 17% to 14 HK Cents per share. For the final dividend, the Board is recommending 34 HK Cents per share (FY2013/14: 34 HK Cents per share). Subject to the performance of the Group in the first half of the 2015/16 financial year and taking into account its overall financial condition and prospects at the time, the Board intends to give consideration to a further increase in the 2015/16 interim dividend.

SALES PERFORMANCE

A generally solid overall sales performance was partially offset by the significant movements in foreign exchange rates during the year. Before the effects of currency changes, underlying sales grew by 4% compared to the prior year. After currency changes, particularly the lower average exchange rate for the Euro against the US Dollar, Group sales increased by 2% to US$2,136 million.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,458 million. Excluding currency effects, which reduced sales by US$44 million, APG's sales increased by 4%.

Strong performance by the Engine & Transmission and Powertrain Cooling business units reflected Johnson Electric's industry leading technologies in these segments where the focus of customers is on solutions that improve fuel economy and reduce emissions. On a geographic basis, European sales benefited from the first overall increase in car registrations in the region in seven years, but Euro denominated sales were negatively affected upon translation into US Dollars. In Asia, APG performed strongly despite the slowdown in China vehicle sales growth from the exceptional levels seen in recent years. The only area of disappointment for APG has been in the Americas region, which is the division's smallest major regional market in terms of direct sales. Partly as a result of certain programmes ending over the past two years, we have yet to benefit from the strong recovery of the US auto industry. However, with the establishment of our Mexico manufacturing facilities, we see a major opportunity for the Group to grow its presence and market share in the region.

The Industry Products Group ("IPG") reported a 3% increase in sales (up 4% in constant currency terms) to US$679 million. This compares to a 4% decline in the prior year and marks an important shift in the trajectory and competitive position of the division. Solenoid Actuators, Parlex and JE MedTech were the standout performers for IPG during the year. These business units exemplify our strategy of investing in differentiated technology and serving customers whose flagship products require customised motion solutions.

SUSTAINING HEALTHY PROFITABILITY AND BALANCE SHEET STRENGTH

Gross profit margins slightly increased to 29.6% (FY2013/14: 29.5%) due primarily to subdued raw material prices and ongoing cost reduction initiatives which were offset by rising labour costs – particularly in China, but also as a result of the opening of new manufacturing facilities in Mexico and Serbia.

Although total sales in the period under review were depressed by foreign currency movements, the Group's use of forward contracts in the normal course of business helped to mitigate the impact on operating profit which totalled US$243 million or 11.4% of sales.

Free cash flow from operations amounted to US$156 million, down US$75 million from the prior year. This decline was largely the result of higher working capital required to support increased business levels and higher capital expenditures associated with the expansion of the Group's operating footprint and increased investment in automation.

Johnson Electric's overall financial condition remains robust. As of 31st March 2015, cash reserves amounted to US$773 million and the total debt to capital ratio was 13%.

NEW MILESTONES IN INTERNATIONAL EXPANSION

During the year, the Group made significant progress in the development of its global manufacturing footprint which is a critical element in our long-term competitive strategy.

In September 2014, a new plant was opened in Niš, Serbia which adds to our existing capacity in Eastern Europe and is well placed to provide our customers in the region with a highly compelling fulfillment proposition. Similarly, a second plant has been opened in Mexico to meet growing demand from customers in the Americas. And in Asia, we have recently relocated our manufacturing facility in Chennai, India to larger premises designed to meet the needs of the domestic automotive sector.

In addition to these organic growth initiatives, we are continuing to evaluate potential acquisitions that can bring complementary technologies to Johnson Electric and strengthen our position in key markets. Management intends to remain prudent in its assessment of acquisition opportunities and will only pursue situations where the prospects for long-term value-add are clear and the valuation of the business is not excessive.

OUTLOOK

In recent months the gradual recovery of the global economy since the 2008-09 financial crisis has shown signs of faltering as a result of a combination of factors including the collapse in oil prices, the depreciation of the Euro, a slowdown in China, and the overhang of excessive debt levels.

Although any prospective setback in the global economy is a concern to all industrial manufacturers, we have not observed any noticeable softening in demand for Johnson Electric's products at the present time. On the contrary, both of our core operating divisions continue to win important new programmes based on their differentiated technology and global manufacturing capabilities. In the case of automotive components, such programmes typically take two to three years to reach full production volume and consequently the impact on sales will not be felt in the near term. In the current 2015/16 financial year, the weak Euro compared to the US Dollar appears likely to constrain sales growth on translation to the low single digits in percentage terms.

On the cost side, wage inflation in China remains an ever-present headwind and will need to be offset by further efficiency improvement measures, including greater investment in automation. The build-out of our new manufacturing facilities in Serbia and Mexico will also mean an additional cost burden before they are operating at optimal volume levels. As a consequence, we anticipate modest erosion in gross and operating margins in the current financial year such that it will be difficult for the Group to repeat the record net income level of the past year.

Overall, I remain very satisfied with the performance of the business and confident that we remain on track to build and sustain value for shareholders over time.

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

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 13th May 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	FY2014/15	FY2013/14
Sales	2,136.1	2,097.6
Gross profit	632.4	618.9
Gross margin	*29.6%*	*29.5%*
Profit attributable to shareholders	210.9	207.9
Diluted earnings per share [1] (US Cents)	23.60	23.25
EBITDA [2]	335.5	321.8
EBITDA margin	*15.7%*	*15.3%*
Free cash flow from operations [3]	155.8	231.1

US$ million	31 Mar 2015	31 Mar 2014
Cash	773.2	644.0
Total debt [4]	291.3	116.9
Net cash (cash - total debt)	481.9	527.1
Total equity	1,900.9	1,766.3
Market capitalisation [5]	3,032.5	3,282.2
Enterprise value [6]	2,589.3	2,789.1
Enterprise value to EBITDA	7.7	8.7

Credit Quality - Financial Ratios	31 Mar 2015	31 Mar 2014
Free cash flow from operations [3] to total debt	53%	198%
Total debt to EBITDA	0.9	0.4
Total debt to capital (total equity + total debt)	13%	6%

1 For FY2013/14, diluted earnings per share adjusted to reflect the 1 for 4 share consolidation on 15 July 2014 ("Consolidated Share")

2 Earnings before interest, tax, depreciation and amortisation

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 borrowings plus convertible bonds

5 Outstanding number of shares multiplied by the closing share price (HK$27.30 per share as of 31 March 2015 and HK$28.68 per Consolidated Share as of 31 March 2014) converted to US Dollars at the closing exchange rate

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

- **Record EBITDA, profit attributable to shareholders and earnings per share.**

- **Sales, as reported, increased 2%. Excluding currency effects, sales increased 4% (Automotive Products Group, 4% increase; Industry Products Group, 4% increase) as the Group benefited from recent product launches.**

- **Gross profit margin slightly increased to 29.6%.**

- **Awarded "Baa1" investment grade credit rating with stable outlook by Moody's Investors Service and "BBB" investment grade credit rating with stable outlook by Standard and Poor's ("S&P") Ratings Services.**

- **Issued convertible bonds in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum. These convertible bonds have a maturity of 7 years and a 5 year put option for the bondholders. The bonds have an effective annual yield of 3.57%.**

- **Total debt to capital ratio is 13% and cash reserves are US$773.2 million as of 31 March 2015.**

Further information on liquidity, cash, borrowings and convertible bonds can be found in the Financial Management and Treasury Policy Section on page 17.

SALES AND PROFITABILITY

Johnson Electric's Operating Model

Johnson Electric is one of the world's largest providers of motion subsystems, with a global customer base. Operations throughout the Group share many commonalities including advanced technologies, manufacturing processes, vertical integration (with the majority of components manufactured in-house), supply chain, brands, distribution channels and program management.

The Group constantly pursues technology leadership in its key markets. From its innovation and product design centres, the business continuously add new solutions to its range of motors, solenoids, actuators, micro-switches, flexible printed circuits and microelectronics product platforms. These are then customised to provide high-quality solutions that address our customers' needs.

The Group has also established a flexible and responsive operating footprint. Manufacturing facilities in fifteen countries on four continents provide an annual production capacity of over one billion units.

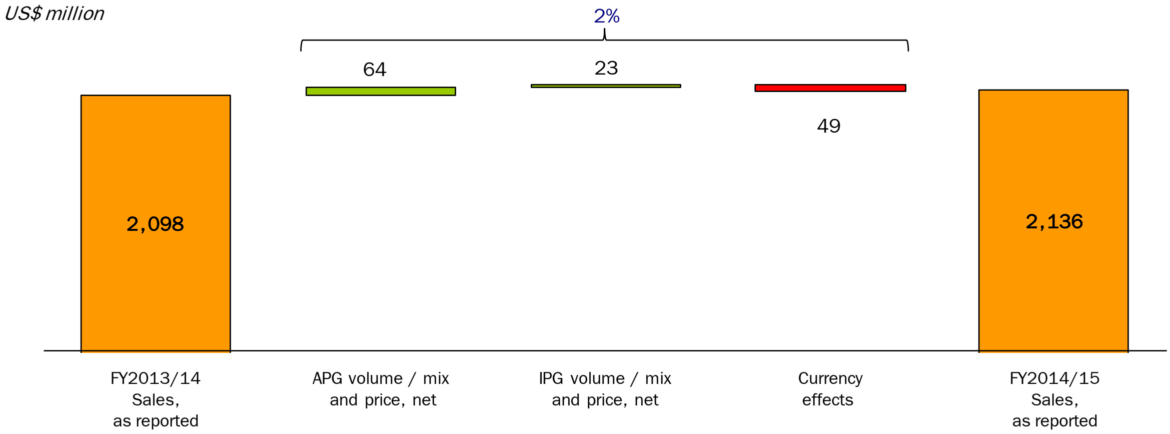
These factors create opportunities for growth by leveraging the strength of the Group's technology and for cost efficiencies through the sharing of resources and continuous improvement of standardised methods and processes.

Sales Review

Group sales in FY2014/15 were US$2,136.1 million, an increase of US$38.5 million, 2%, compared to US$2,097.6 million for FY2013/14. Excluding currency effects, sales increased by US$87.6 million, 4%, compared to FY2013/14, as shown below:

US$ million	FY2014/15		FY2013/14		Sales growth
Automotive Products Group ("APG")					
— Sales, excluding currency effects	1,501.0	69%	1,436.8	68%	**4%**
— Currency effects	(43.5)		n/a		
APG sales, as reported	1,457.5		1,436.8		
Industry Products Group ("IPG")					
— Sales, excluding currency effects	684.2	31%	660.8	32%	**4%**
— Currency effects	(5.6)		n/a		
IPG sales, as reported	678.6		660.8		
Group sales					
— Sales, excluding currency effects	**2,185.2**	100%	**2,097.6**	100%	**4%**
— Currency effects	(49.1)		n/a		
Group sales, as reported	**2,136.1**		**2,097.6**		**2%**

The drivers underlying sales growth in FY2014/15 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$87.6 million. The underlying changes in the sales of the Automotive Products Group and Industry Products Group are discussed on pages 8 to 10.

Currency effects: revenues decreased by US$49.1 million compared to FY2013/14, primarily due to the lower average rate for the Euro against the US Dollar in FY2014/15 (average rate of 1.27) compared to the prior year (average rate of 1.34). The Group's sales are largely denominated in the US Dollar, the Euro and the Chinese Renminbi.

Automotive Products Group

APG's business model continued to deliver organic business growth, as shown in the adjacent table.

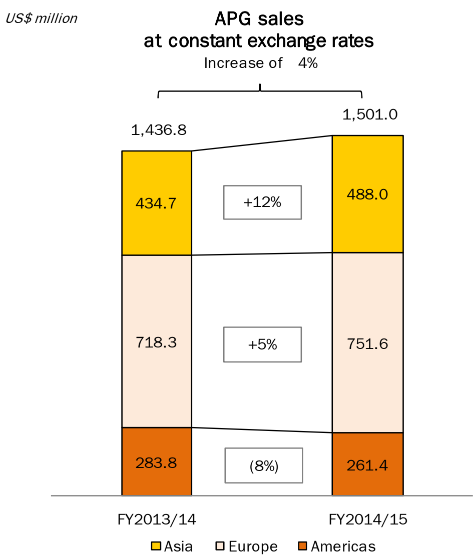
Half-yearly trend in sales
(excluding currency effects)

Six month period ended	APG sales growth *
31 March 2015	4%
30 September 2014	5%
31 March 2014	9%
30 September 2013	4%
31 March 2013	4%
30 September 2012	7%

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

Sales, excluding currency effects, increased 4% compared to the prior year (Asia: 12% growth, Europe: 5% growth, Americas: 8% decline). This was in excess of the growth in global light vehicle production in the year.

In Asia, sales of products for powertrain cooling systems and sunroof applications increased. Sales also increased due to recent product launches for electric power steering, engine air management and transmission applications. These increases were slightly offset by reduced sales of products for certain low-margin window-lift applications.



In Europe, sales increased across a broad range of products, most notably in products for engine air management, heating, ventilation and air-conditioning ("HVAC"), coolant valve, window-lift and electric parking brake applications. This was the result of growth in market share and the ramp-up of products launched in earlier years.

In the Americas, sales declined for seat adjustment applications due to older products having reached end of life. Sales also declined for powertrain cooling applications, mainly in South America, and for HVAC actuators in North America. These declines were partially offset by increased sales from new products launched for transmission and driver feedback 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 25% of the total Group's sales in FY2014/15 (25% in FY2013/14). Sales for this business unit, excluding currency effects, increased 5% in FY2014/15 compared to the prior year. This was driven by a ramp-up in production of key global customer platforms incorporating brushless technology as well as continued growth of brushed powertrain cooling products in China.

The APG design teams are organised into engineering centres, based on specific product technologies. These centres are focused on powertrain cooling, window-lift drive, seat adjustment, power closures and actuators for engine control valves, grill shutter, HVAC, headlamp, transmission, braking and stability control applications. These design teams constantly focus on innovation, providing custom engineered solutions and investing in the development of low-weight, high power-density motors and subsystems for advanced applications that increase fuel efficiency, reduce emissions and improve safety.

Recent product launches include:

- The latest generation of compact motors for turbochargers with a robust design for high resistance to temperature and vibration for reliable operation. These motors deliver high torque for a faster turbo response and more precise control, at both low and high speeds, compared to traditional mechanical solutions. This enables engine manufacturers to deliver increased fuel efficiency and reduced emissions by using smaller engines without sacrificing engine power; and

- Dosing solutions for diesel exhaust fluid ("DEF"), with a robust design for extreme operating conditions. These flexible subsystems can operate with the voltages used by both commercial vehicles and passenger vehicles and deliver precise motion control for exact DEF dosing over a wide speed range, reducing diesel engine emissions.

The Group's on-the-ground engineering presence in key geographic markets enables it to identify particular customer needs and customise its products accordingly. Management is also ensuring that the Group's manufacturing sites are well-placed to support regional customers, increase responsiveness and reduce delivery lead times whilst minimising logistics costs and inventory levels.

Industry Products Group

IPG's go-to-market strategy has returned the business unit to growth, with increasing sales of innovative motion subsystem solutions. This change is reflected in the adjacent table.

Half-yearly trend in sales (excluding currency effects)

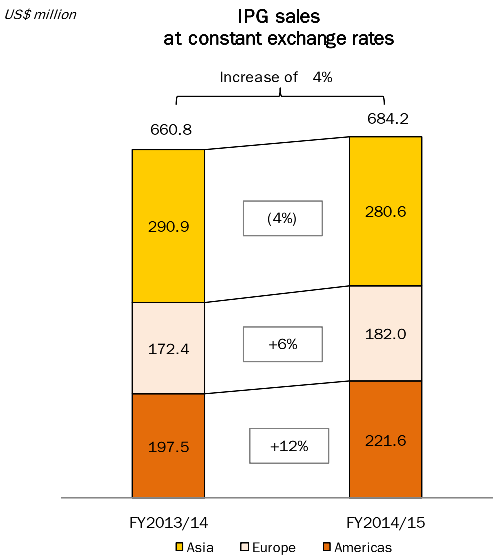
Six month period ended	IPG sales growth/(decline) *
31 March 2015	5%
30 September 2014	2%
31 March 2014	(1%)
30 September 2013	(7%)
31 March 2013	(8%)
30 September 2012	(8%)

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

On a full year basis, sales, excluding currency effects, increased 4% for FY2014/15 compared to the prior year (Asia: 4% decline, Europe: 6% growth, Americas: 12% growth).

In Asia, there was a decline in sales of products for lower-end food and beverage, power tool and business machine applications. This was partially offset by growth in demand for products for floor care, smart meter and point-of-sale applications.

In Europe, sales increased for products for lawn and garden, and food and beverage applications. This was partially offset by reduced demand for products for white goods and HVAC applications. Sales in other market segments were essentially flat.



In the Americas, sales increased due to increased demand for various solenoid products including smart meters. Sales of products for medical applications also increased.

The IPG design teams are organised by technology disciplines including micro-switches, brushless motors, DC motors, high-voltage DC motors, AC motors, solenoids, stepper motors, switches, flexible interconnect solutions and piezo actuators. IPG pursues technology leadership in multiple fast-growing industry segments, developing products and subsystems that deliver performance enhancements, increased power efficiency and enhanced end-customer value. These product platforms can then be tailored to provide differentiated, customer-specific solutions to our customers.

This pursuit of technology leadership is reflected in recent product launches, including:

- A new energy-efficient dishwasher pump with an integrated heater, designed for safety and health. This pump with a concealed heater, enables a higher washing temperature to kill 99.999% of known germs. The higher temperature also reduces the washing and drying time; and

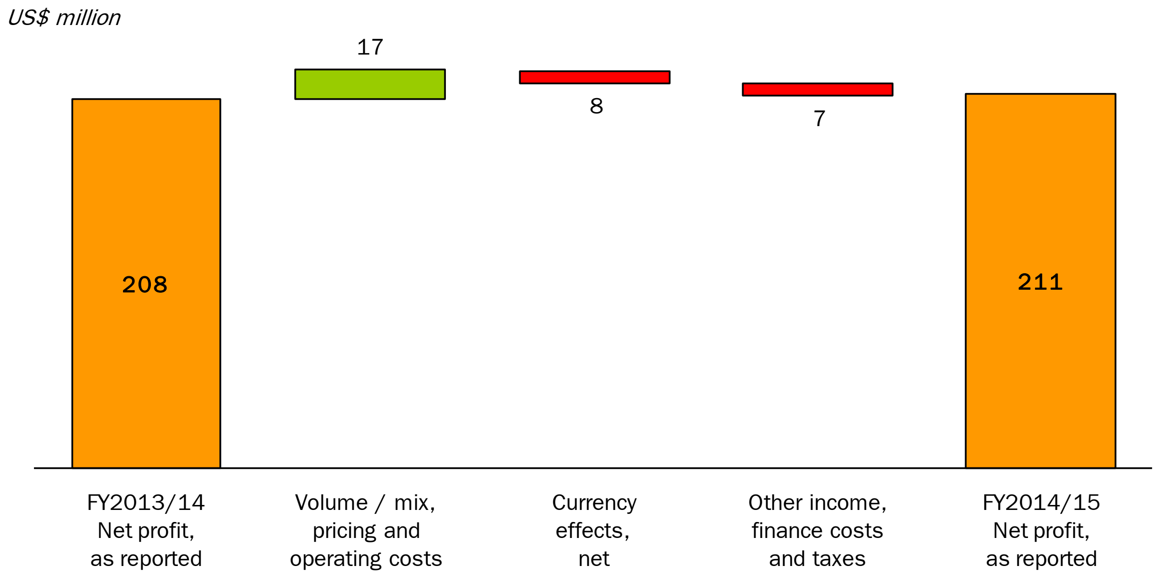
- A range of gas shut off valves for small meters, designed for intrinsic safety in gas flow and reliability against gas impurities, providing a cost-effective solution. These valves also have a low pressure drop thus reducing gas loss in the system. Additionally, these valves consume less energy, extending the life of the meter's battery.

Profitability Review

Profit attributable to shareholders increased to US$210.9 million in FY2014/15, compared to the previous record of US$207.9 million set in FY2013/14.

US$ million	FY2014/15	FY2013/14	Increase/ (decrease) in profit
Sales	2,136.1	2,097.6	38.5
Gross profit	632.4	618.9	13.5
Gross margin %	*29.6%*	*29.5%*	
Other income and gains, net	17.9	19.8	(1.9)
Selling and administrative expenses ("S&A")	(407.5)	(405.2)	(2.3)
S&A %	*19.1%*	*19.3%*	
Operating profit	242.8	233.5	9.3
Operating profit margin %	*11.4%*	*11.1%*	
Net interest income	5.5	9.1	(3.6)
Share of profit of associate	0.7	0.4	0.3
Profit before income tax	249.0	243.0	6.0
Income tax expense	(29.2)	(28.1)	(1.1)
Effective tax rate	*11.7%*	*11.6%*	
Profit for the year	219.8	214.9	4.9
Non-controlling interests	(8.9)	(7.0)	(1.9)
Profit attributable to shareholders	210.9	207.9	3.0

Profit Attributable to Shareholders



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

Volume / mix, pricing and operating costs: Margins improved as a result of recently launched value-added products, cost reduction activities that increased productivity and efficiency and lower raw material costs including certain commodities. This was partly offset by increased labour and staff costs due to wage inflation, especially in China, and the effect of increased headcount and operating costs as the Group expanded its operations in Mexico and Serbia. The net effect of these changes was to increase profit by US$17.2 million.

Currency effects, net: Johnson Electric's global operations expose the Group to foreign exchange volatility, which is partially mitigated through the use of foreign currency forward contracts. Overall, currency movements in FY2014/15 (especially the weakening of the Euro) decreased profit by US$7.6 million.

Other income, finance costs and taxes: Other income decreased by US$1.9 million as the previous year included higher gains on the disposal of investments and property, plant and equipment, as well as more income from government subsidies. This change was partly offset by increased fair value gains on investment property in FY2014/15. This is analysed in Note 19 to the accounts.

Net interest income decreased by US$3.6 million. This was mainly due to the issuance of convertible bonds at the start of FY2014/15, which was partly offset by a US$3.1 million increase in interest income due to higher cash reserves. This is analysed in Note 21 to the accounts.

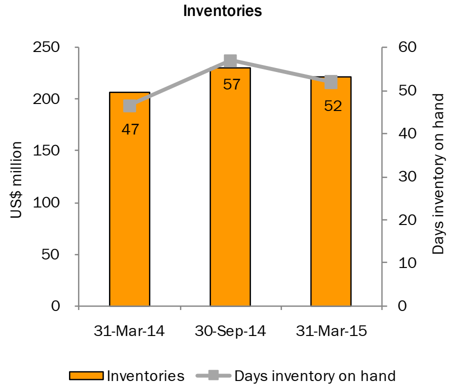
Tax expenses increased by US$1.1 million. The effective tax rate remained essentially flat, at 11.7% for FY2014/15 (FY2013/14, 11.6%). Tax is analysed further in Note 23 to the accounts.

WORKING CAPITAL

US$ million	Balance sheet as of 31 Mar 2014	Currency translations	Pension, hedging and others	Working capital changes per cash flow	Balance sheet as of 31 Mar 2015
Inventories	207.0	(12.6)	-	27.6	222.0
Trade and other receivables	441.6	(34.7)	-	7.9	414.8
Other non-current assets	6.5	(1.1)	2.4	1.9	9.7
Trade payables, other payables and deferred income [1]	(401.9)	22.3	(3.5)	(15.0)	(398.1)
Provision obligations and other liabilities [1,2]	(47.5)	6.3	(15.6)	0.2	(56.6)
Other financial assets / (liabilities), net [1]	(21.4)	-	211.4	(1.5)	188.5
Total working capital per balance sheet	184.3	(19.8)	194.7	21.1	380.3

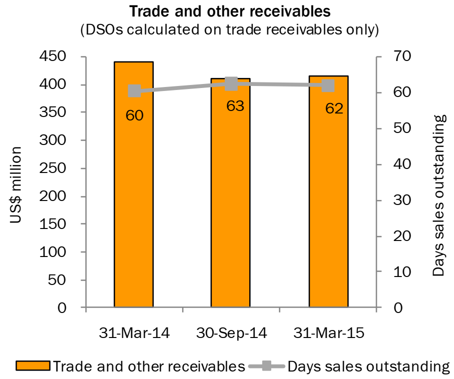
1 Current and non-current
2 Net of defined benefit pension plan assets

Inventories increased by US$15.0 million, from US$207.0 million as of 31 March 2014 to US$222.0 million as of 31 March 2015. Days inventory on hand ("DIOs") also increased to 52 days as of 31 March 2015 from 47 days as of 31 March 2014. This was due to the build-up of inventory relating to new products and the new facilities in Mexico and Serbia.

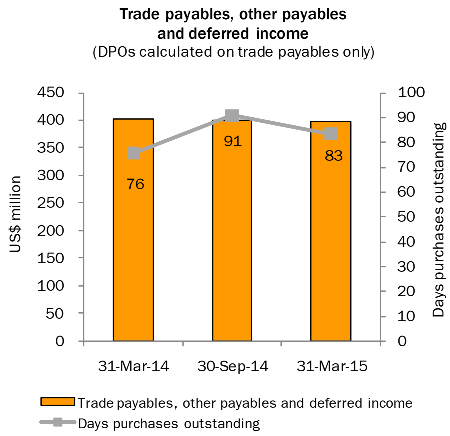


Trade and other receivables decreased by US$26.8 million in FY2014/15, from US$441.6 million as of 31 March 2014 to US$414.8 million as of 31 March 2015, largely due to the strengthening of the US Dollar against the Euro. This was partially offset by increases in VAT receivables and prepayments for raw materials due to increased local content from the supplier base servicing the new manufacturing sites in Mexico and Serbia.

Days sales outstanding ("DSOs") increased slightly from 60 days as of 31 March 2014 to 62 days as of 31 March 2015. The Group's receivables are of high quality. Amounts overdue greater than 30 days amounted to approximately 1.1% of gross trade receivables as of 31 March 2015 (3.8% as of 31 March 2014).



Trade payables, other payables and deferred income were US$398.1 million as of 31 March 2015, a decrease of US$3.8 million from US$401.9 million as of 31 March 2014, largely due to the strengthening of the US Dollar against the Euro. This was partially offset by increased material purchases towards the end of the year to support the increase in sales and the increase in deferred income relating to government grants and customer contributions towards tooling.



Days purchases outstanding ("DPOs") increased by 7 days to 83 days as of 31 March 2015 compared to 76 days as of 31 March 2014 consistent with the changes in inventory.

Provision obligations and other liabilities increased by US$9.1 million to US$56.6 million as of 31 March 2015 compared to US$47.5 million as of 31 March 2014 mainly due to a change in the present value of pension obligations caused by falling interest rates in Europe. The Group will make contributions of US$4.7 million to post-employment benefit plans for FY2015/16 (FY2014/15 contributions were US$5.7 million). See Note 15 to the accounts for further details.

Other financial assets / (liabilities), net, increased by US$209.9 million from a net financial liability of US$21.4 million as of 31 March 2014 to a net financial asset of US$188.5 million as of 31 March 2015.

- Foreign currency forward contracts and cross-currency interest rate swaps increased in value by US$216.4 million, primarily due to an increase in mark-to-market value of Euro hedge contracts, partially offset by a reduction in the mark-to-market value of Renminbi hedge contracts.
- The mark-to-market valuation of commodity forward contracts decreased by US$6.5 million, due to decreasing copper and silver prices.

	Spot rates as of 31 Mar 2015	Spot rates as of 31 Mar 2014	Strengthen /(weaken)
USD per EUR	1.08	1.38	27%
RMB per USD	6.14	6.21	1%
HUF per EUR	299.25	308.34	3%
MXN per USD	15.26	13.07	(14%)
USD per metric ton of copper	6,051	6,636	(9%)
USD per ounce of silver	16.60	19.97	(17%)

Further details of the Group's hedging activities can be found in the Financial Management and Treasury Policy section on page 17 and in Note 7 to the accounts.

CASH FLOW

US$ million	FY2014/15	FY2013/14	Change
Operating profit *	243.0	233.7	9.3
Depreciation and amortisation	92.5	88.1	4.4
EBITDA	335.5	321.8	13.7
Other non-cash items in profit before taxes	(1.5)	0.9	(2.4)
Working capital changes	(21.1)	17.8	(38.9)
Interest paid	(2.6)	(1.8)	(0.8)
Income taxes paid	(43.2)	(31.3)	(11.9)
Net cash generated from operating activities	267.1	307.4	(40.3)
Capital expenditure, net of subsidies	(119.9)	(92.2)	(27.7)
Capitalisation of engineering development costs	(6.2)	(5.8)	(0.4)
Proceeds from disposal of fixed assets	0.8	10.8	(10.0)
Interest received	14.0	10.9	3.1
Free cash flow from operations	155.8	231.1	(75.3)
Acquisition	(9.2)	-	(9.2)
Subsequent payments due to divestiture of non-core business	-	(6.1)	6.1
Dividends paid	(54.3)	(50.4)	(3.9)
Purchase of shares held for Long-Term Incentive Share Scheme	(50.7)	(2.9)	(47.8)
Purchase of shares for cancellation of issued capital	(55.0)	(1.7)	(53.3)
Other investing activities	0.8	1.5	(0.7)
Other financing activities	(4.8)	(3.2)	(1.6)
Total cash flow (excluding changes in borrowings and currency effects)	(17.4)	168.3	(185.7)
Net repayment of borrowings	(10.8)	(12.7)	1.9
Proceeds from issuance of convertible bonds, net of transaction costs	197.3	-	197.3
Increase in cash (excluding currency effects)	169.1	155.6	13.5
Exchange (losses) / gains on cash	(39.9)	7.5	(47.4)
Net movement in cash	129.2	163.1	(33.9)

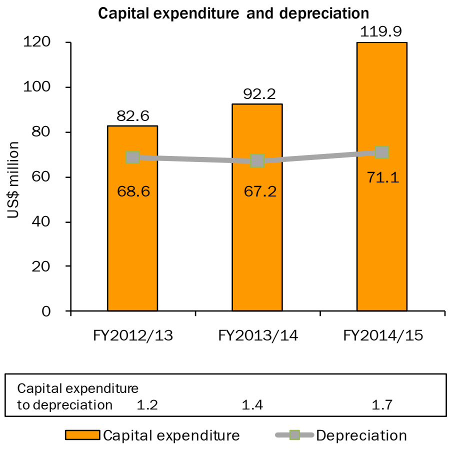
* Operating profit as reported plus US$0.2 million dividend received from associate in FY2014/15 (FY2013/14: US$0.3 million).

The Group generated US$155.8 million free cash flow from operations in FY2014/15, a decrease of US$75.3 million compared to US$231.1 million in FY2013/14. This movement in operational cash flows includes the following:

- **Working capital**, explained in the previous section, required an additional investment of US$21.1 million in FY2014/15 due to increasing business levels and the expansion of manufacturing sites compared to a reduction of US$17.8 million in working capital requirements in the prior year.

- **Income taxes:** In FY2014/15, the Group paid income taxes of US$43.2 million, an increase of US$11.9 million from US$31.3 million paid in the prior year due to certain entities moving into profit, the final settlement of earlier years of assessment and as carry-forward losses were exhausted in certain jurisdictions.

- **Capital expenditure** amounted to US$119.9 million in FY2014/15. In FY2013/14 capital expenditure was US$102.7 million, partially offset by government grants of US$10.5 million (net capital expenditure of US$92.2 million). The Group continues to enhance the level of automation in production processes to partially offset the on-going rise in direct labour costs in China, standardise operating processes and further improve product quality and reliability. This automated manufacturing equipment is also being introduced directly into new facilities. Additionally, investments continued to be made for new product launches and long-term technology / testing development, on-going productivity improvements and replacement of assets.



- **Proceeds from disposal of fixed assets:** In FY2014/15, proceeds from disposals of fixed assets amounted to US$0.8 million. In FY2013/14, proceeds from disposals of fixed assets amounted to US$10.8 million, largely due to disposals of real estate.

This free cash flow from operations was mainly applied to the funding of the following activities:

- **Acquisition:** In FY2014/15, the Group paid US$9.2 million to insource a sales agency in the UK. This acquisition strengthened the Group's sales network by providing a direct interface with key automotive customers in the UK. There was no such event in FY2013/14.

- **Subsequent payments due to divestiture of non-core business:** There were no divestitures or subsequent proceeds or payments in FY2014/15. In FY2013/14, the Group paid US$6.1 million to settle purchase price adjustments resulting from the divestiture of Saia-Burgess Controls.

- **Share purchases and dividends** 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

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. These ratings represent the Group's solid market position, stable profitability and minimal financial leverage. This is the first time that Johnson Electric has undergone formal credit ratings.

Liquidity

Management believes the combination of cash on hand, available credit lines 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 Cash and Credit lines

US$ million	31 Mar 2015	31 Mar 2014	Change
Cash	773.2	644.0	129.2
Borrowings	(94.0)	(116.9)	22.9
Convertible bonds	(197.3)	-	(197.3)
Net cash	481.9	527.1	(45.2)
Available unutilised credit lines	577.6	576.8	0.8

Cash increased by US$129.2 million to US$773.2 million as of 31 March 2015. The convertible bond issuance discussed below increased the US Dollar cash reserve. Also, the Group reduced the cash reserve kept in Chinese Renminbi due to expectations of rising US Dollar interest rates.

US$ million	31 Mar 2015	31 Mar 2014
USD	382.0	47.3
RMB	269.8	445.3
EUR	59.7	99.4
Others	61.7	52.0
Total	773.2	644.0

Borrowings decreased by US$22.9 million (net repayment of US$10.8 million in FY2014/15 and unrealised exchange gains of US$12.1 million) to US$94.0 million as of 31 March 2015, compared to US$116.9 million as of 31 March 2014. Further information on borrowings can be found in Note 13 to the accounts.

Convertible bonds: The Company issued convertible bonds at the start of FY2014/15, in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum. These convertible bonds have a maturity of 7 years and a 5 year put option for the bondholders. The bonds have an effective annual yield of 3.57%. The carrying value of the convertible bonds as of 31 March 2015 amounted to US$197.3 million. Further information on the convertible bonds can be found in Note 14 to the accounts; and

Consequently:

- The Group's total debt to capital ratio increased to 13% as of 31 March 2015 compared to 6% as of 31 March 2014; and
- Interest coverage (defined as EBIT divided by gross interest expense) was 29 times for the year ended 31 March 2015, compared to 128 times for the year ended 31 March 2014.

Free cash flow from operations as a percentage of gross debt decreased to 53% as of 31 March 2015, compared to 198% as of 31 March 2014. This was due to the combined effect of the increase in borrowings and convertible bonds and the decrease in free cash flow explained earlier.

As of 31 March 2015, the Group was in compliance with all covenants on its borrowings and expects to remain compliant in future periods.

Net cash (cash less borrowings and convertible bonds) decreased by US$45.2 million to US$481.9 million as of 31 March 2015, from US$527.1 million as of 31 March 2014 as a result of the movements in cash, borrowings and convertible bonds.

Available credit lines – The Group had US$618 million in available credit lines as of 31 March 2015 (adjusted for one new facility effective on 7 May 2015) as follows:

- US$205 million committed and unutilised revolving credit facilities, provided by certain of its principal bankers, with the following expiry dates:
  - US$30 million – 25 July 2015
  - US$30 million – 14 August 2015
  - US$20 million – 5 November 2015
  - US$30 million – 10 December 2015
  - US$20 million – 15 January 2016
  - US$35 million – 28 February 2017
  - US$40 million – 7 May 2018 (effective 7 May 2015)
- US$322 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.

Shares and Dividends

Share Consolidation: In FY2014/15, Johnson Electric Holdings Limited ("JEHL") made a 1 for 4 consolidation of its ordinary shares ("Share Consolidation"). This was intended to bring the Company's share price more into line with other blue chip and well-established companies listed on the Stock Exchange of Hong Kong Limited, to attract more investors and thereby expand the shareholder base of the Company. In addition, the Share Consolidation will enable greater flexibility in future dividend payments that the Company may choose to distribute.

In this section, the number of shares purchased in FY2013/14, and the dividend per share for FY2013/14, are presented on the basis of Consolidated Shares.

Further information on share capital, including purchases of shares and the Share Consolidation, can be found in Note 17 to the accounts.

Dividends: The Board has recommended a final dividend of 34 HK Cents per share for FY2014/15 (FY2013/14: 34 HK Cents per share) equivalent to US$37.8 million, to be paid in July 2015. The Board's intention is to have the interim dividend increase over time, such that it will represent one-third of the previous year's total dividend payment. The Company paid an interim dividend of 14 HK Cents per share for FY2014/15 (FY2013/14: 12 HK Cents per share) equivalent to US$15.5 million.

Purchase of shares for Long-Term Incentive Share Scheme: To foster a focus on long-term sustainable growth, JEHL maintains a long-term incentive share scheme, further discussed on page 42. To support this, in FY2014/15, the Company purchased 13.7 million shares for US$50.7 million including brokerage fees (FY2013/14, purchased 1.2 million shares for US$2.9 million) for use in granting shares to eligible employees and Directors under the Long-Term Incentive Share Scheme.

Purchase of shares for cancellation of issued capital: 14.3 million shares were purchased in FY2014/15 at a total cost of US$55.0 million including brokerage and cancellation fees. In FY2013/14, the Company purchased and cancelled 0.6 million shares at a total cost of US$1.7 million.

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 81 months as of 31 March 2015, to match the underlying cash flows of the business and included:

- Forward sales of the Euro ("EUR") and the Japanese Yen ("JPY") to hedge export sales denominated in these currencies; 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 Indian Rupee ("INR") and the Israeli Shekel ("ILS") 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:

% of sales	FY2014/15	FY2013/14
USD	45%	46%
EUR	34%	35%
RMB	18%	16%
Others	3%	3%

The Group also hedges its net investment in its European operations to protect itself from exposure to future changes in currency exchange rates.

The Group is exposed to raw material commodity purchase price risk, mainly from fluctuations in steel, copper, silver and aluminium purchase 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 70 months as of 31 March 2015. 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 whom 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 7 to the accounts.

ENTERPRISE RISK MANAGEMENT

The Group identifies and manages its strategic, operational, financial and compliance risks through proactive management oversight and business processes.

Existing and emerging risks are analysed and tracked on a quarterly basis by the Group's Enterprise Risk Management Steering Committee. This is led by the Group's Chief Executive and composed of the Chief Financial Officer, the Senior Vice Presidents of Human Resources, Supply Chain Services, Global Manufacturing and Corporate Engineering, as well as key senior leaders from the Quality and Reliability, Legal and Intellectual Property, Corporate Audit Services and Environment, Health and Safety departments.

Risks are managed / mitigated through close cooperation amongst the senior management team and through robust business practices. Management monitors these business practices and test them periodically to ensure their continuing effectiveness.

Specific areas of focus for enterprise risk management include:

- Ensuring the suitability of the operational footprint to respond quickly and cost effectively to market changes and capacity utilisation;
- Ensuring supply chain resilience, including supplier continuity, quality and reliability;
- Continuously improving the engineering and manufacturing processes and quality standards to maintain the position as the "safe choice" for our customers;
- Developing and managing product differentiation through technology, innovation and intellectual property in order to be the definitive supplier of motion solutions to our customers;
- Attracting and retaining high-calibre management and other key personnel and building effective networks of employees and partners, thus safeguarding the Group's success;
- Managing customer relationships, including contract terms and conditions, in accordance with industry standards and Group policy;
- Managing customer credit risk and maintaining a low tolerance for delinquent payments;
- Applying appropriate hedging strategies to manage foreign exchange risks, commodity cost risks and interest rate risks;
- Ensuring that a strong tone at the top is reflected in business practices. High integrity, sound ethics and good business practices are expected and practiced by employees at all levels of Johnson Electric's global organisation with no tolerance for non-compliance; and
- Meeting or exceeding requirements on environmental responsibility, employee safety and energy efficiency.

INVESTING IN PEOPLE

People and culture are at the core of Johnson Electric's success. Our human capital strategy is to attract and develop great people, put them in the right jobs and provide an environment that enables everyone to excel at what they do.

This is supported by a robust talent management process, an equitable and competitive compensation and benefits program, a fit-for-purpose training and development agenda, an engaging internal communications infrastructure and a systems-based approach to Environmental, Health and Safety requirements.

As of 31 March 2015, the Group's total global headcount stood at close to 36,000 across Asia, the Americas and Europe.

Right People in the Right Roles

The Group remains committed to attracting and developing great people, and has increased its focus on talent management to ensure that the workforce is aligned to the organisational strategy, with "the right people in the right roles". Management has carefully reviewed the "go-to-market" sales and business development leaders globally and put in place new tools and resources to improve the hiring and selection process. As a result, the organisation has taken aggressive steps to ensure the alignment of the people resources with the strategic objectives of the business.

Aligning Rewards to Shareholder Value

The Group maintains a global compensation structure that ensures competitive pay levels and benefit offerings in each market in which it operates. Annual incentive pay is tied to the achievement of profitability and liquidity goals and is an important component of compensation for over 80% of staff-level employees, including all management staff. The Group's long-term incentive share scheme forms a critical part of the competitive compensation package for senior executives, encouraging retention while aligning rewards to shareholder value. The scheme includes not only time-vested restricted stock units, but also a high proportion of performance stock units which vest only if stringent financial conditions are met.

To further align executives' performance to shareholder value and to ensure that senior executives maintain a valuable stake in Johnson Electric, in 2015, the Company increased the share ownership requirement for Executive Committee members and extended share ownership requirements to the next layer of senior management. Executives covered by the share ownership requirement must hold a certain number of the Company's shares as a condition of employment.

Enhancing Training and Development Platforms and Programs

Supported by the successful launch of an "e-Learning Centre", a just-in-time, borderless and agile teaching platform, the training and development team enables dissemination of the Group's key initiatives to its global workforce in a swift manner. This includes the continuing training of key Engineers and Specialists on the Group's unique approach to product development, the JE Product Development System, which is vital to driving product innovation and profitable growth.

Reinforcing JE Culture and Values

Maintaining an open and honest communication is part of Johnson Electric's pledge to employees. During the year, management bolstered internal communications by enhancing existing channels and putting in place new ones including a video magazine "JE in Motion", featuring topics that are trending within the Group and bringing to the forefront employees behind its success.

To reinforce the Group's corporate values, and bring employees in individual locations closer together as one family, a one-week celebration was dedicated to mark One Johnson around the world with subsequent highlights published on a global platform viewable by all staff. At the same time, management launched a recognition program to reward role-model behaviour upholding the Group's values, with over 100 awardees by 31 March 2015.

Upholding Global EHS Standards

The Environmental, Health and Safety (EHS) group continues to extend its focus. During the year, most of the operating facilities in the JE Group achieved compliance with the ISO14001 and/or OHSAS 18001 standards on environmental management and occupational health and safety management. The remainder of the Group's sites continue to progress towards conformity with these standards.

The participation of the factories in Shenzhen, China in the pilot carbon emission trading scheme has proven to be a success. Thanks to various energy and carbon emission reduction measures, the Group achieved a surplus of credits in 2014/15, which were then sold.

Regional Initiatives

The financial year of 2014/15 saw a continued focus on new and expanded manufacturing sites in every region:

Americas: To support footprint alignment, management is using human resources tools and strategies to improve selection of candidates and placement of current employees into roles where they can be most effective. The region has standardised its practices to ensure consistent delivery of employee services and improved communication to employees.

The Americas compensation and benefits team led a successful roll-out of redesigned healthcare plans to balance costs with the competitiveness of their benefit programs. This complies with the Affordable Care Act and offers consumer driven healthcare choices to all employees.

Asia: The economic boom in Central China caused a tightening of the labour supply at the Group's largest plant, in Shenzhen. To alleviate the situation and further diversify the production footprint, the capacity of the manufacturing site in Beihai was enlarged with an increase in employment by 25% to 4,100 people.

The Group has also been able to meet its staffing needs throughout China through aggressive recruitment and employee relations programs. These efforts include connecting employees' families with the workplace through the "Johnson Electric Parents' Association" and Changsheng Garden, an on-site family quarters that allows for multi-generation families to live together, enriching the accommodation culture and increasing employees' sense of belonging.

China remains the major knowledge transfer centre in the Group through inbound and outbound exchange of talents.

Europe: A new manufacturing plant in Niš, Serbia, was officially inaugurated in September 2014 and has now commenced production. The plant increased manpower by more than two-fold over FY2014/15 to meet increasing customer demand.

In the spirit of educating young locals and developing prospective employees equipped with a specialised skills set, the Serbia manufacturing base has embarked on a long-term collaboration program with Machine School in Niš, which involves a rigorous selection process and curriculum to provide selected students with practical production training and imbue JE's corporate values.

The European Shared Service Centre in Hungary was also strengthened and provides cost-effective shared services to the region while standardising and upholding service quality.

CORPORATE GOVERNANCE REPORT

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.

BOARD OF DIRECTORS

The board of directors of the Company ("Board") currently consists of three executive directors and seven non-executive directors (of whom five are independent) ("Directors").

The independent non-executive directors are all experienced individuals from a range of industries and geographies. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process. The Board has received from each independent non-executive director a written confirmation of their independence and has satisfied itself of such independence up to the approval date of this report in accordance with the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

THE BOARD AT WORK

The Board is accountable to shareholders for the activities and performance of the Company and its subsidiaries ("Group"). Directors meet in person on a quarterly basis and on other occasions when a board-level decision on a particular matter is required. The Board has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, directors' appointment, succession planning, enterprise risk management, major acquisitions, disposals and capital transactions and other significant operational and financial matters.

Although the capacity of any board to involve itself in the details of a large international business is limited, the Company aims to provide its independent non-executive directors with extensive exposure and access to its operations and management. The board meeting agendas are structured to address the broad spectrum of key governance issues on a regular and systematic basis. Forming part of the continuous professional development program for Directors, visits to the Group's principal operating facilities are arranged and relevant subject area experts are invited to address the Board from time to time.

The Board recognises the importance and benefits of conducting regular evaluations of its performance to ensure the effectiveness of its functioning. On an annual basis, a board effectiveness survey is sent to each Director in order to enable the performance of the Board to be evaluated. Responses to the survey are analysed and discussed at the Board meeting. Suggestions made by the Directors have been implemented to further improve the performance of the Board.

Major corporate matters that are specifically delegated by the Board to management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and enterprise risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Group's Executive Vice Presidents attend all board meetings to advise on strategic planning, corporate governance, enterprise risk management, statutory compliance, internal controls, mergers and acquisitions, financial, tax and accounting matters.

Under the Company's Bye-law 109(A), one-third of the directors except the director holding office as executive chairman, who have served longest on the Board, shall retire from office and be eligible for re-election at each annual general meeting. As such, except the executive chairman, no director has a term of appointment longer than three years.

The Company has arranged for appropriate liability insurance to indemnify its Directors against liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

COMMITTEES

The monitoring and assessment of certain governance matters are delegated to four committees which operate under defined terms of reference and are required to report to the Board on a regular basis. The composition of the committees during FY2014/15 and up to the date of this report is set out in the table below.

Directors	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	Board Committee
Executive Directors				
Patrick Shui-Chung Wang			M	M
Winnie Wing-Yee Wang		M		M
Non-Executive Director				
Peter Kin-Chung Wang	M			
Independent Non-Executive Directors				
Peter Stuart Allenby Edwards			C	
Patrick Blackwell Paul	C		M	
Michael John Enright	M	C		
Joseph Chi-Kwong Yam		M		
Christopher Dale Pratt (effective 1 April 2015)		M		

C – Chairman
M – Member

Audit Committee

The Audit Committee comprises two independent non-executive directors and one non-executive director who together have substantial experience in the fields of accounting, taxation, business, corporate governance and regulatory affairs. The current members are Mr. Patrick Blackwell Paul (Committee Chairman), Prof. Michael John Enright and Mr. Peter Kin-Chung Wang.

The Committee is responsible for monitoring the financial reporting, accounting, enterprise risk management and internal control aspects of the Group's activities. It has full access to the Group's Head of Corporate Audit Services to hear directly any concerns of the internal audit function that may have arisen during the course of the department's work. The Committee also monitors the appointment, function and remuneration of the Group's external auditor. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and the Stock Exchange.

Four committee meetings were held in FY2014/15 to discuss and review the following matters together with the Chief Financial Officer, the Executive Vice President, the Vice President of Operations for Europe, the Controller and Principal Accounting Officer, the General Counsel, the Head of Tax, the Head of Corporate Audit Services, the Head of Financial Reporting, the Company Secretary and the external auditor:

1. The FY2013/14 annual results and interim results for FY2014/15, to ensure that the related disclosures in the financial statements were complete, accurate and fair and complied with accounting standards, the Listing Rules and legal requirements, and to submit the same to the Board for approval;

2. The work done by the external auditor, the relevant fees and terms of engagement and appropriate actions required on any significant control weaknesses;

3. The external auditor's independence, including consideration of their provision of non-audit services;

4. The Corporate Audit Services Department's staffing and team competencies, its internal audit plan and budget for approval, its report on work performed and the status of open issues for remedial action;

5. The overall adequacy and effectiveness of internal controls;

6. The Group's enterprise risk management activity, namely the processes by which risks are assessed and registered and by which such risks are addressed for mitigation and management;

7. The status and adequacy of the Group's insurance coverage;

8. The status of the Group's global tax position and any fiscal audits by the various jurisdictions;

9. The status of intellectual property asset management; and

10. The status of litigation cases.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive directors and one executive director. The current members are Prof. Michael John Enright (Committee Chairman), Mr. Joseph Chi-Kwong Yam, Mr. Christopher Dale Pratt and Ms. Winnie Wing-Yee Wang.

The Committee determines the compensation structure and rewards for the Chief Executive and other executive directors and monitors the policies being applied in remunerating the senior management on behalf of the Board.

In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on retirement plans and provisions and on management development and succession plans for executive directors and senior management. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and the Stock Exchange.

At Johnson Electric, remuneration and incentive schemes are linked to the achievement of annual and long term performance goals. By providing total compensation at competitive industry levels, for on-target performance, the Group seeks to attract, motivate and retain the key executives essential to its long term success. To this end, the Committee directs the management in the engagement of outside remuneration experts and stays abreast of remuneration practices among comparable companies around the world. Senior management incentive schemes include an equity component that is designed to align the long term interest of management with those of shareholders.

All global staff positions, including senior management, are governed by an evaluation methodology which takes into account management / technical know-how, problem solving and accountability. Individual senior management remuneration acknowledges scope of responsibilities, contribution and performance. The base salary takes into account factors such as contribution to the business, employee retention and market remuneration. Annual incentives, when payable, are performance-based, and include Company's and Group's financial objectives as well as individual objectives which may be non-financial. The Long-Term Incentive Share Scheme for senior management provides for the grant of JEHL Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs"). Vesting of these is subject to attainment of service milestones in the case of RSUs and, in the case of PSUs, the attainment over time of identified group wide financial goals. RSUs and PSUs are used to retain and motivate senior staff and are designed to maximise long term shareholder value.

In determining the level of remuneration and fees paid to members of the Board, a review of current practices in leading Hong Kong public companies and comparable companies elsewhere in the world is regularly conducted with the aid of an independent consultant. Board remuneration consists of an annual retainer with additional fees payable for committee memberships and attendance at meetings. An annual grant of fully-vested shares comprises a component of remuneration for the independent non-executive directors. Executive directors are not eligible for any remuneration or fees for board activities.

The Remuneration Committee reviews the overall remuneration program of the Company over the short, medium and long term while addressing the goals of management development and retention and the enhancement of shareholder value.

No individual director or senior manager approves his or her own remuneration.

Four committee meetings were held in FY2014/15. During the financial year, the Committee addressed the following:

1. Retirement Plan Structures in Europe;

2. Director and Senior Executive Compensation and Benefits;

3. Long-Term Incentive Share Scheme Awards;

4. Annual Incentive Plan Measurement;

5. Healthcare Benefits in the United States;

6. New Long-Term Incentive Plan Rules; and

7. Renewal of Executive Committee members' contracts.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee comprises two independent non-executive directors and one executive director. The current members are Mr. Peter Stuart Allenby Edwards (Committee Chairman), Mr. Patrick Blackwell Paul and Dr. Patrick Shui-Chung Wang.

The Committee is responsible for the identification and evaluation of candidates for appointment or re-appointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and the Stock Exchange.

The Board has adopted a Board Diversity Policy. The Committee monitors the implementation of this policy and has responsibility for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. Selection of candidates will be based on a range of perspectives, including but not limited to, cultural and educational background, professional experience and qualifications, skills, functional expertise, knowledge, gender and age. The candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to those described above, in order to maintain an appropriate range and balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business globally.

In accordance with the Bye-laws of the Company, every newly appointed director is subject to re-election at the next annual general meeting.

Two committee meetings were held in FY2014/15. The following is a summary of work performed by the Committee during the financial year:

1. Consideration and recommendation of the retiring directors for re-election at the Annual General Meeting;

2. Review of the structure, size and composition of the Board;

3. Consideration of the independence of all independent non-executive directors;

4. Review and approval of the corporate governance report and information for the Annual Report and the Interim Report;

5. Review of the Group's report on compliance with laws and regulations in the countries in which it operates;

6. Consideration and recommendation to the Board for appointing an independent non-executive director as a member of the Remuneration Committee; and

7. Consideration of an emergency succession policy.

Board Committee

The Board Committee comprises two executive directors, Dr. Patrick Shui-Chung Wang and Ms. Winnie Wing-Yee Wang. Its primary function is to undertake and supervise the day to day management and operating affairs of the Group. It exercises leadership and develops and keeps under review strategy and business development initiatives of the Group and supervises their implementation. The Committee's authority and duties are set out in the terms of reference and a summary of which are available on the Group's website.

Attendance of Directors at Various Meetings

The Board held four board meetings in FY2014/15 and the average attendance rate was 92.5%. Details of the attendance of individual directors at board meetings, committee meetings and the annual general meeting during FY2014/15 are set out in the table below:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination and Corporate Governance Committee Meeting	Annual General Meeting
	Number of meetings attended/held				
Executive Directors					
Patrick Shui-Chung Wang *(Chairman and Chief Executive)*	4/4	-	-	2/2	1/1
Winnie Wing-Yee Wang *(Vice-Chairman)*	4/4	-	4/4	-	1/1
Austin Jesse Wang	4/4	-	-	-	0/1
Non-Executive Directors					
Yik-Chun Koo Wang *(Honorary Chairman)*	2/4	-	-	-	0/1
Peter Kin-Chung Wang	4/4	4/4	-	-	0/1
Independent Non-Executive Directors					
Peter Stuart Allenby Edwards	4/4	-	-	2/2	0/1
Patrick Blackwell Paul	4/4	4/4	-	2/2	1/1
Michael John Enright	4/4	4/4	4/4	-	0/1
Joseph Chi-Kwong Yam	4/4	-	4/4	-	0/1
Christopher Dale Pratt	3/4	-	-	-	0/1
Average attendance rate	92.5%	100%	100%	100%	30%
Date of meetings	15/05/2014 11/09/2014 04/11/2014 12/03/2015	09/05/2014 28/07/2014 03/11/2014 09/02/2015	14/05/2014 16/05/2014 04/11/2014 11/03/2015	15/05/2014 12/03/2015	10/07/2014

INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT

The Board is responsible for ensuring that a sound and effective system of internal control and enterprise risk management is maintained within the Group, and for reviewing its design and operational adequacy and effectiveness through the Audit Committee.

The internal control and enterprise risk management system, which includes a defined management structure with specified limits of authority and control responsibilities, is designed to (a) help the achievement of business objectives and safeguard the Group's assets; (b) ensure proper maintenance of accounting records and reliability of financial reporting; (c) ensure compliance with relevant legislation and regulations; and (d) identify, manage and mitigate key risks to the Group.

Policies and procedures are established to ensure reasonable, but not absolute, assurance against material misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objectives.

Pursuant to a risk-based approach, the Group's Corporate Audit Services Department independently reviews the risks associated with and controls over various operations and activities and evaluates their adequacy, effectiveness and compliance. Audit findings and recommendations are reported to the Audit Committee, senior management, and the external auditor. In addition, progress on audit recommendations implementation is followed up on a monthly basis. The results are discussed with the Audit Committee on a regular basis.

During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programs and budgets.

To supplement the above, under the Integrity and Ethics Policy, employees can report any ethical misconduct, impropriety or fraud cases within the Group to the Johnson Electric Whistleblower Hotline or in writing in confidence without the fear of recrimination in particular.

Based on the results of evaluations and representations made by the management, the Group's Corporate Audit Services Department and the external auditor in FY2014/15, the Audit Committee is satisfied that:

- There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business objectives; and

- An appropriate system of internal control and enterprise risk management has been in place in FY2014/15, and up to the date of approval of the Annual Report.

EXTERNAL AUDITOR

Johnson Electric's independent external auditor is PricewaterhouseCoopers. The Audit Committee is responsible for considering the appointment of the external auditor and also reviews any non-audit functions performed by the external auditor for the Group. In particular, the Committee will consider whether such non-audit functions could lead to any potential material conflict of interest.

During FY2013/14 and FY2014/15, the services (and associated remuneration) provided to the Group by PricewaterhouseCoopers were as follows:

US$ million	FY2014/15	FY2013/14
Audit	2.46	2.35
Taxation services	1.32	1.28
Other advisory services	0.33	0.43

Included above are US$0.5 million of contracted fees for work to be performed subsequent to 31 March.

CORPORATE GOVERNANCE CODE

During the year ended 31 March 2015, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviations:

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, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 provides 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, Prof. Michael John Enright, Mr. Joseph Chi-Kwong Yam and Mr. Christopher Dale Pratt were unable to attend the Annual General Meeting of the Company held on 10 July 2014 due to overseas commitments or other prior business engagements.

CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives an induction package covering the Group's businesses, operations and the general, statutory and regulatory obligations of being a director to ensure sufficient awareness of responsibilities under the Listing Rules and other relevant regulatory requirements. Thereafter, the Company provides the Directors with regular updates relating to the Group's business and the business environment in which the Group operates.

All Directors have complied with the code provision in relation to continuous professional development. This has involved various forms of activities including attending presentations given by external professional advisors and reading materials relevant to the Company's business, director's duties and responsibilities.

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a special general meeting ("SGM") to be called by the Board. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after expiration of three months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Proposing a Person for Election as a Director

The procedures for proposing candidate(s) for election as director(s) at a general meeting are set out in the Shareholder Information under the Investor Relations section of the website of the Group.

Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12 Science Park East Avenue, 6/F., Hong Kong Science Park, Shatin, New Territories, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

There was no significant change to the Company's constitutional documents during FY2014/15.

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 year ended 31 March 2015.

Employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

COMMUNICATIONS WITH SHAREHOLDERS

The Company uses a number of formal communication channels to account to shareholders for the performance of the Group. These include the annual report and accounts, the interim report, periodic announcements made through the Stock Exchange, as well as through the annual general meeting. Copies of relevant corporate and financial information are also made available through the Group's website: *www.johnsonelectric.com*.

The Company aims to provide its shareholders and potential investors with high standards of disclosure and financial transparency. In order to provide effective disclosure to investors and potential investors and to ensure they all receive equal access to the same information at the same time, inside information is released by way of formal public announcements as required by the Listing Rules. The Company supplements and follows up such announcements through periodic presentations, investor road shows and conference calls with the international investment community. The Company also welcomes comments and questions from shareholders at its annual general meeting.

SOCIAL RESPONSIBILITY

Johnson Electric is dedicated to socially responsible interactions with shareholders, customers, employees, suppliers, business partners and local communities worldwide. The Group's commitment to social accountability includes policies and practices on a variety of issues such as human rights, non-discrimination and environmental management.

The Group's commitment to business excellence and its constant focus on innovation and quality require a work environment where the highest standard of business ethics are respected. Management and the Board are committed to operating in compliance with all applicable national, state and local laws.

Environmental, Health and Safety

The Group is committed to protecting the environment and the health and safety of employees wherever it operates around the world. It is our belief that excellent Environmental, Health and Safety ("EHS") performance will contribute to the sustainable growth of the company for generations to come.

Specific EHS goals are:
- No harm to people working for us; and
- No damage to the environment wherever we operate

The Group takes a proactive approach to addressing these issues and have established progressive structures for managing its EHS programs. Critical measurable factors are tracked through a global EHS management system, with key performance indicators reported to the Chief Executive and the senior management team, monthly.

Management requires all worldwide locations to apply the EHS system to avoid, mitigate and manage the various environmental, health and safety risks. When a host country's regulations differ from the levels and measures presented in the JE EHS Standards, the relevant JE location is expected to achieve both the country regulations and those specified in the JE EHS Standards.

Most of the operating facilities in the JE Group are certified by the internationally recognised ISO14001 and / or OHSAS 18001 standards on environmental management and occupational health and safety management. Compliance to these international standards is regularly audited and verified by external auditors. The remainder sites continue to progress towards conformity with these standards.

Responsible Corporate Citizen

A commitment to the education and development of young people is central to Johnson Electric's efforts as a responsible corporate citizen. This includes:

- Donations to and long-term collaboration with education institutions at various locations in the world and the provision of financial and other support to young students to increase their general academic qualifications and workplace skills in Group sponsored programs; and

- The Johnson Electric Technical College ("JETC"), based in Shajing, China location provides a mix of general and technical education for youths from China, administered by staff and educators over a three-year course. This program is successful at producing skilled young technicians, who, it is hoped, will remain with the Group throughout their careers. Since its foundation in 2004, JETC has accepted over 900 students, with a further intake of over 150 students expected to join in August 2015.

JETC also assists in the establishment and development of new locations such as Chennai, India; Zacatecas, Mexico; and Niš, Serbia. Selected individuals from such locations attend JETC in Shajing, China, for 4-8 months induction and training. This ensures that the Group has a nucleus of Johnson Electric trained employees in these locations, capable of providing strong support to regional customers.

Our Communities

The Group is dedicated to being an active participant in the local community wherever it does business in around the world and pursues responsible employment and social practices that are sustainable over time in all business locations. The Group also encourages these practices be adopted by its suppliers and business partners.

Good corporate social policies are not only desirable but make sound business sense; investments made today for our people and communities are for the benefit of our world tomorrow.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the accounts for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated income statement on page 50 of the accounts.

The Directors declared an interim dividend of 1.79 US Cents (14 HK Cents) per share, totalling US$15.5 million which was paid on 6 January 2015.

The Board recommends the payment of a final dividend of 4.36 US Cents (34 HK Cents) per share, totalling US$37.8 million, payable on 31 July 2015.

DISTRIBUTABLE RESERVES

As of 31 March 2015, the distributable reserves of the Company available for distribution as dividends amounted to US$1,631.1 million, comprising retained earnings of US$1,566.8 million and contributed surplus of US$64.3 million.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) The Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) The realisable value of the Company's assets would thereby be less than its liabilities.

DONATIONS

During the year, the Group made donations of US$0.2 million (FY2013/14: US$0.2 million).

CONVERTIBLE BONDS

On 2 April 2014, the Group issued convertible bonds ("CB") in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum, and a 7 year life with a 5 year put option. Further information on the CB can be found in page 74 of the accounts.

DIRECTORS

The directors during the year and up to the date of this report were:

Yik-Chun Koo Wang
Patrick Shui-Chung Wang *JP*
Winnie Wing-Yee Wang
Austin Jesse Wang
Peter Kin-Chung Wang
Peter Stuart Allenby Edwards
Patrick Blackwell Paul *CBE*
Michael John Enright
Joseph Chi-Kwong Yam *GBM, GBS, CBE, JP*
Christopher Dale Pratt *CBE*

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Austin Jesse Wang, Mr. Peter Kin-Chung Wang and Mr. Joseph Chi-Kwong Yam shall retire from office by rotation and being eligible, offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The Company is managed through the Board which currently comprises ten directors. As of the date of this report, three of the directors are executive and seven of the directors are non-executive, of whom five are independent.

DISCLOSURE OF INTERESTS

Directors

As of 31 March 2015, 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:

	Shares of HK$0.05 each of the Company		
Name	Personal Interests	Other Interests	
Austin Jesse Wang	46,875	-	(Note 1)
Yik-Chun Koo Wang	-	550,574,720	(Notes 2 & 3)
Peter Kin-Chung Wang	-	144,250	(Note 4)
Peter Stuart Allenby Edwards	-	38,250	(Note 5)
Patrick Blackwell Paul	30,750	-	
Michael John Enright	13,250	-	
Joseph Chi-Kwong Yam	9,750	-	
Christopher Dale Pratt	54,000	-	

Notes:

1. These shares were granted on 3 June 2014 under the Long-Term Incentive Share Scheme and are to be vested in the third year after grant.
2. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
3. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
4. These shares were held beneficially by Peter Kin-Chung Wang's spouse.
5. These shares were held under a trust of which Peter Stuart Allenby Edwards was one of the beneficiaries.

Save as disclosed herein, as of 31 March 2015, 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 any shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

At no time during the year, 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 31 March 2015, 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	550,574,720 (Notes 1 & 2)	62.52
Ansbacher (Bahamas) Limited	Trustee	221,760,000 (Note 1)	25.18
HSBC International Trustee Limited	Trustee	190,201,822 (Note 1)	21.60
Great Sound Global Limited	Interest of controlled corporation	188,585,840 (Note 3)	21.41
Winibest Company Limited	Beneficial owner	188,585,840 (Note 4)	21.41
Federal Trust Company Limited	Trustee	140,228,880 (Note 1)	15.92
Schroders Plc	Investment manager	62,683,689 (Note 5)	7.11
Ceress International Investment (PTC) Corporation	Trustee	55,753,520 (Note 6)	6.33
Merriland Overseas Limited	Interest of controlled corporation	52,985,760 (Note 7)	6.01

Notes:

1. The shares in which Ansbacher (Bahamas) Limited and Federal Trust Company Limited were interested and 188,585,840 of the shares in which HSBC International Trustee Limited was interested were held, directly or indirectly, by them as the trustees of various trusts associated with the Wang family and were included in the shares in which Ms. Yik-Chun Koo Wang was interested as referred to above under Directors' Interests of Disclosure of Interests.
2. The shares in which Ms. 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. Upon the Share Consolidation became effective on 15 July 2014, pro-rata adjustment has been made to the number of shares in the Company accordingly.
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.
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 31 March 2015, 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2015, the Company repurchased a total of 14,257,000 ordinary shares of HK$0.05 each of the Company on the Stock Exchange. All of the shares repurchased were subsequently cancelled. The number of issued shares of the Company as of 31 March 2015 was 880,542,105. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Purchase price paid per share Lowest HK$	Aggregate consideration paid HK$ million*
August 2014	56,500	29.95	29.95	1.69
September 2014	8,106,000	29.95	29.20	242.05
October 2014	567,500	29.95	29.45	16.98
November 2014	1,837,000	29.95	29.85	54.98
December 2014	3,690,000	29.95	28.90	109.23
	14,257,000			424.93

* Excluding brokerage and cancellation fees of HK$1.4 million

The Directors consider the repurchases a constructive element in the prudent management of the Company's overall capital structure and in enhancing returns to shareholders over time.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

SHARE SCHEME

Long-Term Incentive Share Scheme

The Long-Term Incentive Share Scheme ("Share Scheme") was approved by the shareholders on 24 August 2009. The Share Scheme was further amended, with its amendments being 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.

During the year ended 31 March 2015, the Company purchased 13,748,875 shares* of the Company at a cost of HK$392.1 million in connection with the Share Scheme for eligible employees and directors. The highest and the lowest purchase price paid per share were HK$29.95 and HK$24.28*, respectively.

Details of shares purchased by the Company during the year are as follows:

Year ended 31 March 2015	Before Share Consolidation			After Share Consolidation		
		Purchase price per share			Purchase price per share	
	No. of shares purchased	Highest HK$	Lowest HK$	No. of shares purchased	Highest HK$	Lowest HK$
1 April 2014 to 14 July 2014	18,554,500	7.15	6.07	4,638,625*	28.60*	24.28*
15 July 2014 to 31 March 2015				9,110,250	29.95	26.80
Aggregate number of shares purchased, as of 31 March 2015				13,748,875		

* The number of shares purchased and the highest and lowest purchase price paid per share have been adjusted to reflect the impact of Share Consolidation.

Movements in the number of unvested shares granted as of the date of this report are as follows:

	Number of unvested shares granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested shares granted, as of 31 March 2014*	3,624	4,300	7,924
Shares granted to Directors and employees during the year	1,828	2,267	4,095
Shares vested to Directors and employees during the year	(794)	(815)	(1,609)
Forfeited during the year	(140)	(222)	(362)
Unvested shares granted, as of 31 March 2015	4,518	5,530	10,048
Shares vested to Directors and employees in FY2015/16	(1,256)	-	(1,256)
Forfeited in FY2015/16	(22)	(48)	(70)
Unvested shares granted, as of the date of this report	3,240	5,482	8,722

* The number of shares as of 31 March 2014 has been adjusted to reflect the impact of Share Consolidation.

The number of unvested shares are as follows:

Vesting period	Number of unvested shares granted (thousands) Restricted Stock Units	Performance Stock Units	Total
FY2015/16	-	1,253	1,253
FY2016/17	1,364	2,055	3,419
FY2017/18	1,426	2,174	3,600
FY2018/19	125	-	125
FY2019/20	325	-	325
Total unvested shares, as of the date of this report	3,240	5,482	8,722

Share Option Scheme

The Company had on 29 July 2002 adopted a share option scheme ("Option Scheme"). The Option Scheme expired on 28 July 2012 and no options could be granted afterwards. However, any unexercised options under the Option Scheme would continue to be valid and exercisable subject to the provisions of the Option Scheme within their respective exercisable periods. As of 31 March 2015, all of the then outstanding share options granted under the Option Scheme lapsed in their respective exercisable periods.

Details of the share options granted under the Option Scheme as of the date of this report were as follows:

Type of grantees	Options held at 31/03/2014 *	Options lapsed during the year *	Options held at the date of this report	Subscription price per share (HK$)*	Date of grant	Exercisable from	Exercisable until
Employees	25,000	(25,000)	-	29.60	28/12/2004	01/01/2007	27/12/2014
	25,000	(25,000)	-	29.60	28/12/2004	01/01/2008	27/12/2014
	50,000	(50,000)	-				

* The number of options and the subscription price per share have been adjusted to reflect the impact of Share Consolidation.

Apart from the Share Scheme and the Option Scheme 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.

JOHNSON ELECTRIC GROUP TEN-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the previous ten financial years are set out on pages 103 to 104.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as of the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 24 to 37.

FINAL DIVIDEND

The Board will recommend at the Annual General Meeting to be held on 9 July 2015 (Thursday) a final dividend of 34 HK Cents equivalent to 4.36 US Cents per share (2014: 34 HK Cents or 4.36 US Cents) payable on 31 July 2015 (Friday) to persons who are registered shareholders of the Company on 22 July 2015 (Wednesday), making a total distribution of 48 HK Cents equivalent to 6.15 US Cents per share for the year ended 31 March 2015 (2014: 46 HK Cents or 5.90 US Cents*). The Board's intention is to have the interim dividend increase over time, such that it will represent one-third of the previous year's total dividend payment.

* Dividend per share has been adjusted on the basis of the number of shares of the Company after every 4 shares of the Company with a nominal value of HK$0.0125 each be consolidated into 1 consolidated share of the Company with a nominal value of HK$0.05 each became effective on 15 July 2014.

CLOSING REGISTER OF SHAREHOLDERS

ATTENDING ANNUAL GENERAL MEETING

The Register of Shareholders of the Company will be closed from 7 July 2015 (Tuesday) to 9 July 2015 (Thursday) inclusive, during which no transfer of shares will be registered.

In order to qualify for attending and voting at the Annual General Meeting, 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 6 July 2015 (Monday).

FINAL DIVIDEND

The Register of Shareholders of the Company will be closed from 20 July 2015 (Monday) to 22 July 2015 (Wednesday) inclusive, during which no transfer of shares will be registered.

In order to qualify for the proposed final 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 17 July 2015 (Friday). Shares of the Company will be traded ex-dividend as from 16 July 2015 (Thursday).

CONSOLIDATED BALANCE SHEET

As of 31 March 2015

	Note	2015 US$'000	2014 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	410,578	392,226
Investment property	4	82,035	68,371
Intangible assets	5	595,578	650,733
Investment in associate	6	2,720	2,202
Other financial assets	7	215,182	29,887
Defined benefit pension plan assets	15	7,156	6,929
Deferred income tax assets	16	43,500	37,508
Other non-current assets		9,679	6,513
		1,366,428	1,194,369
Current assets			
Inventories	8	222,029	207,041
Trade and other receivables	9	414,893	441,637
Non-current assets held for sale	10	8,003	-
Financial assets at fair value through profit and loss		-	1,085
Other financial assets	7	60,072	10,590
Income tax recoverable		3,386	2,004
Cash and deposits	11	773,172	643,986
		1,481,555	1,306,343
Current liabilities			
Trade payables	12	206,161	207,234
Other payables and deferred income		175,319	179,172
Current income tax liabilities		37,244	45,660
Other financial liabilities	7	14,531	21,500
Borrowings	13	65,816	115,459
Provision obligations and other liabilities	15	21,713	24,330
		520,784	593,355
Net current assets		960,771	712,988
Total assets less current liabilities		2,327,199	1,907,357

	Note	2015 US$'000	2014 US$'000
Non-current liabilities			
Other payables and deferred income		**16,642**	15,524
Other financial liabilities	7	**72,189**	40,386
Borrowings	13	**28,214**	1,394
Convertible bonds	14	**197,345**	-
Deferred income tax liabilities	16	**69,821**	53,609
Provision obligations and other liabilities	15	**42,076**	30,126
		426,287	141,039
NET ASSETS		**1,900,912**	1,766,318
Equity			
Share capital			
Ordinary shares	17	**5,681**	5,773
Shares held for the Share Scheme	17	**(61,082)**	(13,896)
Share premium	17	**-**	23,628
Reserves	18	**1,879,951**	1,677,884
Proposed dividends	25	**37,768**	38,910
		1,862,318	1,732,299
Non-controlling interests		**38,594**	34,019
TOTAL EQUITY		**1,900,912**	1,766,318

JEHL BALANCE SHEET

As of 31 March 2015

	Note	2015 US$'000	2014 US$'000
Assets			
Non-current assets			
Interest in subsidiaries		996,397	997,638
Other financial assets		39,932	201
		1,036,329	997,839
Current assets			
Amounts due from subsidiaries		799,222	613,132
Other financial assets		10,349	5
Other receivables		345	-
Cash and deposits		37	53
		809,953	613,190
Current liabilities			
Amounts due to subsidiaries		1	58
Other financial liabilities		-	1,071
Other payables		1,152	85
		1,153	1,214
Non-current liabilities			
Other financial liabilities		-	6,622
Convertible bonds	14	197,345	-
Deferred income tax liabilities		3,154	-
		200,499	6,622
NET ASSETS		1,644,630	1,603,193
Equity			
Share capital			
Ordinary shares	17	5,681	5,773
Shares held for the Share Scheme	17	(61,082)	(13,896)
Share premium	17	-	23,628
Reserves		1,662,263	1,548,778
Proposed dividends		37,768	38,910
TOTAL EQUITY		1,644,630	1,603,193

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 US$'000	2014 US$'000
Sales	2	2,136,052	2,097,618
Cost of goods sold		(1,503,647)	(1,478,711)
Gross profit		632,405	618,907
Other income and gains, net	19	17,918	19,762
Selling and administrative expenses	20	(407,539)	(405,180)
Operating profit		242,784	233,489
Finance income	21	13,998	10,927
Finance costs	21	(8,452)	(1,830)
Share of profit of associate	6	731	408
Profit before income tax		249,061	242,994
Income tax expense	23	(29,249)	(28,098)
Profit for the year		219,812	214,896
Profit attributable to non-controlling interests		(8,918)	(7,031)
Profit attributable to shareholders		210,894	207,865
Basic earnings per share for profit attributable to the shareholders during the year (expressed in US Cents per share)	24	24.11	23.40
Diluted earnings per share for profit attributable to the shareholders during the year (expressed in US Cents per share)	24	23.60	23.25

The Board has recommended a final dividend of 34 HK Cents equivalent (4.36 US Cents) per share (FY2013/14: 34 HK Cents or 4.36 US Cents adjusted to reflect the impact of 1 for 4 share consolidation on 15 July 2014 ("Share Consolidation")) equivalent to US$37.8 million (FY2013/14: US$38.9 million), details are set out in Note 25.

The basic and diluted earnings and dividend per share for the prior year have been adjusted to reflect the impact of Share Consolidation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 US$'000	2014 US$'000
Profit for the year		**219,812**	214,896
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	15 & 18	**(15,812)**	8,466
– deferred income tax effect	16 & 18	**1,553**	(1,084)
Long service payment			
– remeasurements	15 & 18	**230**	623
– deferred income tax effect	16 & 18	**(39)**	(63)
Total items that will not be recycled to profit and loss		**(14,068)**	7,942
Items that will be recycled to profit and loss:			
Hedging instruments			
– raw material commodity contracts			
– fair value losses, net	18	**(17,088)**	(19,273)
– transferred to inventory and subsequently recognised in income statement	18	**8,107**	8,127
– deferred income tax effect	16 & 18	**1,482**	1,886
– forward foreign currency exchange contracts			
– fair value gains / (losses), net	18	**175,868**	(25,000)
– transferred to income statement	18	**(17,104)**	(14,233)
– deferred income tax effect	16 & 18	**(23,790)**	6,311
– net investment hedge			
– fair value gains / (losses), net	18	**61,693**	(12,362)
Currency translations of subsidiaries and associate		**(103,858)**	49,882
Total items that will be recycled to profit and loss		**85,310**	(4,662)
Other comprehensive income for the year, net of tax		**71,242**	3,280
Total comprehensive income for the year, net of tax		**291,054**	218,176
Total comprehensive income attributable to:			
Shareholders		**281,659**	211,160
Non-controlling interests			
Share of profits for the year		**8,918**	7,031
Currency translations		**477**	(15)
		291,054	218,176

.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Attributable to shareholders of JEHL					
		Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2014		15,505	76,409	1,640,385	1,732,299	34,019	1,766,318
Profit for the year		-	-	210,894	210,894	8,918	219,812
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value losses, net	18	-	(17,088)	-	(17,088)	-	(17,088)
– transferred to inventory and subsequently recognised in income statement	18	-	8,107	-	8,107	-	8,107
– deferred income tax effect	16 & 18	-	1,482	-	1,482	-	1,482
– forward foreign currency exchange contracts							
– fair value gains, net	18	-	175,868	-	175,868	-	175,868
– transferred to income statement	18	-	(17,104)	-	(17,104)	-	(17,104)
– deferred income tax effect	16 & 18	-	(23,790)	-	(23,790)	-	(23,790)
– net investment hedge							
– fair value gains, net	18	-	61,693	-	61,693	-	61,693
Defined benefit plans							
– remeasurements	15 & 18	-	-	(15,812)	(15,812)	-	(15,812)
– deferred income tax effect	16 & 18	-	-	1,553	1,553	-	1,553
Long service payment							
– remeasurements	15 & 18	-	-	230	230	-	230
– deferred income tax effect	16 & 18	-	-	(39)	(39)	-	(39)
Investment property							
– revaluation surplus realised upon disposal	18	-	(14)	14	-	-	-
Currency translations of subsidiaries and associate	18	-	(104,335)	-	(104,335)	477	(103,858)
Total comprehensive income / (expenses) for FY2014/15		-	84,819	196,840	281,659	9,395	291,054
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	18	-	4,224	(4,224)	-	-	-
Convertible bonds							
– equity component of convertible bonds issued	14 & 18	-	4,823	-	4,823	-	4,823
– deferred income tax effect	16 & 18	-	(3,868)	-	(3,868)	-	(3,868)
Cancellation of issued capital	17	(24,069)	(30,926)	-	(54,995)	-	(54,995)
Long-Term Incentive Share Scheme							
– shares vested	17 & 18	3,889	(3,889)	-	-	-	-
– value of employee services	18 & 27	-	7,413	-	7,413	-	7,413
– purchase of shares	17	(50,726)	-	-	(50,726)	-	(50,726)
Share options							
– options lapsed	18	-	(68)	68	-	-	-
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	(4,820)	(4,820)
FY2013/14 final dividend paid	18	-	-	(38,765)	(38,765)	-	(38,765)
FY2014/15 interim dividend paid	18	-	-	(15,522)	(15,522)	-	(15,522)
Total transactions with shareholders		(70,906)	(22,291)	(58,443)	(151,640)	(4,820)	(156,460)
As of 31 March 2015		**(55,401)** **	**138,937**	**1,778,782**	**1,862,318**	**38,594**	**1,900,912**

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, equity component of convertible bonds (net of tax), statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.

** The total of US$(55.4) million is comprised by share capital of US$5.7 million and shares held for Share Scheme of US$(61.1) million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Note	Attributable to shareholders of JEHL: Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2013		17,361	78,094	1,473,057	1,568,512	30,251	1,598,763
Profit for the year		-	-	207,865	207,865	7,031	214,896
Other comprehensive income / (expenses):							
Available-for-sale financial assets							
– adoption of HKFRS 9	18	-	380	(380)	-	-	-
Hedging instruments							
– raw material commodity contracts							
– fair value losses, net	18	-	(19,273)	-	(19,273)	-	(19,273)
– transferred to inventory and subsequently recognised in income statement	18	-	8,127	-	8,127	-	8,127
– deferred income tax effect	16 & 18	-	1,886	-	1,886	-	1,886
– forward foreign currency exchange contracts							
– fair value losses, net	18	-	(25,000)	-	(25,000)	-	(25,000)
– transferred to income statement	18	-	(14,233)	-	(14,233)	-	(14,233)
– deferred income tax effect	16 & 18	-	6,311	-	6,311	-	6,311
– net investment hedge							
– fair value losses, net	18	-	(12,362)	-	(12,362)	-	(12,362)
Defined benefit plans							
– remeasurements	15 & 18	-	-	8,466	8,466	-	8,466
– deferred income tax effect	16 & 18	-	-	(1,084)	(1,084)	-	(1,084)
Long service payment							
– remeasurements	15 & 18	-	-	623	623	-	623
– deferred income tax effect	16 & 18	-	-	(63)	(63)	-	(63)
Investment property							
– revaluation surplus realised upon disposal	18	-	(583)	583	-	-	-
Currency translations of subsidiaries and associate	18	-	49,897	-	49,897	(15)	49,882
Total comprehensive income / (expenses) for FY2013/14		-	(4,850)	216,010	211,160	7,016	218,176
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	18	-	(1,446)	1,446	-	-	-
Cancellation of issued capital	17	(1,650)	-	-	(1,650)	-	(1,650)
Long-Term Incentive Share Scheme							
– shares vested	17 & 18	2,685	(2,685)	-	-	-	-
– value of employee services	18 & 27	-	5,799	-	5,799	-	5,799
– purchase of shares	17	(2,891)	-	-	(2,891)	-	(2,891)
– transfer from cash settled share-based unit	18	-	1,771	-	1,771	-	1,771
Share options							
– options lapsed	18	-	(274)	274	-	-	-
Contribution from non-controlling interests		-	-	-	-	650	650
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	(3,898)	(3,898)
FY2012/13 final dividend paid	18	-	-	(36,664)	(36,664)	-	(36,664)
FY2013/14 interim dividend paid	18	-	-	(13,738)	(13,738)	-	(13,738)
Total transactions with shareholders		(1,856)	3,165	(48,682)	(47,373)	(3,248)	(50,621)
As of 31 March 2014		15,505	76,409	1,640,385	1,732,299	34,019	1,766,318

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	27	335,520	321,811
Other non-cash items and adjustments	27	(1,546)	856
Change in working capital	27	(21,076)	17,787
Cash generated from operations	27	312,898	340,454
Interest paid		(2,583)	(1,830)
Income taxes paid		(43,172)	(31,329)
Net cash generated from operating activities		267,143	307,295
Investing activities			
Purchase of property, plant and equipment and capitalised expenditure of investment property, net of subsidies		(119,875)	(92,171)
Capitalisation of engineering development costs	5	(6,269)	(5,804)
Proceeds from disposal of property, plant and equipment and investment property	27	812	10,807
Interest received		13,998	10,927
		(111,334)	(76,241)
Business combination *	28	(9,203)	-
Acquisition of non-controlling interests		(285)	-
Purchase of financial assets at fair value through profit and loss		(3,257)	-
Proceeds from sale of financial assets at fair value through profit and loss		4,373	1,458
Subsequent payments due to divestiture of non-core business **		-	(6,071)
Net cash used in investing activities		(119,706)	(80,854)

* On 30 July 2014, the Group paid US$9.2 million (total consideration US$10.0 million net of cash acquired US$0.8 million) to insource a sales agency in the UK. This acquisition strengthened the Group's sales network by providing a direct interface with key automotive customers in the UK.

** In FY2013/14, the payment was to the buyer of the Saia-Burgess Controls business for the anticipated post-closing adjustments as agreed at closing (1 February 2013).

	Note	2015 US$'000	2014 US$'000
Financing activities			
Purchase of shares for cancellation of issued capital	17	(54,995)	(1,650)
Purchase of shares held for Long-Term Incentive Share Scheme	17	(50,726)	(2,891)
Proceeds from borrowings		-	5,628
Repayments of borrowings		(10,751)	(18,309)
Proceeds from issuance of convertible bonds, net of transaction costs	14	197,300	-
Dividends paid to shareholders		(54,287)	(50,402)
Dividends paid to non-controlling interests		(4,820)	(3,898)
Contribution from non-controlling interests		-	650
Net cash generated from / (used in) financing activities		21,721	(70,872)
Net increase in cash and cash equivalents		169,158	155,569
Cash and cash equivalents at beginning of the year		643,986	480,924
Currency translations on cash and cash equivalents		(39,972)	7,493
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		773,172	643,986

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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.

These consolidated financial statements are presented in US Dollars, unless otherwise stated and have been approved for issue by the Board of Directors on 13 May 2015. They have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") using the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss, and investment property, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS 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 FY2014/15, the Group adopted new / revised standards and interpretations of HKFRS effective for the first time in FY2014/15.

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:

	2015 US$'000	2014 US$'000
Operating profit presented to management	224,866	213,727
Other income and gains, net (Note 19)	17,918	19,762
Operating profit per consolidated income statement	242,784	233,489

Sales from external customers by business unit was as follows:

	2015 US$'000	2014 US$'000
Automotive Products Group ("APG")	1,457,448	1,436,801
Industry Products Group ("IPG")	678,604	660,817
	2,136,052	2,097,618

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 25% of the total sales of the Group for FY2014/15 (FY2013/14: 25%).

2. SEGMENT INFORMATION *(Cont'd)*

Sales by geography

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

	2015 US$'000	2014 US$'000
Europe *	**891,355**	885,738
People's Republic of China ("PRC")	**582,303**	570,071
North America	**447,172**	439,805
Asia (excluding PRC)	**178,759**	156,095
South America	**32,567**	41,490
Others	**3,896**	4,419
	2,136,052	2,097,618

* Included in Europe are sales to external customers in Germany of US$247.6 million for FY2014/15 (FY2013/14: US$254.6 million).

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

Segment assets

For FY2014/15, the additions to non-current assets (other than deferred tax assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) were US$139.3 million (FY2013/14: US$112.1 million).

As of 31 March 2015, excluding goodwill, the total of non-current assets (other than deferred tax assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) located in HK/PRC was US$364.7 million (31 March 2014: US$328.3 million) and the total of these non-current assets located in other countries was US$303.8 million (31 March 2014: US$326.7 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
As of 31 March 2013						
Cost	226,160	577,500	29,092	267,807	137,541	1,238,100
Accumulated depreciation and impairment	(123,315)	(455,809)	-	(208,215)	(92,195)	(879,534)
Net book amount	102,845	121,691	29,092	59,592	45,346	358,566
FY2013/14						
As of 31 March 2013	102,845	121,691	29,092	59,592	45,346	358,566
Currency translations	2,907	844	679	640	226	5,296
Additions	6,740	17,693	64,062	8,554	4,740	101,789
Transfer	5,063	21,181	(39,790)	10,771	2,775	-
Transfer from investment property (Note 4)	1,520	-	-	-	-	1,520
Disposals	(2,597)	(998)	-	(267)	(157)	(4,019)
Provision for impairment (Note 22 & 27)	(9)	(681)	(2,172)	(512)	(9)	(3,383)
Depreciation (Note 22)	(11,405)	(27,636)	-	(20,369)	(8,133)	(67,543)
As of 31 March 2014	105,064	132,094	51,871	58,409	44,788	392,226
As of 31 March 2014						
Cost	239,568	596,129	54,043	285,041	140,793	1,315,574
Accumulated depreciation and impairment	(134,504)	(464,035)	(2,172)	(226,632)	(96,005)	(923,348)
Net book amount	105,064	132,094	51,871	58,409	44,788	392,226

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

3. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	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
FY2014/15						
As of 31 March 2014	105,064	132,094	51,871	58,409	44,788	392,226
Currency translations	(8,749)	(1,968)	(5,398)	(1,218)	(388)	(17,721)
Additions	4,900	26,919	71,967	10,039	3,935	117,760
Transfer	6,971	30,171	(54,024)	11,992	4,890	-
Transfer to non-current asset held for sale (Note 10)	(8,003)	-	-	-	-	(8,003)
Disposals	(220)	(236)	-	(663)	(114)	(1,233)
Provision for impairment (Note 22 & 27)	-	(84)	-	(598)	(4)	(686)
Depreciation (Note 22)	(11,732)	(30,432)	-	(20,745)	(8,856)	(71,765)
As of 31 March 2015	**88,231**	**156,464**	**64,416**	**57,216**	**44,251**	**410,578**
As of 31 March 2015						
Cost	211,931	616,373	64,495	280,859	136,115	1,309,773
Accumulated depreciation and impairment	(123,700)	(459,909)	(79)	(223,643)	(91,864)	(899,195)
Net book amount	**88,231**	**156,464**	**64,416**	**57,216**	**44,251**	**410,578**

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

Freehold land is located in Europe and North America.

The Group's interest in leasehold land of US$7.4 million (31 March 2014: US$7.6 million) comprises leases of between 10 to 50 years in Hong Kong.

The Group begins depreciating an item of property, plant and equipment when it is available for use. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Shorter of lease term or useful life
Buildings on leasehold land	Shorter of lease term or useful life
Buildings on freehold land	10 to 50 years*
Machinery, equipment, moulds and tools	2 to 10 years
Furniture and fixtures and computers	3 to 10 years
Motor vehicles	3 to 7 years
Aircraft	25 years

* 50 years for buildings in Hungary, Germany and Switzerland

4. INVESTMENT PROPERTY

	2015 US$'000	2014 US$'000
At beginning of the year	68,371	63,214
Currency translations	77	(1)
Fair value gains (Note 19 & 27)	10,749	5,239
Capitalised expenditure	2,890	2,523
Transfer to property, plant and equipment (Note 3)	-	(1,520)
Disposals	(52)	(1,084)
At end of the year	82,035	68,371

The Group's investment property in HK/PRC was valued on an open market basis as of 31 March 2015. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

As of 31 March 2015, the Group's investment property has tenancies expiring in the period from July 2015 to May 2027 (31 March 2014: from April 2014 to May 2027).

The Group's interests in investment property were analysed as follows:

	2015 US$'000	2014 US$'000
In Hong Kong:		
On lease between 10 to 50 years	74,999	61,444
Outside Hong Kong:		
On lease between 10 to 50 years	7,036	6,927
	82,035	68,371

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	
As of 31 March 2013								
Cost	436,573	142,026	16,207	63,864	106,141	4,779	769,590	
Accumulated amortisation and impairment	-	(67,250)	(11,376)	(18,460)	(46,190)	(979)	(144,255)	
Net book amount	436,573	74,776	4,831	45,404	59,951	3,800	625,335	
FY2013/14								
As of 31 March 2013	436,573	74,776	4,831	45,404	59,951	3,800	625,335	
Currency translations	28,438	4,412	452	3,219	4,163	6	40,690	
Additions (Note 22)	-	-	5,804	-	-	-	5,804	
Amortisation (Note 22 & 27)	-	(9,497)	(641)	(2,591)	(8,125)	(242)	(21,096)	
As of 31 March 2014	465,011	69,691	10,446	46,032	55,989	3,564	650,733	*
As of 31 March 2014								
Cost	465,011	151,335	22,958	68,571	113,877	4,782	826,534	
Accumulated amortisation and impairment	-	(81,644)	(12,512)	(22,539)	(57,888)	(1,218)	(175,801)	
Net book amount	465,011	69,691	10,446	46,032	55,989	3,564	650,733	
FY2014/15								
As of 31 March 2014	465,011	69,691	10,446	46,032	55,989	3,564	650,733	
Currency translations	(32,975)	(4,478)	(2,323)	(3,573)	(5,319)	37	(48,631)	
Acquisition (Note 28)	-	-	-	-	9,203	-	9,203	
Additions (Note 22)	-	-	6,269	-	-	-	6,269	
Amortisation (Note 22 & 27)	-	(9,389)	(926)	(2,559)	(8,283)	(239)	(21,396)	
Provision for impairment (Note 22 & 27)	-	-	(600)	-	-	-	(600)	
As of 31 March 2015	**432,036**	**55,824**	**12,866**	**39,900**	**51,590**	**3,362**	**595,578**	*
As of 31 March 2015								
Cost	432,036	140,326	21,955	63,023	112,657	4,835	774,832	
Accumulated amortisation and impairment	-	(84,502)	(9,089)	(23,123)	(61,067)	(1,473)	(179,254)	
Net book amount	**432,036**	**55,824**	**12,866**	**39,900**	**51,590**	**3,362**	**595,578**	

* Total intangible assets as of 31 March 2015 and 31 March 2014 are denominated in the following underlying currencies:

	USD equivalent	
	2015 US$'000	2014 US$'000
In CHF	**487,726**	551,052
In USD	**82,204**	83,055
In GBP	**12,683**	6,528
In EUR	**9,603**	6,534
In RMB	**3,362**	3,564
Total intangible assets	**595,578**	650,733

5. INTANGIBLE ASSETS *(Cont'd)*

Land use rights are grouped as intangible assets and prior year figures have been reclassified to conform with current year's presentation. The Group's interests in land use rights represent prepaid operating lease payments and are on lease between 10 to 50 years in PRC.

The amortisation charge was included in the "Selling and administrative expenses" in the consolidated income statement.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life. The estimated useful life for amortisation purposes is:

Technology, patents and engineering development	4 to 20 years
Brands	25 years
Client relationships	5 to 15 years
Land use rights	Shorter of remaining lease term or useful life

Impairment tests for goodwill

The Group is one cash-generating unit ("CGU") and goodwill is allocated to the CGU for the purpose of testing goodwill impairment in accordance with HKAS 36 "Impairment of Assets". Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Impairment test for goodwill is carried out by comparing the recoverable amount (i.e. higher of value in use and the fair value less costs of disposal) of the assets belonging to a CGU to the carrying amount of those assets as of the balance sheet date.

For the years ended 31 March 2015 and 2014, the recoverable amount of the Group is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the FY2015/16 and FY2014/15 financial budget and future forecast respectively.

Forecast profitability is based on past performance and expected future changes in costs and sales prices. Cash flow projections are based on long-range financial forecasts using an estimated sales growth rate of 6% until 2020 and a 2% perpetual growth rate thereafter (FY2013/14: 6% and 2% respectively) and operating margin of 10% (FY2013/14: 10%). Future cash flows are discounted at a pre-tax rate of 11.6% (equivalent to post-tax weighted average cost of capital of 10%) (FY2013/14: pre-tax rate of 11.6%).

There was no evidence of impairment arising from tests of reasonable variations of the key assumptions used for the value-in-use calculations.

6. INVESTMENT IN ASSOCIATE

	2015 US$'000	2014 US$'000
At beginning of the year	2,202	2,064
Currency translations	32	1
Share of associate's profit for the year	731	408
Dividend received	(245)	(271)
At end of the year	2,720	2,202

7. OTHER FINANCIAL ASSETS AND LIABILITIES

	2015			2014		
	Assets US$'000	(Liabilities) US$'000	Net US$'000	Assets US$'000	(Liabilities) US$'000	Net US$'000
Raw material commodity contracts (Note a)						
– cash flow hedge	3,306	(21,794)	(18,488)	634	(12,614)	(11,980)
Forward foreign currency exchange contracts (Note b)						
– cash flow hedge	221,648	(64,923)	156,725	39,627	(41,575)	(1,948)
– held for trading	19	(3)	16	10	(4)	6
Net investment hedge (Note c)						
– forward foreign currency exchange contracts to hedge European subsidiaries	48,616	-	48,616	8	(7,693)	(7,685)
– cross currency interest rate swap	1,541	-	1,541	-	-	-
Others	124	-	124	198	-	198
Total (Note d)	275,254	(86,720)	188,534	40,477	(61,886)	(21,409)
Current portion	60,072	(14,531)	45,541	10,590	(21,500)	(10,910)
Non-current portion	215,182	(72,189)	142,993	29,887	(40,386)	(10,499)
Total	275,254	(86,720)	188,534	40,477	(61,886)	(21,409)

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

Note:

(a) 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 31 March 2015, 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$)	Remaining maturities range (months)	Liabilities, net carrying value (US$'000)
Cash flow hedge contracts							
Copper commodity	40,300 metric ton	259.0	6,428	6,051	6,025	1 - 70	(16,240)
Silver commodity	840,000 oz	16.4	19.54	16.60	16.93	1 - 54	(2,190)
Aluminium commodity	300 metric ton	0.6	2,007	1,789	1,813	1 - 12	(58)
Total							(18,488)

(b) Forward foreign currency exchange contracts

The EUR, HUF, PLN, JPY, CHF, ILS, INR, 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 and JPY, thus it entered into EUR and JPY forward sales contracts. The Group incurs majority of its operating expenses (including conversion costs) in domestic currencies in China, Hungary, Poland, Switzerland, Israel and Mexico, hence, it entered into forward foreign currency purchase contracts to hedge these expenses. 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).

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.

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

(b) Forward foreign currency exchange contracts *(Cont'd)*

As of 31 March 2015, 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								
EUR forward sales	USD	EUR 774.5	1.39	1.08	1.14	1 - 81	1,078.2	195,325
HUF forward purchase	EUR	HUF 36,899.9	331.55	299.25	313.87	1 - 60	120.6	6,791
PLN forward purchase	EUR	PLN 175.7	4.49	4.09	4.26	1 - 58	42.4	2,249
JPY forward sales	USD	JPY 881.0	107.89	120.05	118.36	1 - 34	8.2	722
CHF forward purchase	EUR	CHF 13.4	1.06	1.05	1.04	1 - 3	13.7	280
ILS forward purchase	USD	ILS 45.4	3.97	3.97	3.96	1 - 24	11.4	32
INR forward purchase	USD	INR 1,029.8	72.96	62.62	73.56	13 - 60	14.1	(115)
MXN forward purchase	USD	MXN 1,437.6	15.00	15.26	16.65	1 - 73	95.9	(9,529)
RMB forward purchase	USD	RMB 11,445.6	6.51	6.14	6.66	1 - 73	1,758.2	(39,030)
Total								156,725
Held for trading contracts								
INR forward purchase	USD	INR 122.3	65.22	62.62	64.68	1 - 12	1.9	16

* Weighted average contract rate is a ratio defined as notional value / settlement value except for the EUR to USD which is stated in the inverse order.

(c) Net investment hedge

The EUR forward foreign currency exchange contracts and cross currency interest rate swaps as per the table in the following page are designated as a net investment hedge. 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.

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

(c) Net investment hedge *(cont'd)*

As of 31 March 2015, 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)
Net investment hedge contracts								
EUR forward sales	USD	EUR 187.0	1.38	1.08	1.12	9 - 57	258.8	48,616
Cross currency interest rate swaps (sell EUR, buy USD)	USD	EUR 68.0	1.10	1.08	1.08	73	75.0	1,541

* Weighted average contract rate is a ratio defined as notional value / settlement value except for the EUR to USD which is stated in the inverse order.

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

(e) The net gain from raw material commodity and foreign currency exchange hedge contracts recognised in the income statement during the year was US$9.0 million (FY2013/14: net gain of US$6.1 million).

(f) Estimate of future cash flow

In terms of estimating future cash flow, the contracts rate compared to the spot rate of all the currency and commodity contracts as of 31 March 2015 would result in approximately US$354 million cash flow benefit (31 March 2014: US$29 million).

8. INVENTORIES

	2015 US$'000	2014 US$'000
Raw materials	**89,842**	84,667
Finished goods	**132,187**	122,374
	222,029	207,041

The Group's inventories were valued at the lower of actual cost on a first-in-first-out basis (FIFO) or net realisable value.

9. TRADE AND OTHER RECEIVABLES

	2015 US$'000	2014 US$'000
Trade receivables – gross	352,608	387,408
Less: impairment of trade receivables *	(2,751)	(9,186)
Trade receivables – net	349,857	378,222
Prepayments and other receivables	65,036	63,415
	414,893	441,637

* Impairment of trade receivables is discussed on next page

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

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:

	2015 US$'000	2014 US$'000
Current	341,077	364,823
1 – 30 days overdue	7,606	7,999
31 – 90 days overdue	1,643	7,051
Over 90 days overdue	2,282	7,535
Total	352,608	387,408

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.

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	2015 US$'000	2014 US$'000
USD	148,251	144,114
EUR	114,665	153,279
RMB	80,209	78,850
Others	9,483	11,165
Total	352,608	387,408

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

Ageing of overdue trade receivables but not impaired

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 105 days normally. As of 31 March 2015, trade receivables of US$8.8 million (31 March 2014: US$13.4 million) were overdue but not impaired. Management assessed the credit quality of this US$8.8 million by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered.

The ageing of these overdue trade receivables but not impaired is as follows:

	2015 US$'000	2014 US$'000
1 – 30 days overdue	6,891	7,999
31 – 90 days overdue	1,239	3,166
Over 90 days overdue	650	2,234
Total	8,780	13,399

Impairment of trade receivables

Movements on the impairment of trade receivables were as follows:

	2015 US$'000	2014 US$'000
At beginning of the year	9,186	2,472
Currency translations	(558)	263
Receivables written off during the year as uncollectible	(6,984) *	(481)
Impairment of trade receivables / bad debt expense (Note 22)	1,107	6,932
At end of the year	2,751	9,186

* The written off of receivable was primarily due to a customer that entered into a court approved rehabilitation process.

The maximum exposure to credit risk at the reporting date is the fair value of the receivable mentioned above.

10. NON-CURRENT ASSETS HELD FOR SALE

	2015 US$'000	2014 US$'000
Assets held for sale (Note 3)	8,003	-

In March 2015, the Group entered into an agreement to sell its manufacturing building in Germany. The sale was completed in April 2015 and the carrying amount of the building is reclassified to asset held for sale as of 31 March 2015.

During the year, the Group also put one of its manufacturing buildings in Switzerland on the market for sale, thus the carrying amount of this building is shown as asset held for sale as of 31 March 2015.

11. CASH AND DEPOSITS

	2015 US$'000	2014 US$'000
Cash at bank and in hand	174,883	164,265
Short term bank deposits	598,289	479,721
Total	773,172	643,986

The effective interest rate on bank balances and deposits was 1.8% (FY2013/14: 2.3%). These deposits have an average maturity of 49 days (FY2013/14: 77 days).

The carrying amounts of the Group's cash and deposits are denominated in the following currencies:

	2015 US$'000	2014 US$'000
USD	381,957	47,291
RMB	269,762	445,261
EUR	59,710	99,364
Others	61,743	52,070
Total	773,172	643,986

12. TRADE PAYABLES

	2015 US$'000	2014 US$'000
Trade payables	206,161	207,234

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:

	2015 US$'000	2014 US$'000
0 – 60 days	152,839	153,592
61 – 90 days	38,984	39,892
Over 90 days	14,338	13,750
Total	206,161	207,234

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2015 US$'000	2014 US$'000
RMB	87,378	76,762
USD	55,549	57,492
EUR	37,987	42,871
HKD	20,824	23,344
Others	4,423	6,765
Total	206,161	207,234

13. BORROWINGS

	2015 US$'000	2014 US$'000
Loans based on trade receivables (Note)	90,432	114,986
Other borrowings – Non-current	714	1,394
– Current	2,884	473
Total borrowings	94,030	116,853
Current borrowings	65,816	115,459
Non-current borrowings	28,214	1,394

Note:

Subsidiary companies have borrowed US$90.4 million in the USA, Europe and Hong Kong as of 31 March 2015 (as of 31 March 2014: US$115.0 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$27.5 million, with a covenant that trade receivables shall not be pledged to any parties (31 March 2014: US$40.0 million).
- Borrowings in Europe of US$43.3 million (EUR 40.0 million) (31 March 2014: US$55.0 million (EUR40.0 million)), which are secured by trade receivables and require an over-collateralisation level of 20% of the amount loaned (US$52.0 million as of 31 March 2015 and US$66.0 million as of 31 March 2014).
- Unsecured borrowings in Hong Kong of US$19.6 million based on trade receivables (31 March 2014: US$20.0 million).

13. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Other loans	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Less than 1 year	**65,432**	114,986	**384**	473
1 – 2 years	**27,500**	-	**396**	488
2 – 5 years	**-**	-	**318**	906
	92,932	114,986	**1,098**	1,867

As of 31 March 2015, the interest rate charged on outstanding balances ranged from 0.6% to 3.2% per annum (31 March 2014: 0.7% to 3.2% per annum) and the weighted average effective interest rate of the borrowings was approximately 0.7% (31 March 2014: 0.8%). Interest expense is disclosed in Note 21.

As of 31 March 2015, borrowings of subsidiary companies amounting to US$92.9 million (31 March 2014: US$115.0 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 31 March 2015 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. This is the first time that Johnson Electric has undergone formal credit ratings.

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.

The carrying amounts of the borrowings (bank borrowings and other loans) were denominated in the following currencies:

	2015 US$'000	2014 US$'000
USD	**49,600**	59,978
EUR	**44,430**	56,875
Total borrowings	**94,030**	116,853

14. CONVERTIBLE BONDS

	2015 US$'000	2014 US$'000
Proceeds from the issuance of convertible bonds on 2 April 2014 (net of transaction cost)	**197,300**	-
Equity component (Note 18)	**4,823**	-
Liability component on initial recognition on 2 April 2014	192,477	-
Interest expense (Note 21 & 24)	6,868	-
Coupon interest paid and payable	(2,000)	-
Liability component at end of year	**197,345**	-

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 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 31 March 2015.

With effect from 17 July 2014, the conversion price was adjusted to HK$40.54 per share as a result of the Share Consolidation and payment of the final dividend for FY2013/14. The conversion price was not adjusted for the interim dividend for FY2014/15 since this event fell below the 1% threshold for adjustment as per the terms and conditions of the Bond Offering. The effect of this interim dividend will be accumulated and included in the next adjustment to the conversion price.

The fair value of the liability component of the Group's convertible bonds was approximately equal to its carrying value as of 31 March 2015. The fair values of convertible bonds are within level 2 of the fair value hierarchy.

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES

	Retirement benefit obligations US$'000	Legal and warranty US$'000	Restructuring US$'000	Finance lease liability US$'000	Long service payment and others US$'000	Total US$'000
As of 31 March 2013	23,278	22,582	10,325	5,418	4,054	65,657
Currency translations	1,648	774	587	-	49	3,058
Provisions / (release of provision) (Note 20)	(123)	7,195	-	-	4,701	11,773
Utilised	(6,280)	(8,023)	(4,514)	(800)	(4,255)	(23,872)
Remeasurements (Note 18) *	(8,466)	-	-	-	(623)	(9,089)
As of 31 March 2014	10,057	22,528	6,398	4,618	3,926	47,527
Provision obligations and other liabilities:						
Current portion	-	16,606	6,398	908	418	24,330
Non-current portion	16,986	5,922	-	3,710	3,508	30,126
Defined benefit pension plan assets:						
Non-current portion	(6,929)	-	-	-	-	(6,929)
As of 31 March 2014	10,057	22,528	6,398	4,618	3,926	47,527
As of 31 March 2014	10,057	22,528	6,398	4,618	3,926	47,527
Currency translations	(1,786)	(3,126)	(1,242)	-	(152)	(6,306)
Provisions / (release of provision) (Note 20)	2,980	9,632	(682)	-	5,040	16,970
Utilised	(5,744)	(5,240)	(491)	(908)	(4,757)	(17,140)
Remeasurements (Note 18) *	15,812	-	-	-	(230)	15,582
As of 31 March 2015	**21,319 ****	**23,794**	**3,983**	**3,710**	**3,827**	**56,633**
Provision obligations and other liabilities:						
Current portion	-	16,217	3,983	1,020	493	21,713
Non-current portion	28,475	7,577	-	2,690	3,334	42,076
Defined benefit pension plan assets:						
Non-current portion	(7,156)	-	-	-	-	(7,156)
As of 31 March 2015	**21,319**	**23,794**	**3,983**	**3,710**	**3,827**	**56,633**

* Remeasurements represent actuarial gains and losses.

** The retirement benefit obligations were mainly denominated in CHF, GBP and EUR as of 31 March 2015. These retirement benefit obligations of US$21.3 million (31 March 2014: US$10.1 million) composed of gross present value of obligations of US$184.0 million (31 March 2014: US$171.7 million) less fair value of plan assets of US$162.7 million (31 March 2014: US$161.6 million).

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

15.1 Retirement benefit obligations

Defined benefit pension plans

The Group operates defined benefit pension plans in various countries, providing benefits to members in the form of a guaranteed level of pension payable for life. These defined benefit plans are valued by independent external actuaries using the projected unit credit method.

The Group's defined benefit plans provide pensions to employees after meeting specific retirement age / period of service. Pensions are based on specific pension rates applied to the employees' years of service. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds.

The amounts recognised in the balance sheet were determined as follows:

	2015 US$'000	2014 US$'000
Present value of obligations that are funded	169,635	155,126
Present value of obligations that are unfunded	14,415	16,551
Gross present value of obligations	184,050	171,677
Less : Fair value of plan (assets)	(162,731)	(161,620)
Total retirement benefit obligations - net liability	21,319	10,057
Represented by:		
Defined benefit pension plan (assets)	(7,156)	(6,929)
Provisions obligations and other liabilities	28,475	16,986

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd))*

15.1 Retirement benefit obligations *(Cont'd)*

The movement of the retirement benefit obligations were as follows:

	Present value of obligations US$'000	Fair value of plan (assets) US$'000	Total net liability US$'000
As of 31 March 2013	168,542	(145,264)	23,278
Current service cost	(396) *	-	(396)
Interest cost / (income)	4,182	(3,909)	273
Net cost / (income) to the income statement (Note 22)	3,786	(3,909)	(123)
Remeasurements:			
– Loss from change in demographic assumptions	288	-	288
– Gain from change in financial assumptions	(2,656)	-	(2,656)
– Experience gains	(3,314)	(56)	(3,370)
– Return on plan assets, excluding amounts included in interest income	-	(2,728)	(2,728)
Gains recognised in equity (Note 18)	(5,682)	(2,784)	(8,466)
Currency translations	13,614	(11,966)	1,648
Contributions by plan participants	2,705	(2,705)	-
Contributions by employer	-	(5,415)	(5,415)
Benefits paid	(11,288)	10,423	(865)
As of 31 March 2014	171,677	(161,620)	10,057
As of 31 March 2014	171,677	(161,620)	10,057
Current service cost	3,084	-	3,084
Interest cost / (income)	4,255	(4,359)	(104)
Net cost / (income) to the income statement (Note 22)	7,339	(4,359)	2,980
Remeasurements:			
– Gain from change in demographic assumptions	(681)	-	(681)
– Loss from change in financial assumptions	29,574	-	29,574
– Experience (gains) / losses	(2,307)	86	(2,221)
– Return on plan assets, excluding amounts included in interest income	-	(10,860)	(10,860)
Losses / (gains) recognised in equity (Note 18)	26,586	(10,774)	15,812
Currency translations	(16,026)	14,240	(1,786)
Contributions by plan participants	2,707	(2,707)	-
Contributions by employer	-	(5,139)	(5,139)
Benefits paid	(8,233)	7,628	(605)
As of 31 March 2015	**184,050**	**(162,731)**	**21,319**

* The current service cost for FY2013/14 included the effect of adoption of HKAS 19 (2011) "Employee benefits".

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

15.1 Retirement benefit obligations *(Cont'd)*

The principal actuarial assumptions used were as follows:

	2015 Percentage	2014 Percentage
Discount rate	0.6% - 3.4%	2.1% - 4.5%
Future pension growth rate	0% - 3.3%	0% - 3.5%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions was:

	Impact on defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate - change by 0.5%	Decrease by 7.3%	Increase by 8.4%
Future pension growth rate - increase by 0.5%	Increase by 4.6%	n/a

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

During the year, the increase in the present value of funded defined benefit obligations was primarily due to a decrease in the discount rate:

	2015 Percentage	2014 Percentage
Switzerland	0.6%	2.1%
United Kingdom	3.4%	4.4%
Germany	1.7%	3.3%

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

15.1 Retirement benefit obligations *(Cont'd)*

The weighted average duration of the defined benefit obligation is 16.7 years (as of 31 March 2014: 15.4 years).

The expected maturity analysis of undiscounted pension benefits as of 31 March 2015 and 31 March 2014 was:

	2015 US$'000	2014 US$'000
Less than 1 year	6,300	6,682
1 – 2 years	6,460	6,688
2 – 5 years	20,009	21,670
Over 5 years	292,360	333,618
	325,129	368,658

Plan assets

Plan assets comprised the following:

	2015		2014	
	US$'000	Percentage	US$'000	Percentage
Quoted				
Equities				
Asia	3,842	2%	3,265	2%
Europe	24,382	15%	27,287	17%
Americas	9,338	6%	8,513	5%
Global	24,547	15%	29,906	18%
Bonds				
Europe	53,340	33%	32,245	20%
Americas	1,060	1%	897	1%
Global	5,039	3%	2,914	2%
Others				
Asia	534	0%	1,572	1%
Europe	9,077	6%	22,084	14%
Americas	2,135	1%	6,288	4%
	133,294	82%	134,971	84%
Unquoted				
Property investment - Europe	29,150	18%	26,334	16%
Others - Europe	287	0%	315	0%
	29,437	18%	26,649	16%
	162,731	100%	161,620	100%

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

15.1 Retirement benefit obligations *(Cont'd)*

Plan assets *(Cont'd)*

The plan asset mix is established through consideration of many factors including assumptions of tolerance for fluctuations in market values, portfolio diversification and the targeted long term rate of return for the assets. Foreign exchange risk is inherent in the asset mix policy and foreign currency fluctuations may significantly affect the return on the assets held by the trustees of the funds.

Asset-liability matching has been undertaken to reduce risk.

For the pension plan in Switzerland, Swiss law prescribes ranges of percentages within which the assets have to be invested (bank, shares, bonds, real estate, etc.). This is to ensure a segregation of risk. These ranges allow some room for investment decision but have to be respected at all times.

For the pension plan in the United Kingdom, the trustees of the scheme invest the assets in line with the statement of investment principles, which was established taking into consideration the liabilities of the scheme and the investment risk that the trustees are willing to accept. The trustees are required to carry out regular scheme funding valuations and establish a schedule of contributions and a recovery plan if there is a shortfall in the scheme.

The Group will make contributions of US$3.8 million to post-employment benefit plans for fiscal year FY2015/16 (FY2014/15: US$5.2 million).

15.2 Defined contribution pension plans

The largest defined contribution schemes are in Hong Kong where the Group operates two defined contribution schemes. These comply with all the respective requirements under the Occupational Retirement Schemes Ordinance ("ORSO") and the Mandatory Provident Fund ("MPF") Ordinance. All scheme assets are held separately from the Group in independently administered funds. Contributions to the MPF Scheme follow the MPF Ordinance while contributions made by the employer to the ORSO Scheme range between 5% and 12% of basic salary depending on level and years of service.

If employees leave the ORSO scheme prior to the contributions fully vesting, these may be forfeited and the charge to income statement reduced accordingly. There were no forfeited contributions as of 31 March 2015 (31 March 2014: US$1.6 million).

The Group also operates other defined contribution retirement schemes which are available to certain employees in the United States of America, PRC, the United Kingdom and France.

Contributions made by the Group are charged to the income statement as incurred. The charge to income statement for all defined contribution plans for FY2014/15 was US$4.8 million (FY2013/14: US$4.3 million) as shown in Note 22.

15. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

15.3 Finance lease liability

Property, plant and equipment included the following amounts held under a finance lease:

	2015 US$'000	2014 US$'000
Cost – capitalised finance lease	**10,658**	10,658
Accumulated depreciation and impairment	**(8,424)**	(8,046)
Net book amount	**2,234**	2,612

The lease liability is effectively secured as rights to the leased asset that reverts to the lessor in the event of default.

Gross finance lease obligation – minimum lease payments:

	2015 US$'000	2014 US$'000
Less than 1 year	**1,400**	1,400
1 – 5 years	**3,062**	4,463
	4,462	5,863
Future finance charges on the finance lease	**(752)**	(1,245)
Present value of the finance lease liability	**3,710**	4,618

The present value of the finance lease liability was as follows:

	2015 US$'000	2014 US$'000
Less than 1 year	**1,020**	908
1 – 5 years	**2,690**	3,710
	3,710	4,618

The finance lease will mature in May 2018.

16. DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority and when there is a legally enforceable right to offset current tax assets against current tax liabilities. Income tax expense is discussed in Note 23.

The following amounts, determined after appropriate offsetting within a tax jurisdiction, are shown in the consolidated balance sheet:

	2015 US$'000	2014 US$'000
Deferred income tax assets	**43,500**	37,508
Deferred income tax liabilities	**(69,821)**	(53,609)
Deferred income tax liabilities, net	**(26,321)**	(16,101)

The gross differences between book and tax accounting, before netting were as follows:

	2015 US$'000	2014 US$'000
Gross deferred income tax assets	**70,375**	54,221
Gross deferred income tax liabilities	**(96,696)**	(70,322)
Deferred income tax liabilities, net	**(26,321)**	(16,101)

16. DEFERRED INCOME TAX *(Cont'd)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

	Accrued liabilities		Accelerated tax depreciation		Tax losses		Fair value gains / (losses)		Others		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Deferred income tax assets												
At beginning of the year	**16,118**	12,033	**3,242**	2,311	**17,173**	21,237	**8,713**	474	**8,975**	10,367	**54,221**	46,422
Currency translations	**(1,342)**	544	**(53)**	6	**(415)**	(68)	**-**	-	**(40)**	333	**(1,850)**	815
Credited / (charged) to income statement	**4,373**	3,541	**1,558**	925	**3,666**	(3,996)	**(241)**	(44)	**(1,044)**	(585)	**8,312**	(159)
Credited / (charged) to equity	**-**	-	**-**	-	**-**	-	**8,153**	8,283	**1,539**	(1,140)	**9,692**	7,143
Assets at end of the year	**19,149**	16,118	**4,747**	3,242	**20,424**	17,173	**16,625**	8,713	**9,430**	8,975	**70,375**	54,221
Deferred income tax (liabilities)												
At beginning of the year	**(6,180)**	(5,595)	**(5,432)**	(10,872)	**-**	-	**(47,262)**	(49,008)	**(11,448)**	(9,916)	**(70,322)**	(75,391)
Currency translations	**1,248**	(424)	**657**	(226)	**-**	-	**3,172**	(3,026)	**438**	(12)	**5,515**	(3,688)
Credited / (charged) to income statement	**195**	(161)	**(51)**	5,666	**-**	-	**6,027**	4,860	**(3,706)**	(1,515)	**2,465**	8,850
(Charged) to equity	**-**	-	**-**	-	**-**	-	**(30,461)**	(88)	**(3,893)**	(5)	**(34,354)**	(93)
(Liabilities) at end of the year	**(4,737)**	(6,180)	**(4,826)**	(5,432)	**-**	-	**(68,524)**	(47,262)	**(18,609)**	(11,448)	**(96,696)**	(70,322)
Deferred income tax assets / (liabilities), net	**14,412**	9,938	**(79)**	(2,190)	**20,424**	17,173	**(51,899)**	(38,549)	**(9,179)**	(2,473)	**(26,321)**	(16,101)

Deferred income tax liabilities of US$0.6 million (FY2013/14: US$2.2 million) have not been recognised in respect of the tax payable upon the distribution of profits where JEHL controls the dividend policy and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

16. DEFERRED INCOME TAX *(Cont'd)*

The movement table describes the component parts of the deferred income tax assets and liabilities shown on the Balance Sheet.

Accrued liabilities:
Certain tax authorities do not allow accrued liabilities as deductions against current taxable profit, which gives rise to a different basis for calculating accounting and taxable profit.

Accelerated tax depreciation:
This represents the difference between the rate of depreciation which is charged against accounting profit and the accelerated rate of depreciation which is charged against taxable profit.

Tax losses:
This represents the value of current losses that can be offset against future profits to reduce future taxation charges. As of 31 March 2015, the Group's subsidiaries in US, UK and Japan had accumulated net operating losses carried forward of US$48.2 million, US$2.4 million and US$4.2 million respectively (31 March 2014: US$38.7 million and US$6.1 million for subsidiaries in US and Japan respectively) to offset future taxable income.

Fair value gains / (losses):
The extent to which a change in value resulting from the reassessment of an asset's carrying value is not treated as current year taxable income.

Others:
This represents all other differences between the bases of valuation of assets and liabilities for accounting and taxation purposes which give rise to a difference in accounting and taxable profit.

16. DEFERRED INCOME TAX *(Cont'd)*

The recoverability of the deferred tax assets and liabilities was as follows:

	2015 US$'000	2014 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	49,729	29,906
Deferred income tax assets to be recovered within twelve months	20,646	24,315
Deferred income tax assets	70,375	54,221
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than twelve months	(79,050)	(55,543)
Deferred income tax liabilities to be settled within twelve months	(17,646)	(14,779)
Deferred income tax liabilities	(96,696)	(70,322)
Deferred income tax liabilities, net	(26,321)	(16,101)

The movement on the deferred income tax account, net was as follows:

	2015 US$'000	2014 US$'000
At beginning of the year, net (liability)	(16,101)	(28,969)
Currency translations	3,665	(2,873)
Transfer to income statement (Note 23)	10,777	8,691
(Charged) / credited to equity – other reserves	(24,662)	7,050
At end of the year, net (liability)	(26,321)	(16,101)

16. DEFERRED INCOME TAX *(Cont'd)*

The deferred income tax (charged) / credited to equity during the year was as follows:

	2015 US$'000	2014 US$'000
Net fair value gains of hedging instruments (Note 18)	(22,308)	8,197
Remeasurements of long service payment (Note 18)	(39)	(63)
Remeasurements of defined benefit plans (Note 18)	1,553	(1,084)
Equity component of convertible bonds issued (Note 18)	(3,868)	-
	(24,662)	7,050

Deferred income tax assets are recognised for tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The movement in the Group's unrecognised tax losses for FY2014/15 and FY2013/14 was presented below:

	2015 US$'000	2014 US$'000
At beginning of the year	112,127	101,933
Currency translations	(7,187)	(1,891)
(Utilised / recognised) / addition during the year	(15,695)	8,666
(Reduction) / addition for tax positions of prior years	(6,346)	5,788
Liquidation and other reductions	(4,778)	(2,369)
At end of the year	78,121	112,127

Deferred income tax assets in respect of tax losses amounting to US$78.1 million (FY2013/14: US$112.1 million) have not been recognised primarily due to the uncertainty of future profit generation in the legal entities where such losses were incurred.

16. DEFERRED INCOME TAX *(Cont'd)*

The ageing of unrecognised tax losses by expiry date is as follows:

	2015 **US$'000**	2014 US$'000
Less than 1 year	**57**	470
1 – 2 years	**53**	158
2 – 5 years	**15,757**	3,642
5 – 20 years	**26,002**	59,636
Unlimited	**36,252**	48,221
	78,121	112,127

Deferred income tax assets have not been recognised with respect to other deductible temporary differences amounting to US$2.3 million (FY2013/14: US$5.9 million) for which no taxable profit will be available to offset the deductible temporary difference.

JEHL files income tax returns in Hong Kong and its subsidiaries filed income tax returns in Hong Kong or various foreign jurisdictions.

JEHL and / or its subsidiaries are no longer subject to standard income tax examinations in major jurisdictions for the periods set out below:

	Years no longer subject to tax audit
Hong Kong	FY2007/08 and prior
China	Calendar year 2009 and prior
US Federal	FY2010/11 and prior
Switzerland	FY2012/13 and prior
Germany	FY2005/06 and prior
Italy	FY2009/10 and prior
Hungary	FY2008/09 and prior

17. SHARE CAPITAL

	Number of shares (thousands)		
	Ordinary shares	Shares held for the Share Scheme	Total
As of 31 March 2012 *	903,235	(7,297)	895,938
Repurchase and cancellation of issued capital	(7,796)	-	(7,796)
Shares vested to employees and INED for the Share Scheme	-	409	409
As of 31 March 2013 *	895,439	(6,888)	888,551
Repurchase and cancellation of issued capital	(640)	-	(640)
Shares purchased by trustee for the Share Scheme	-	(1,224)	(1,224)
Shares vested to employees and INED for the Share Scheme	-	1,144	1,144
As of 31 March 2014 *	894,799	(6,968)	887,831
Repurchase and cancellation of issued capital	(14,257)	-	(14,257)
Shares purchased by trustee for the Share Scheme	-	(13,749)	(13,749)
Shares vested to employees and INED for the Share Scheme	-	1,609	1,609
As of 31 March 2015	**880,542**	**(19,108)**	**861,434**

* As of 15 July 2014, the shares of JEHL were consolidated on 4 to 1 basis and the number of shares for prior years has been adjusted to reflect the impact of this consolidation.

At the Annual General Meeting ("AGM") of JEHL held on 10 July 2014, an ordinary resolution was duly passed under which each of the existing issued and unissued shares of HK$0.0125 each in the share capital of JEHL as of 15 July 2014 were consolidated on the basis that every 4 issued and unissued ordinary shares for 1 consolidated share of HK$0.05 each ("Consolidated Share").

As of 31 March 2015, the total authorised number of ordinary shares was 1,760.0 million (31 March 2014: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2014: HK$0.05 per share) after taking into account the effect of the Share Consolidation. All issued shares were fully paid.

17. SHARE CAPITAL *(Cont'd)*

	Ordinary shares US$'000	Shares held for the Share Scheme US$'000	Share premium US$'000	Total US$'000	
As of 31 March 2012	5,827	(14,741)	45,336	36,422	
Repurchase and cancellation of issued capital	(50)	-	(19,823)	(19,873)	
Shares vested to employees and INED for the Share Scheme	-	892	(80)	812	
As of 31 March 2013	5,777	(13,849)	25,433	17,361	
Repurchase and cancellation of issued capital	(4)	-	(1,646)	(1,650)	
Shares purchased by trustee for the Share Scheme	-	(2,891)	-	(2,891)	
Shares vested to employees and INED for the Share Scheme (Note 18)	-	2,844	(159)	2,685	
As of 31 March 2014	5,773	(13,896)	23,628	15,505	
Repurchase and cancellation of issued capital	(92)	-	(23,977)	(24,069)	*
Shares purchased by trustee for the Share Scheme	-	(50,726)	-	(50,726)	
Shares vested to employees and INED for the Share Scheme (Note 18)	-	3,540	349	3,889	
As of 31 March 2015	**5,681**	**(61,082)**	**-**	**(55,401)**	

The total repurchase and cancellation of issued capital as shown in the "Consolidated Statement of Changes in Equity" on page 52 was recorded as a reduction in equity in two parts as follows:

	US$'000
Share capital *	24,069
Other reserves	30,926
Total cost	54,995

17. SHARE CAPITAL *(Cont'd)*

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at JEHL's AGM held on 10 July 2014 empowering the Board to repurchase shares up to 10% (89.5 million shares after taking into account the effect of the Share Consolidation) 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. 14.3 million shares were purchased in FY2014/15, for cancellation, at a total cost of US$55.0 million (HK$426.4 million) including brokerage and cancellation fees (FY2013/14: 0.6 million shares after taking into account the effect of the Share Consolidation at a total cost of US$1.7 million (HK$12.8 million)).

Long-Term Incentive Share Scheme

Share awards under the Long-Term Incentive Share Scheme ("Share Scheme") were 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. The Share Scheme was further amended, with its amendments being approved by the shareholders, on 20 July 2011. Under the Share Scheme, the directors have absolute discretion to grant shares to such eligible employees and directors.

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). Time-vested units vest after three years. Performance-vested units vest after three years, subject to achievement of the performance conditions over the three-year vesting period. The performance conditions consist of a combination of a three-year cumulative earnings per share target set at the time of grant and a series of one-year earnings per share targets set at the beginning of each year of the three-year vesting period. The full vesting of performance vested units is subject to achievement of the three-year cumulative earnings per share target; partial vesting occurs if one or more of the one-year earnings per share targets are met.

Prior to April 2010, JEHL only granted time-vested units (RSUs), with 20% of the grant vesting each year for the five years following the date of the grant.

JEHL makes grants of time-vested units to key staff below the senior management level. These are subject to a three-year vesting period.

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

17. SHARE CAPITAL *(Cont'd)*

JEHL makes annual grants of fully-vested shares to the Independent Non-Executive Directors ("INED"). The shares granted must be held by each director for the remainder of the board term in which the grant was made. Each year, JEHL grants each of the INED shares equivalent in value to US$6,000 rounded up to the next multiple of 500 shares.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested shares granted, as of 31 March 2013 *	3,146	2,925	6,071
Shares granted to employees and INED during the year	1,730	2,455	4,185
Shares vested to employees and INED during the year	(705)	(441)	(1,146)
Cash settled share-based units vested to employees during the year	(191)	(75)	(266)
Forfeited during the year	(356)	(564)	(920)
Unvested shares granted, as of 31 March 2014 *	3,624	4,300	7,924
Shares granted to employees and INED during the year	1,828	2,267	4,095
Shares vested to employees and INED during the year	(794)	(815)	(1,609)
Forfeited during the year	(140)	(222)	(362)
Unvested shares granted, as of 31 March 2015	**4,518**	**5,530**	**10,048**

* As of 15 July 2014, the shares of JEHL were consolidated on 4 to 1 basis and the number of shares for prior periods has been adjusted to reflect the impact of the share consolidation.

The weighted average fair value of the unvested shares granted during the year was HK$26.92 (US$3.45) after taking into account the effect of the Share Consolidation.

As of 31 March 2015, excluding any subsequent grants and forfeitures, the number of unvested shares was as follows:

	Number of unvested units granted (thousands)		
Vesting year	Restricted Stock Units	Performance Stock Units	Total
FY2015/16	1,256	1,253	2,509
FY2016/17	1,376	2,080	3,456
FY2017/18	1,436	2,197	3,633
FY2018/19	125	-	125
FY2019/20	325	-	325
Total unvested shares granted	**4,518**	**5,530**	**10,048**

17. SHARE CAPITAL *(Cont'd)*

Share options

Pursuant to the Share Option Scheme (the "Option Scheme") approved at the AGM of JEHL held on 29 July 2002 and adopted by JEHL on the same day, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full time or part time, and any executive or non-executive directors of JEHL or any affiliate as defined in the Scheme). As of 31 March 2015, all of the then outstanding share options granted under the Option Scheme lapsed in their respective exercisable periods.

Held at 31/03/2014 *	Options lapsed during the year	Held at 31/03/2015	Subscription price per share (HK$) *	Date of grant	Exercisable from	Exercisable until
25,000	(25,000)	-	29.60	28/12/2004	01/01/2007	27/12/2014
25,000	(25,000)	-	29.60	28/12/2004	01/01/2008	27/12/2014
50,000	(50,000)	-				

* The number of options and the subscription price per share have been adjusted to reflect the impact of Share Consolidation.

There was no profit and loss impact relating to the Option Scheme in FY2014/15 (FY2013/14: nil).

18. RESERVES

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Miscellaneous reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2014	15,499	38,904	(233,885)	219,855	10,470	(20,378)	45,944	1,640,385	1,716,794
Hedging instruments									
– raw material commodity contracts									
– fair value losses, net	-	-	-	-	-	(17,088)	-	-	(17,088)
– transferred to inventory and subsequently recognised in income statement	-	-	-	-	-	8,107	-	-	8,107
– deferred income tax effect (Note 16)	-	-	-	-	-	1,482	-	-	1,482
– forward foreign currency exchange contracts									
– fair value gains, net	-	-	-	-	-	175,868	-	-	175,868
– transferred to income statement	-	-	-	-	-	(17,104)	-	-	(17,104)
– deferred income tax effect (Note 16)	-	-	-	-	-	(23,790)	-	-	(23,790)
– net investment hedge									
– fair value gains, net	-	-	-	54,037	-	7,656	-	-	61,693
Defined benefit plans									
– remeasurements (Note 15)	-	-	-	-	-	-	-	(15,812)	(15,812)
– deferred income tax effect (Note 16)	-	-	-	-	-	-	-	1,553	1,553
Long service payment									
– remeasurements (Note 15)	-	-	-	-	-	-	-	230	230
– deferred income tax effect (Note 16)	-	-	-	-	-	-	-	(39)	(39)
Investment property									
– revaluation surplus realised upon disposal	-	-	-	-	-	-	(14)	14	-
Currency translations of subsidiaries and associate	-	-	-	(104,419)	-	84	-	-	(104,335)
Net income recognised directly in equity	-	-	-	(50,382)	-	135,215	(14)	(14,054)	70,765
Profit for the year	-	-	-	-	-	-	-	210,894	210,894
Total comprehensive income for the year	-	-	-	(50,382)	-	135,215	(14)	196,840	281,659
Appropriation of retained earnings to statutory reserve	-	-	-	-	-	-	4,224	(4,224)	-
Convertible bonds									
– equity component of convertible bonds issued (Note 14)	-	-	-	-	-	-	4,823	-	4,823
– deferred income tax effect (Note 16)	-	-	-	-	-	-	(3,868)	-	(3,868)
Cancellation of issued capital (Note 17)	(15,499)	(15,427)	-	-	-	-	-	-	(30,926)
Long-Term Incentive Share Scheme									
– shares vested (Note 17)	-	-	-	-	(3,889)	-	-	-	(3,889)
– value of employee services (Note 27)	-	-	-	-	7,413	-	-	-	7,413
Share options									
– options lapsed	-	-	-	-	(68)	-	-	68	-
FY2013/14 final dividend paid	-	-	-	-	-	-	-	(38,765)	(38,765)
FY2014/15 interim dividend paid	-	-	-	-	-	-	-	(15,522)	(15,522)
	(15,499)	(15,427)	-	(50,382)	3,456	135,215	5,165	138,397	200,925
As of 31 March 2015	**-**	**23,477**	**(233,885)**	**169,473**	**13,926**	**114,837**	**51,109**	**1,778,782**	**1,917,719**
Final dividend proposed (Note 25)	-	-	-	-	-	-	-	37,768	37,768
Other	-	23,477	(233,885)	169,473	13,926	114,837	51,109	1,741,014	1,879,951
As of 31 March 2015	**-**	**23,477**	**(233,885)**	**169,473**	**13,926**	**114,837**	**51,109**	**1,778,782**	**1,917,719**

* Miscellaneous reserves mainly represent property revaluation reserve, equity component of convertible bonds (net of tax) and statutory reserve.

18. RESERVES *(Cont'd)*

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Miscellaneous reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2013	15,499	38,904	(233,885)	169,887	5,859	34,237	47,593	1,473,057	1,551,151
Available-for-sale financial assets									
– adoption of HKFRS 9	-	-	-	-	-	-	380	(380)	-
Hedging instruments									
– raw material commodity contracts									
– fair value losses, net	-	-	-	-	-	(19,273)	-	-	(19,273)
– transferred to inventory and subsequently recognised in income statement	-	-	-	-	-	8,127	-	-	8,127
– deferred income tax effect (Note 16)	-	-	-	-	-	1,886	-	-	1,886
– forward foreign currency exchange contracts									
– fair value losses, net	-	-	-	-	-	(25,000)	-	-	(25,000)
– transferred to income statement	-	-	-	-	-	(14,233)	-	-	(14,233)
– deferred income tax effect (Note 16)	-	-	-	-	-	6,311	-	-	6,311
– net investment hedge									
– fair value losses, net	-	-	-	-	-	(12,362)	-	-	(12,362)
Defined benefit plans									
– remeasurements (Note 15)	-	-	-	-	-	-	-	8,466	8,466
– deferred income tax effect (Note 16)	-	-	-	-	-	-	-	(1,084)	(1,084)
Long service payment									
– remeasurements (Note 15)	-	-	-	-	-	-	-	623	623
– deferred income tax effect (Note 16)	-	-	-	-	-	-	-	(63)	(63)
Investment property									
– revaluation surplus realised upon disposal	-	-	-	-	-	-	(583)	583	-
Currency translations of subsidiaries and associate	-	-	-	49,968	-	(71)	-	-	49,897
Net income recognised directly in equity	-	-	-	49,968	-	(54,615)	(203)	8,145	3,295
Profit for the year	-	-	-	-	-	-	-	207,865	207,865
Total comprehensive income for the year	-	-	-	49,968	-	(54,615)	(203)	216,010	211,160
Appropriation of retained earnings to statutory reserve	-	-	-	-	-	-	(1,446)	1,446	-
Long-Term Incentive Share Scheme									
– shares vested (Note 17)	-	-	-	-	(2,685)	-	-	-	(2,685)
– value of employee services (Note 27)	-	-	-	-	5,799	-	-	-	5,799
– transfer from cash settled shared-based unit	-	-	-	-	1,771	-	-	-	1,771
Share options									
– options lapsed	-	-	-	-	(274)	-	-	274	-
FY2012/13 final dividend paid	-	-	-	-	-	-	-	(36,664)	(36,664)
FY2013/14 interim dividend paid	-	-	-	-	-	-	-	(13,738)	(13,738)
	-	-	-	49,968	4,611	(54,615)	(1,649)	167,328	165,643
As of 31 March 2014	15,499	38,904	(233,885)	219,855	10,470	(20,378)	45,944	1,640,385	1,716,794
Final dividend proposed (Note 25)	-	-	-	-	-	-	-	38,910	38,910
Other	15,499	38,904	(233,885)	219,855	10,470	(20,378)	45,944	1,601,475	1,677,884
As of 31 March 2014	15,499	38,904	(233,885)	219,855	10,470	(20,378)	45,944	1,640,385	1,716,794

* Miscellaneous reserves mainly represent property revaluation reserve and statutory reserve.

19. OTHER INCOME AND GAINS, NET

	2015 US$'000	2014 US$'000
Gross rental income from investment property	4,192	4,569
(Losses) / gains on investments, net	(120)	1,590
(Losses) / gains on disposal of property, plant and equipment and investment property (Note 27)	(473)	2,529
Fair value gains on investment property (Note 4 & 27)	10,749	5,239
Fair value gains / (losses) on other financial assets / liabilities	65	(429)
Subsidies and other income	3,505	6,264
	17,918	19,762

20. SELLING AND ADMINISTRATIVE EXPENSES

	2015 US$'000	2014 US$'000
Selling expenses	100,933	106,372
Administrative expenses	303,936	287,562
Legal and warranty (Note 15)	9,632	7,195
Net exchange (gains) / losses on revaluation of monetary assets and liabilities (Note 22)	(6,962)	4,051
	407,539	405,180

Note: Selling and administrative expenses included operating lease payments for FY2014/15 of US$6.7 million (FY2013/14: US$6.9 million).

21. FINANCE INCOME / (COSTS), NET

	2015 US$'000	2014 US$'000
Interest income	13,998	10,927
Interest expense on borrowings wholly repayable within 5 years	(1,584)	(1,830)
Interest expense on convertible bonds wholly repayable later than 5 years (Note 14 & 24)	(6,868)	-
Net interest income (Note 27)	5,546	9,097

Borrowings are discussed in Note 13. Convertible bonds are discussed in Note 14.

22. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	2015 US$'000	2014 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	71,765	67,543
Less: amounts capitalised in assets under construction	(670)	(588)
	71,095	66,955
Engineering expenditure *		
Engineering expenditure	127,830	122,490
Capitalisation of engineering development costs (Note 5)	(6,269)	(5,804)
Net engineering expenditure	121,561	116,686
Employee compensation **		
Wages and salaries	589,016	523,924
Share-based payments	7,375	6,301
Social security costs	56,444	51,731
Pension costs - defined benefit plans (Note 15.1)	2,980	(123)
Pension costs - defined contribution plans (Note 15.2)	4,757	4,272
	660,572	586,105
Less: amounts capitalised in assets under construction	(5,167)	(3,530)
	655,405	582,575
Other items:		
Cost of goods sold ***	1,503,647	1,478,711
Auditors' remuneration	2,458	2,354
Amortisation of intangible assets (Note 5 & 27)	21,396	21,096
Impairment of property, plant and equipment (Note 3 & 27)	686	3,383
Impairment of intangible assets (Note 5 & 27)	600	-
Net exchange (gains) / losses on revaluation of monetary assets and liabilities (Note 20)	(6,962)	4,051
Impairment of trade receivables / bad debt expense (Note 9)	1,107	6,932

* Engineering expenditure as a percentage of sales was 6.0% in FY2014/15 (FY2013/14: 5.8%).

** During the past year, certain operations in China were converted from a contract processing agreement operating model to a Wholly Foreign Owned Enterprise structure. For comparison purpose, the FY2013/14 costs for subcontracting were US$36.5 million. In FY2014/15, such expenses are included in employee compensation.

*** Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$14.7 million (FY2013/14: US$15.0 million).

23. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (FY2013/14: 16.5%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the year. The overall global effective tax rate for FY2014/15 was 11.7 % (FY2013/14: 11.6%).

	2015 US$'000	2014 US$'000
Current income tax		
Hong Kong profits tax *	**7,631**	16,870
Overseas taxation	**31,761**	21,771
Under / (over) provision in prior years	**634**	(1,852)
	40,026	36,789
Deferred income tax (Note 16)	**(10,777)**	(8,691)
Total income tax expense	**29,249**	28,098
Effective tax rate	**11.7%**	11.6%

* The Hong Kong current tax obligation reduced as a result of required changes to our legal structure and the associated creation of Wholly Foreign Owned Enterprises in China, replacing our previous contract processing arrangements. This change in Hong Kong taxes was partially offset by a change in mainland China taxes.

The Group's effective tax rate of 11.7% differed from the statutory tax rate of Hong Kong of 16.5% as follows:

	2015		2014	
		US$'000		US$'000
Profit before income tax		**249,061**		242,994
Tax charged at Hong Kong profits tax rate	**16.5%**	**41,095**	16.5%	40,094
Effect of different tax rates in other countries				
– Countries with taxable profit	**0.6%**	**1,438**	1.3%	3,224
– Countries with loss	**(1.5)%**	**(3,743)**	(1.1)%	(2,686)
Effect of income, net of expenses, not subject to tax	**(4.0)%**	**(9,885)**	(5.5)%	(13,288)
Over provisions in prior years (current and deferred)	**(0.4)%**	**(1,055)**	(1.1)%	(2,802)
Effect of tax losses recognised, net of utilisation	**(1.2)%**	**(2,945)**	(0.7)%	(1,868)
Other timing differences not recognised as an asset and other tax, net of utilisation	**1.7%**	**4,344**	2.2%	5,424
	11.7%	**29,249**	11.6%	28,098

See Note 16 for a discussion of deferred income tax assets and liabilities.

24. 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 year excluding ordinary shares purchased by JEHL and held for the Long-Term Incentive Share Scheme. The number of shares for the calculation of basic and diluted earnings per share for the prior year has been adjusted to reflect the impact of the Share Consolidation.

	2015	2014
Profit attributable to shareholders (thousands US Dollar)	210,894	207,865
Weighted average number of ordinary shares in issue (thousands)	874,537	888,376
Basic earnings per share (US Cents per share)	24.11	23.40
Basic earnings per share (HK Cents per share)	186.98	181.51

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.

	2015	2014
Profit attributable to shareholders (thousands US Dollar)	210,894	207,865
Adjustments for convertible bonds		
– Interest (thousands US Dollar) (Note 14 & 21)	6,868	-
– Deferred income tax effect (thousands US Dollar)	(714)	-
Adjusted profit attributable to shareholders (thousands US Dollar)	217,048	207,865
Weighted average number of ordinary shares issued and outstanding (thousands)	874,537	888,376
Adjustments for restricted shares granted		
– Share Scheme (Time vesting)	3,954	3,624
– Share Scheme (Performance earned)	2,750	2,013
Adjustments for convertible bonds		
– assumed conversion of convertible bonds	38,294	-
Weighted average number of ordinary shares (diluted) (thousands)	919,535	894,013
Diluted earnings per share (US Cents per share)	23.60	23.25
Diluted earnings per share (HK Cents per share)	183.02	180.36

25. DIVIDENDS

	2015 US$'000	2014 US$'000
Interim, of 1.79 US Cents (14 HK Cents) per share, paid in January 2015 (first half of FY2013/14: 1.54 US Cents or 12 HK Cents*)	15,522	13,738
Final, proposed, of 4.36 US Cents (34 HK Cents) per share, to be paid in July 2015 (FY2013/14: 4.36 US Cents or 34 HK Cents*) (Note 18)	37,768 **	38,910
	53,290	52,648

* The interim and final dividends per share for FY2013/14 have been adjusted to reflect the impact of Share Consolidation.

** Proposed dividend is calculated based on the total number of shares as of 31 March 2015. Actual dividend would be paid on 31 July 2015 to shareholders whose names appear on the Register of Shareholders of JEHL on 22 July 2015.

Total dividend per share for the year is 48 HK Cents (FY2013/14 was 46 HK Cents after taking into account the effect of Share Consolidation).

At a meeting held on 13 May 2015 the Directors recommended a final dividend of 4.36 US Cents (34 HK Cents) per share to be paid out in July 2015. The recommended final dividend will be reflected as an appropriation of retained earnings for FY2015/16.

Dividends for the periods FY2010/11 through FY2014/15 are shown in the table below:

	Interim HK Cents per share	Final HK Cents per share	Total HK Cents per share	Total dividend US$'000
FY2010/11 *	12.0	24.0	36.0	42,488
FY2011/12 *	12.0	28.0	40.0	46,118
FY2012/13 *	12.0	32.0	44.0	50,396
FY2013/14 *	12.0	34.0	46.0	52,648
FY2014/15	14.0	34.0 **	48.0	53,290

* The interim and final dividends per share for prior periods have been adjusted to reflect the impact of Share Consolidation.

** Final dividend for FY2014/15 has been recommended by the Board of Directors and is subject to shareholder approval.

26. COMMITMENTS

26.1 Capital commitments

	2015 US$'000	2014 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for *	40,013	56,150
Contracted but not provided for	18,884	11,215
	58,897	67,365

* As of the balance sheet date, capital commitments authorised but not contracted for represented the management's budget for the coming quarter. The commitments as of 31 March 2014 included budgets for new manufacturing facilities in Mexico and Serbia.

26.2 Operating lease commitments

(i) The Group's future aggregate minimum lease payments under non-cancellable operating leases as of 31 March 2015 and 31 March 2014 were as follows:

	2015		2014	
	Land and buildings US$'000	Others US$'000	Land and buildings US$'000	Others US$'000
Less than 1 year	17,965	1,343	18,115	1,162
1 – 5 years	51,726	2,351	52,842	1,487
Over 5 years	14,199	-	19,384	-
	83,890	3,694	90,341	2,649

(ii) The Group's future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as of 31 March 2015 and 31 March 2014 were as follows:

	2015 US$'000	2014 US$'000
Less than 1 year	1,323	3,027
1 – 5 years	5,293	3,436
Over 5 years	7,547	6,993
	14,163	13,456

27. CASH GENERATED FROM OPERATIONS

	2015 US$'000	2014 US$'000
Profit before income tax	249,061	242,994
Add: Depreciation of property, plant and equipment	71,095	66,955
Amortisation of intangible assets (Note 5 & 22)	21,396	21,096
Finance income, net (Note 21)	(5,546)	(9,097)
Associate dividend receipts less share of profits	(486)	(137)
EBITDA*	335,520	321,811
Other non-cash items and adjustments		
Losses / (gains) on disposal of property, plant and equipment and investment property (Note 19)	473	(2,529)
Impairment of property, plant and equipment (Note 3 & 22)	686	3,383
Impairment of intangibles (Note 5 & 22)	600	-
Net realised and unrealised losses / (gains) on financial assets at fair value through profit and loss	31	(558)
Share-based compensation expense (Note 18)	7,413	5,799
Fair value gains on investment property (Note 4 & 19)	(10,749)	(5,239)
	(1,546)	856
EBITDA* net of other non-cash items and adjustments	333,974	322,667
Change in working capital		
(Increase) / decrease in inventories	(27,592)	2,999
Increase in trade and other receivables	(7,945)	(20,532)
Increase in other non-current assets	(1,834)	(1,883)
Increase in trade payables, other payables and deferred income	15,015	49,685
Decrease in provision obligations and other liabilities **	(170)	(12,099)
Change in other financial assets / liabilities	1,450	(383)
	(21,076)	17,787
Cash generated from operations	312,898	340,454

* EBITDA: Earnings before interest, taxes, depreciation and amortisation

** Net of defined benefit pension plan assets

27. CASH GENERATED FROM OPERATIONS *(Cont'd)*

In the cash flow statement, proceeds from disposal of property, plant and equipment and investment property comprises:

	2015 US$'000	2014 US$'000
Net book amount	1,285	6,195
(Losses) / gains on disposal of property, plant and equipment and investment property (Note 19)	(473)	2,529
Subsequent receipt of cash from disposal of property	-	2,083
Proceeds from disposal of property, plant and equipment and investment property	812	10,807

28. BUSINESS COMBINATION

On 30 July 2014, the Group paid US$9.2 million (total consideration US$10.0 million net of cash acquired US$0.8 million) to acquire the entire interest of Van de Wiel International Limited, a sales agency of JE in the UK. This acquisition strengthened the Group's sales network by providing a direct interface with key automotive customers in the UK.

Completion took place on 30 July 2014. The aggregate revenue and net profit contributed by this acquisition were insignificant to the Group's results for the year. The acquisition would not have had any significant impact to the Group's revenue and profit for the year if it had occurred on 1 April 2014.

The following table summarises the consideration paid for fair value of the assets acquired at the acquisition date.

	30 July 2014 US$'000
Outflow of cash to acquired business, net of cash acquired	
Consideration	9,987
Cash and deposits in subsidiary acquired	(784)
Cash outflow on acquisition	9,203

	Fair value US$'000
Assets acquired	
Intangibles – client relationships (Note 5)	9,203
Cash and deposits	784
Total identifiable net assets	9,987
Goodwill	-
	9,987

JOHNSON ELECTRIC GROUP TEN-YEAR SUMMARY

US$ million	2015	2014	2013
Consolidated income statement			
Sales	2,136.1	2,097.6	2,059.7
Earnings before interest and tax (EBIT) [1]	243.5	233.9	213.2
Profit before income tax	249.0	243.0	218.0
Income tax (expense) / income	(29.2)	(28.1)	(21.1)
Discontinued operations	-	-	-
Profit for the year	219.8	214.9	196.9
Non-controlling interests	(8.9)	(7.0)	(5.6)
Profit attributable to shareholders	210.9	207.9	191.3
Consolidated balance sheet			
Fixed assets	492.6	460.6	425.6
Goodwill and intangible assets	595.6	650.7	621.5
Cash and deposits	773.2	644.0	480.9
Other current and non-current assets	986.6	745.4	715.9
Total assets	2,848.0	2,500.7	2,243.9
Equity attributable to shareholders	1,862.3	1,732.3	1,568.5
Non-controlling interests	38.6	34.0	30.3
Total equity	1,900.9	1,766.3	1,598.8
Total debt [2]	291.3	116.9	125.0
Other current and non-current liabilities	655.8	617.5	520.1
Total equity and liabilities	2,848.0	2,500.7	2,243.9
Per share data [3]			
Basic earnings per share (US Cents) - continuing operations	24.1	23.4	21.4
Dividend per share (US Cents)	6.2	5.9	5.6
Closing stock price (HKD)	27.3	28.7	23.1
Other information			
Free cash flow from operations [4]	155.8	231.1	111.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	335.5	321.8	304.3
EBITDA to sales%	15.7%	15.3%	14.8%
Capital expenditure (CAPEX)	119.9	92.2	82.6
CAPEX to sales %	5.6%	4.4%	4.0%
Market Capitalisation	3,032.5	3,282.2	2,646.2
Enterprise Value (EV)	2,589.3	2,789.1	2,320.5
EV / EBITDA [5]	7.7	8.7	7.6
Ratios			
EBIT to sales %	11.4%	11.2%	10.4%
Return on average total equity % [6]	12.0%	12.8%	12.8%
Free cash flow from operations to debt %	53%	198%	90%
Total debt to EBITDA (times)	0.9	0.4	0.4
Total debt to capital %	13%	6%	7%
Interest coverage (times) [7]	28.8	127.8	79.0

1 Earnings before interest and tax (EBIT) is defined as operating profit (per accounts) plus share of profits / (losses) of associate
2 Total debt calculated as borrowings plus convertible bonds
3 Per share data had been adjusted to reflect the impact of 1 for 4 share consolidation on 15 July 2014
4 Net cash generated from operating activities plus interest received, less capital expenditure (net of proceeds from disposal of assets) and capitalisation of engineering development costs
5 EV / EBITDA is calculated excluding non-recurring items for FY2011/12
6 Return on average total equity is calculated as profit for the year over average total equity during the year
7 Interest coverage (times) is calculated by EBIT / interest expense

2012	2011	2010*	2009	2008	2007	2006
2,140.8	2,104.0	1,741.0	1,828.2	2,220.8	2,086.6	1,526.3
221.6	235.8	110.5	47.0	188.9	157.5	117.8
220.5	226.4	103.8	37.4	170.1	135.9	116.3
(31.6)	(36.1)	(16.4)	0.4	(31.9)	(22.9)	(21.9)
-	-	-	(31.1)	-	-	-
188.9	190.3	87.4	6.7	138.2	113.0	94.4
(2.2)	(8.6)	(10.4)	(4.1)	(7.4)	(3.3)	(0.4)
186.7	181.7	77.0	2.6	130.8	109.7	94.0
433.1	457.5	440.6	428.3	471.3	439.0	421.1
757.8	774.7	699.9	662.1	775.2	667.2	631.6
385.1	354.7	367.1	302.0	268.0	149.3	238.5
704.0	755.5	623.2	557.5	840.2	764.8	722.8
2,280.0	2,342.4	2,130.8	1,949.9	2,354.7	2,020.3	2,014.0
1,461.6	1,362.2	1,121.7	964.4	1,101.9	940.7	845.5
25.9	60.1	51.5	33.7	31.0	22.7	10.3
1,487.5	1,422.3	1,173.2	998.1	1,132.9	963.4	855.8
205.4	313.7	408.7	528.9	564.5	573.5	708.1
587.1	606.4	548.9	422.9	657.3	483.4	450.1
2,280.0	2,342.4	2,130.8	1,949.9	2,354.7	2,020.3	2,014.0
20.7	19.9	8.4	3.7	14.3	12.0	10.2
5.1	4.6	2.6	-	7.3	6.7	6.7
19.3	18.2	20.6	6.0	14.7	20.8	29.0
166.0	169.6	215.1	168.5	186.7	106.8	110.3
314.3	322.5	197.9	136.2	279.5	246.0	178.0
14.7%	15.3%	11.4%	7.4%	12.6%	11.8%	11.7%
91.3	85.6	38.0	62.8	97.1	76.1	64.1
4.3%	4.1%	2.2%	3.4%	4.4%	3.6%	4.2%
2,229.5	2,134.4	2,426.3	704.3	1,732.3	2,439.2	3,429.6
2,075.6	2,153.4	2,519.4	964.9	2,059.8	2,886.1	3,909.5
6.3	6.7	12.7	7.1	7.4	11.7	22.0
10.4%	11.2%	6.3%	2.6%	8.5%	7.5%	7.7%
13.0%	14.7%	8.1%	0.6%	13.2%	12.4%	11.3%
81%	54%	53%	32%	33%	19%	16%
0.7	1.0	2.1	3.9	2.0	2.3	4.0
12%	18%	26%	35%	33%	37%	45%
32.1	18.2	12.4	3.0	7.2	5.5	15.5

* Historical data for FY2009/10 had been restated for the adoption of HKAS 12 (amendment) - deferred tax related to investment properties. Historical data for FY2005/06 to FY2008/09 had not been restated in this summary.

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* *
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
26 Burnaby Street
Hamilton HM 11
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
Hang Seng Bank Limited
Mizuho Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Citibank, N.A.
BNP Paribas
JPMorgan Chase Bank, N.A.
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

Annual General Meeting (AGM)

9 July 2015 (Thu)

Register of Shareholders

Closure of Register (both dates inclusive)

For attending AGM	: 7 – 9 July 2015 (Tue – Thu)
For final dividend	: 20 – 22 July 2015 (Mon – Wed)

Dividend (per Share)

Interim Dividend	: 14 HK Cents
Paid on	: 6 January 2015 (Tue)
Final Dividend	: 34 HK Cents
Payable on	: 31 July 2015 (Friday)

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31 March 2015 has been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.johnsonelectric.com) and HKExnews (www.hkexnews.hk). The Company's Annual Report 2015 will be despatched to the shareholders and available on the same websites on or about 28 May 2015.

BOARD OF DIRECTORS

As of the date of this announcement, the Board comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Austin Jesse Wang, being the Executive Directors, and Yik-Chun Koo Wang, Peter Kin-Chung Wang, being the Non-Executive Directors, and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Joseph Chi-Kwong Yam and Christopher Dale Pratt being the Independent Non-Executive Directors.

On behalf of the Board

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 13 May 2015

Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: www.johnsonelectric.com.