Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

HIGHLIGHTS

- For the financial year ended 31 March 2016, total sales amounted to US$2,236 million – an increase of 5% compared to the prior financial year. Excluding the effects of acquisition and foreign currency movements, underlying sales increased by 2%
- EBITDA totalled US$322 million – a decline of 4%
- Operating profits decreased by 15% to US$207 million. Excluding non-recurring acquisition transaction costs, operating profits decreased by 10% to US$220 million or 9.8% of sales
- Net profit attributable to shareholders totalled US$173 million – down 18%. Underlying net profit, excluding the effect of acquisitions, declined by 15% to US$180 million
- Basic earnings per share were 20.09 US cents (FY2014/15: 24.11 US cents)
- As of 31 March 2016, cash reserves amounted to US$193 million and the Group's total debt to capital (total equity + total debt) ratio was 18%

LETTER TO SHAREHOLDERS

Johnson Electric's results for the financial year 2015/16 reflected a difficult macro-economic environment, unfavourable foreign exchange rate movements and non-recurring acquisition transaction expenses. Although net income, as previously projected, declined from last year's record levels, the underlying operating performance of the business remained solid and our financial condition continues to be healthy.

DIVIDENDS

The interim dividend paid in January 2016 increased by 7% compared to the prior year to 15 HK cents per share. For the final dividend, taking into account the uncertain prevailing operating environment, the Board considers it prudent to recommend maintaining the prior year's figure of 34 HK cents per share.

SALES PERFORMANCE

The sales performance of the Group during the year was rather mixed and, as in recent prior years, was negatively impacted by the strength of the US Dollar compared to a number of foreign currencies in which Johnson Electric derives a portion of its sales, notably the Euro, the RMB and – subsequent to the acquisition of Stackpole International – the Canadian Dollar.

Total Group sales amounted to US$2,236 million, an increase of 5% compared to the prior financial year. This figure included five months sales contribution from Stackpole International totalling US$182 million. Excluding that acquisition and the impact of foreign exchange rate movements, which negatively affected sales on translation by US$117 million, underlying total sales increased by 2%.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,605 million including Stackpole International. Excluding the acquisition and currency movements, APG's sales increased by 5% – a creditable performance in the context of a weak global economy.

APG achieved solid sales growth in constant currency terms in each of the three major geographic regions. In Europe, where passenger car sales volumes reached a six-year high in 2015, we experienced strong demand for our market leading technology in engine and transmission management applications and in headlamp and HVAC actuators. In Asia, APG continues to perform particularly well in the powertrain cooling fan module segment despite the recent slowdown in demand growth in China. And in North America, which prior to the acquisition of Stackpole International, has been APG's smallest market in terms of direct sales, our actuator systems business unit was also a standout performer.

The Industry Products Group ("IPG") reported a 7% decrease in sales (down 5% in constant currency terms) to US$631 million. This disappointing result reversed a trend of modestly improving sales seen in the prior year and reflected intense price competition in lower-end motor product applications and generally lack-lustre demand in many industrial and consumer markets. As a consequence, management and organisational changes have been implemented in IPG with the intention of reducing costs and focusing resources on market segments where Johnson Electric is advantaged through differentiated motion subsystems technology.

RESILIENT PROFITABILITY AND SUSTAINED BALANCE SHEET STRENGTH

On the cost side, the business benefited from lower raw material expenses and significant productivity improvements. However, these were more than offset by higher wage rates and the effects of reduced sales revenue on translation into US Dollars set against relatively fixed production and administrative overheads. The ongoing investment in building out our manufacturing footprint in Mexico and Eastern Europe is also acting as a drag on near term profitability. And lastly, operating profits were reduced by higher amortisation of intangibles and US$12.4 million in non-recurring transaction expenses related to recent and pending acquisitions.

The Group's use of forward foreign currency contracts in the normal course of business along with higher Other Income & Gains helped to mitigate some of the negative impact of the above factors. As a result, operating profit was US$207 million or 9.3% of sales (9.8% of sales excluding non-recurring transaction expenses).

Johnson Electric's overall financial condition remains strong. As of 31 March 2016, cash reserves amounted to US$193 million and the total debt to capital ratio was 18%.

NEW ACQUISITIONS SET TO ACCELERATE GROWTH

During the year, Johnson Electric undertook two significant strategic initiatives to expand the scope of the business which are set to strengthen further our competitive position and our growth prospects.

In October 2015, the Group completed the acquisition of Stackpole International, a leading manufacturer of highly-engineered automotive engine and transmission pumps and powder metal components. Improving fuel economy and reducing emissions are pivotal drivers of automotive technology today – and Johnson Electric is a market leader in supplying key motion subsystems to support these imperatives. The addition of Stackpole's pumps technology and powder metal expertise is an excellent fit that will enable the Group to provide integrated motorised pumps to customers in a rapidly growing market for electrically controlled solutions. The acquisition also materially increases Johnson Electric's overall exposure to the North American economy with the effect that the Group's total sales base is now essentially equally divided between Asia, Europe and the Americas.

In February 2016, the Group announced that it had signed a binding offer to acquire AML Systems, a leading supplier of active modules for vehicle headlamp systems. AML's strength in headlamp levellers perfectly complements Johnson Electric's strength in headlamp actuators and the combined business is set to be a world leader in a growing market segment driven by demand for lighting solutions that improve visibility and enhance safety for drivers and other road users. Following the receipt of customary regulatory approvals, the acquisition of AML is expected to be completed in May 2016.

OUTLOOK

In common with most global industrial manufacturing businesses, Johnson Electric is operating in a challenging macro-economic environment featuring GDP growth rates well below the levels experienced in the years immediately preceding the 2008/09 financial crisis. Although unemployment in a number of economies has fallen recently and consumers are beginning to spend more, it remains difficult to be optimistic about the prospects for a sustained uptick in overall demand. Not only are essentially all of the world's largest economies continuing to experiment, in one form or another, with quite unconventional monetary policies aimed at stimulating growth, we are also entering a period of potentially high political instability in several important countries. In such circumstances, much-needed structural economic reforms seem likely to be postponed.

Despite the rather gloomy macro-economic picture, I do see reasonable grounds to be upbeat about Johnson Electric's own growth trajectory. In the short term, we can expect to see the Company's revenue and earnings base in the 2016/17 financial year benefit from a full year contribution from Stackpole International and approximately ten months of contribution from AML Systems – and without the level of acquisition-specific transaction expenses incurred in the year under review.

In the medium term, we are winning major new product program awards, especially with large automotive OEM and Tier 1 customers, which in this industry can typically take between two to five years before sales ramp up to full production volumes. In IPG, we are also moving to enter into longer term supply agreements with some customers based on our ability to offer innovative new technology and a genuinely global manufacturing capability.

As always in business, we need to adapt and evolve in order to prosper. The product mix and price paths of much of the new business we are booking will require changes to our business model to ensure we deliver what our customers need in terms of cost competitiveness and what our shareholders expect in terms of profitability. This will require more standardisation and automation in our production processes, further investments in infrastructure to support multiple new product launches across multiple geographies, and renewed focus on right-sizing and reducing overheads. Getting these strategic imperatives right is essential to the Group's long term success – and our Board and management team are committed to making it happen.

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, 17 May 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	FY2015/16 [1]	FY2014/15
Sales	2,235.9	2,136.1
Gross profit	589.5	632.4
Gross margin	*26.4%*	*29.6%*
Profit attributable to shareholders	172.7	210.9
Diluted earnings per share (US cents)	19.75	23.60
EBITDA [2]	334.3	335.5
EBITDA margin	*15.0%*	*15.7%*
EBITDA [2] adjusted to include 12 months of Stackpole on a pro forma basis	369.6	N/A
Free cash flow from operations [3]	70.8	155.8

US$ million	31 Mar 2016	31 Mar 2015
Cash	193.3	773.2
Total debt [4]	422.5	291.3
Net (debt) / cash (cash less total debt)	(229.2)	481.9
Total equity	1,884.8	1,900.9
Market capitalisation [5]	2,643.3	3,032.5
Enterprise value [6]	2,914.7	2,589.3
Enterprise value to EBITDA [7]	7.9	7.7

Credit Quality - Financial Ratios	31 Mar 2016	31 Mar 2015
Total debt to EBITDA [7]	1.1	0.9
Total debt to capital (total equity + total debt)	18%	13%

1 Includes 5 months results of Stackpole International

2 Earnings before interest, tax, depreciation and amortisation, excluding nonrecurring acquisition transaction costs of US$12.4 million

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

4 Total debt calculated as borrowings plus convertible bonds

5 Outstanding number of shares multiplied by the closing share price (HK$23.95 per share as of 31 March 2016 and HK$27.30 per share as of 31 March 2015) converted to USD at the closing exchange rate

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

7 Calculated using EBITDA adjusted to include 12 months of Stackpole International on a pro forma basis

- **Sales, as reported, up 5% from the prior year with the acquisition of Stackpole International. Excluding currency movements and acquired business, sales increased 2% (Automotive Products Group, 5% increase; Industry Products Group, 5% decrease).**
- **Gross margin decreased to 26.4%, due to wage and salary inflation, especially in China and the significant weakening of the Euro against the US Dollar.**
- **Acquired the Stackpole International group of companies in October 2015 for consideration of about US$676 million (C$800 million enterprise value plus other considerations), largely funded from the Group's cash reserves.**
- **Binding offer made in February 2016 to acquire AML Systems for EUR65 million in cash. This transaction is expected to close in May 2016, subject to customary conditions including obtaining applicable regulatory approvals.**
- **Inaugurated second plant in Zacatecas, Mexico and significantly expanded our plant in Niš, Serbia.**
- **Total debt to capital ratio was 18% and total debt to EBITDA as adjusted to include 12 months of Stackpole International was 1.1 as of 31 March 2016.**

BUSINESS REVIEW

Johnson Electric's Operating Model

Johnson Electric is one of the world's largest providers of motion subsystems, with a global customer base and a flexible, responsive operating footprint. Manufacturing facilities in eighteen countries on four continents provide an annual production capacity of over one billion units.

The Group constantly pursues technology leadership in its chief markets. From its innovation and product design centres, the business continuously adds new solutions to its range of motors, solenoids, actuators, micro-switches, flexible printed circuits and microelectronics product platforms. These can be standardised for mass-production or tailored to meet the needs of strategic segments and key accounts.

Johnson Electric's operations 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.

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

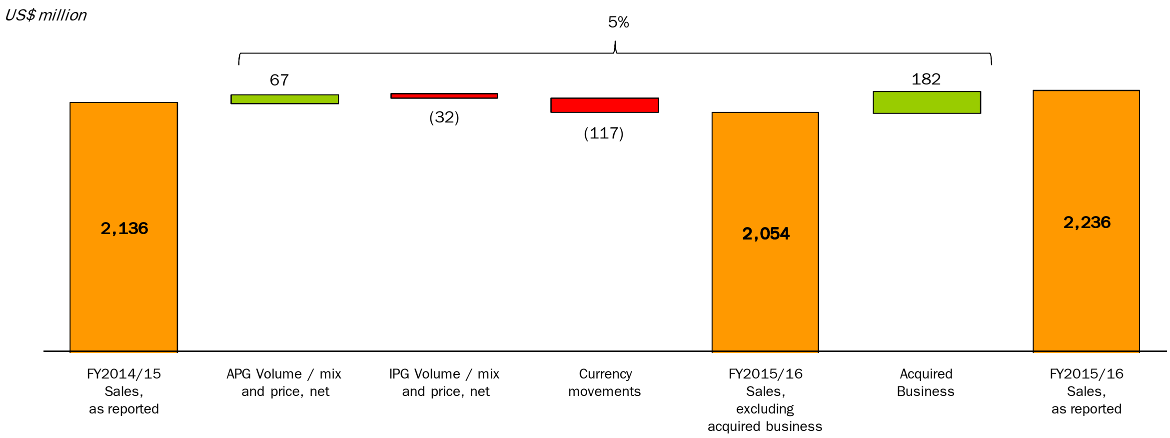
On 27 October 2015, the Group acquired Stackpole International, a leading supplier of engine and transmission pumps and powder metal components primarily to automotive OEMs. Stackpole's proficiency in pumps, combined with JE's motion subsystem expertise and global presence, provides the Group with a unique opportunity to design and deliver integrated motorised pump solutions for its automotive customers. Additionally, Stackpole's powder metal know-how will be utilised across the Group's businesses.

Sales Review

Group sales in FY2015/16 were US$2,235.9 million, an increase of US$99.8 million, 5%, compared to US$2,136.1 million for FY2014/15. Excluding currency movements, sales increased by US$216.8 million, 10%, compared to FY2014/15, as shown below:

US$ million	FY2015/16		FY2014/15		Change	
Automotive Products Group ("APG") sales						
– Excluding acquisition and currency movements	1,524.8	65%	1,457.5	68%	67.3	5%
– Acquired business	181.8	8%	-		181.8	
– Subtotal	1,706.6	73%	1,457.5		249.1	17%
– Currency movements	(101.7)		n/a		(101.7)	
APG sales, as reported	1,604.9		1,457.5		147.4	10%
Industry Products Group ("IPG") sales						
– Excluding currency movements	646.3	27%	678.6	32%	(32.3)	(5%)
– Currency movements	(15.3)		n/a		(15.3)	
IPG sales, as reported	631.0		678.6		(47.6)	(7%)
Group sales						
– Excluding acquisition and currency movements	2,171.1	92%	2,136.1	100%	35.0	2%
– Acquired business	181.8	8%	-		181.8	
– Subtotal	2,352.9	100%	2,136.1	100%	216.8	
– Currency movements	(117.0)		n/a		(117.0)	
Group sales, as reported	**2,235.9**		**2,136.1**		**99.8**	**5%**

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



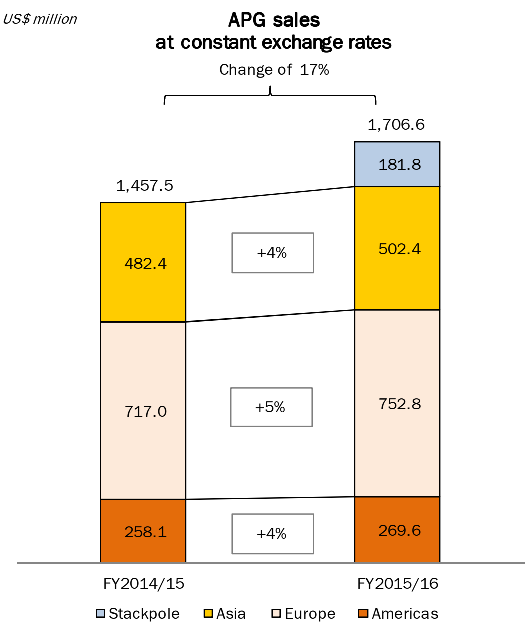
Volume / mix and price, net, increased sales by US$35.0 million. The underlying changes in the sales of the Automotive Products Group and Industry Products Group are discussed on pages 8 to 11.

Acquisition of Stackpole International: In the 5 months since acquisition, Stackpole's revenues amounted to US$181.8 million. The addition of Stackpole's automotive business is further discussed, together with JE's existing automotive business, on page 9.

Currency movements adversely impacted revenues by US$117.0 million compared to FY2014/15, primarily due to the lower average rate for the Euro against the US Dollar in FY2015/16 (average rate of 1.10) compared to the prior year (average rate of 1.27). The Group's sales are largely denominated in the US Dollar, the Euro, the Chinese Renminbi and the Canadian Dollar.

Automotive Products Group

Through the combined effects of organic business growth and the acquisition of Stackpole, APG's sales, excluding currency movements, grew by 17%.



All regions delivered organic growth (5% total: Asia: 4%, Europe: 5%, Americas: 4%).

- In Asia, sales of products for powertrain cooling systems, engine emissions control and sunroof applications increased as customer programs ramped up. The business also benefited from increased demand for products for braking applications that meet increasingly stringent safety requirements. These increases were slightly offset by reduced sales of products for fuel pump and seat adjustment applications.

- In Europe, sales increased across a broad range of products, especially for our recently launched compact, power-efficient, low-noise heating, ventilation and air-conditioning ("HVAC") actuators and customised coolant valve actuators to address the thermal management requirements of the latest generation of vehicle engines. We also benefited from growth in our existing platforms for engine air management.

Yearly trend in sales
(excluding acquired business and currency movements)

	APG sales growth/(decline)			
Year ended	Asia	Europe	Americas	Total
31 March 2016	4%	5%	4%	5%
31 March 2015	12%	5%	(8%)	4%
31 March 2014	4%	10%	1%	7%
31 March 2013	8%	5%	5%	6%

- In the Americas, sales increased, led by HVAC and door lock due to the combined effects of customer growth and the ramp-up of recently launched customer programs. These increases were partially offset by reduced sales of products for power train cooling due to falling sales of new vehicles in Brazil.

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 22% of the Group's sales as reported for FY2015/16 (FY2014/15, 25%). Sales for this business unit, excluding currency movements, increased 2% in FY2015/16 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.

Stackpole’s sales for the 5 months since acquisition amounted to US$181.8 million. Over this period, underlying sales of this business grew by approximately 20%, compared to the same period (pre-acquisition) last year. This was driven by increased market penetration in Europe and Asia and new product launches and ramp-ups in North America. Stackpole has been successful in winning new business and will benefit from the pipeline of subsequent product launches to meet JE’s growth objectives.

APG’s design teams are organised into engineering centres, based on specific product technologies. These centres are focused on powertrain cooling, pump, powder metal components, 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 provide passenger comfort, increase fuel efficiency, reduce emissions and improve safety.

Recent examples include:

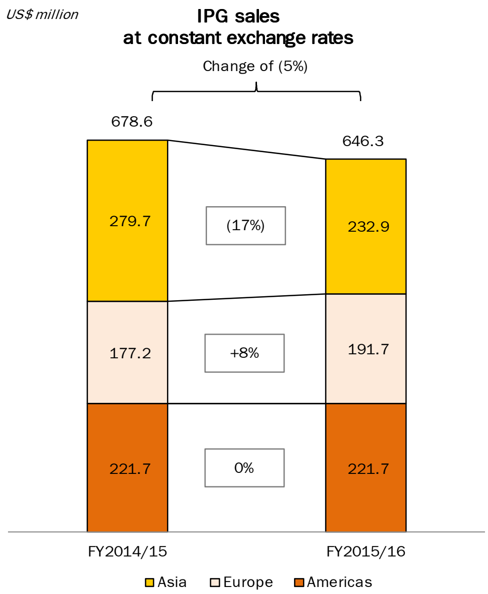
- A new generation of engine coolant valve actuators with integrated electronics for on-demand engine cooling. This actuator platform provides fast response and precise position control to regulate coolant flow to maximise fuel economy and emissions reduction. This platform is useful in both internal combustion engine and hybrid vehicles.

- A new generation of cooling fan modules with brushless DC motors to maximise vehicle heat rejection efficiency. A variable airflow in response to vehicle driving dynamics allows efficient heat rejection, keeping the engine temperature within the optimised range to minimise fuel consumption. These new cooling fan modules are powered by a highly efficient, light-weight brushless DC motor, and offer lower operating noise due to intelligent software control.

The Group’s on-the-ground engineering presence in key geographic markets enables it to identify particular customer needs and customise its products accordingly. Additionally, JE’s global manufacturing footprint with production sites in eighteen countries is a significant benefit to customers by allowing for proximity to the customer’s point of manufacture, reducing supply and reduced logistics risks.

Industry Products Group

IPG's sales, excluding currency movements, decreased 5% for FY2015/16 compared to the prior year. The slowdown of China export markets and competitive pressure in lower-end applications led to a 17% decline in Asia sales. This was partially offset by 8% growth in Europe, driven by IPG's emphasis on investing in differentiated technology. Sales in the Americas were flat.



- In Asia, sales declined across a broad range of market segments. This was partially offset by growth in sales of differentiated products for metering, industrial equipment and automation and medical applications.

- In Europe, sales increased largely due to growth in lawn and garden and building automation applications with new business wins and the ramp-up of existing customer programs. This was partially offset by reduced demand for products for food and beverage applications. Sales in other market segments were essentially flat.

Yearly trend in sales
(excluding currency movements)

	IPG sales growth/(decline)			
Year ended	Asia	Europe	Americas	Total
31 March 2016	(17%)	8%	0%	(5%)
31 March 2015	(4%)	6%	12%	4%
31 March 2014	(5%)	(8%)	0%	(4%)
31 March 2013	(11%)	(9%)	(2%)	(8%)

- In the Americas, sales remained flat in FY2015/16. New customers, new product launches and the ramp-up of existing customer programs drove growth in sales of products for industrial equipment and white goods applications. Sales of products for floor care and HVAC and bathroom applications also grew. This was offset by reduced demand for products for metering and some solenoid applications.

The IPG business is repositioning itself to increase collaboration between engineering, business development, project management and sales, to focus on serving strategic segments and key customers whose products are aligned to the underlying trends that are expected to drive long-term consumer demand. Additionally, the business will monitor the growth potential of small and medium sized accounts to select those with high potential for business development.

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.

Recent examples of motion solutions designed and manufactured for IPG's customers, include:

- Window automation actuators combining motor, gear box and electronics technologies. These actuators assist manufacturers of windows and window coverings solutions in meeting emerging consumer product safety regulations. Window automation also allows residential and commercial buildings to operate more efficiently with less energy consumption for heating and cooling through the smart control of windows and window coverings.

- High efficiency brushless motors that cater for a wide range of customer applications that require advanced technology motors including home appliances, power tools, HVAC and other applications. IPG's brushless motors enable improvement of these products with quicker, quieter, more efficient performance. Our brushless motor technology and control electronics provide an optimised combination of cost, performance and efficiency.

Profitability Review

Profit attributable to shareholders was US$172.7 million in FY2015/16 versus US$210.9 million in FY2014/15. Excluding post-acquisition profits of Stackpole International and acquisition transaction costs, profit for the year was US$180.4 million.

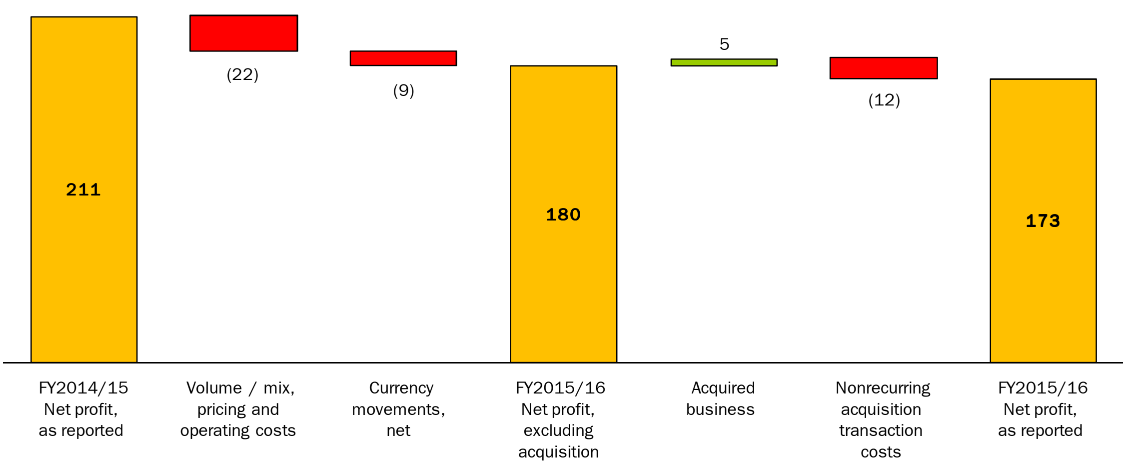
US$ million	FY2015/16 [1]	FY2014/15	Increase / (decrease) in profit
Sales	2,235.9	2,136.1	99.8
Gross profit	589.5	632.4	(42.9)
Gross margin %	*26.4%*	*29.6%*	
Other income and gains, net	28.5	17.9	10.6
Selling and administrative expenses (“S&A”), excluding nonrecurring items	(398.4)	(407.5)	9.1
S&A %, excluding nonrecurring items	*17.8%*	*19.1%*	
Operating profit, excluding nonrecurring items	219.6	242.8	(23.2)
Operating profit margin %, excluding nonrecurring items	*9.8%*	*11.4%*	
Nonrecurring items:			
Acquisition transaction costs	(12.4)	-	(12.4)
Operating profit	207.2	242.8	(35.6)
Operating profit margin %	*9.3%*	*11.4%*	
Net interest (expense) / income	(3.2)	5.5	(8.7)
Share of profit of associates	2.6	0.7	1.9
Profit before income tax	206.6	249.0	(42.4)
Income tax expense	(23.9)	(29.2)	5.3
Effective tax rate	*11.6%*	*11.7%*	
Profit for the year	182.7	219.8	(37.1)
Non-controlling interests	(10.0)	(8.9)	(1.1)
Profit attributable to shareholders	172.7	210.9	(38.2)

1 Includes 5 months results of Stackpole International

The operating profit of US$207.2 million includes US$5.9 million operating profits of Stackpole International for the 5 months since acquisition, as well as US$12.4 million of nonrecurring acquisition transaction costs. There were no such acquisition or transaction costs in FY2014/15.

Profit Attributable to Shareholders

US$ million



Volume / mix, pricing and operating costs: Increased volumes and cost reduction activities helped profits. However, this was more than offset by wage and salary inflation, especially in China, and the effect of increased headcount and operating costs in preparation of further product launches in Mexico and Serbia. As these sites mature in the near future, they are expected to achieve greater productivity and efficiency as volumes ramp-up. Profits also benefited from lower commodity costs, partially offset by sales price adjustments. Other income was partially offset by impairment charges. The net effect of these changes was to decrease profit by US$21.7 million.

Currency movements, net: The Group's global operations expose it to foreign exchange volatility, partially mitigated by hedging key currencies such as the Euro and the Chinese Renminbi. The significant weakening of the Euro (down approximately 13% from the prior year) decreased sales and operating profit. Additionally, the strengthening of the Swiss Franc against the Euro increased the cost of our Swiss operations. The net effect of currency movements in FY2015/16 (especially the weaker Euro compared to the previous year) decreased profit by US$8.6 million.

As a result of the changes to volume / mix, pricing, operating costs and currency, the gross margin declined to 26.4% compared to 29.6% for the prior year. However, after taking into account the currency hedge gains (reported in selling and administrative expenses) which were largely from the movement of the Euro against the US Dollar, gross margin was down slightly at 28.0% compared to 29.9% for the prior year.

Finance costs and taxes: Net interest and taxes, excluding amounts attributable to 5 months of Stackpole's operations, were flat as the Group utilised its cash reserves, supplemented by borrowings, to acquire Stackpole in an all-cash transaction. Finance income and costs are analysed in Note 20 to the accounts.

Including Stackpole, the effective tax rate declined slightly to 11.6% for FY2015/16, from 11.7% for FY2014/15. Tax is analysed further in Note 22 to the accounts.

Acquired business: Stackpole's operating profits for the 5 months since acquisition, together with the share of its associate's profit, partially offset by interest attributable to its operations, increased profit by US$4.7 million.

Nonrecurring acquisition transaction costs: Transaction costs related to the acquisition of Stackpole International and AML Systems amounted to US$12.4 million.

WORKING CAPITAL

US$ million	Balance sheet as of 31 Mar 2015	Currency translation	Acquisition	Pension, hedging and others	Working capital changes per cash flow	Balance sheet as of 31 Mar 2016
Inventories	222.0	(8.4)	28.1	-	29.0	270.7
Trade and other receivables	414.8	(2.0)	85.2	1.1	43.1	542.2
Other non-current assets	9.7	-	-	7.7	1.7	19.1
Trade payables, other payables and deferred income [1]	(398.1)	8.9	(67.3)	(16.0)	(16.9)	(489.4)
Provision obligations and other liabilities [1,2]	(56.6)	(2.2)	(11.3)	11.9	(4.7)	(62.9)
Other financial assets / (liabilities), net [1]	188.5	0.2	-	(150.5)	(5.8)	32.4
Total working capital per balance sheet	380.3	(3.5)	34.7	(145.8)	**46.4** *	312.1

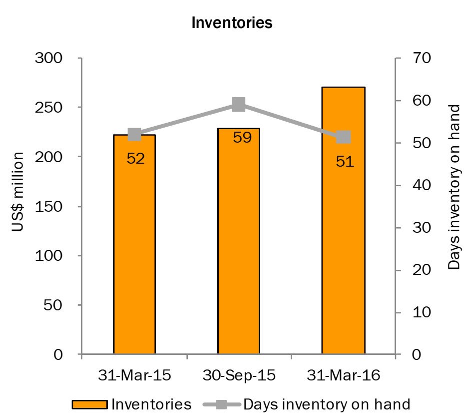
1 Current and non-current

2 Net of defined benefit pension plan assets

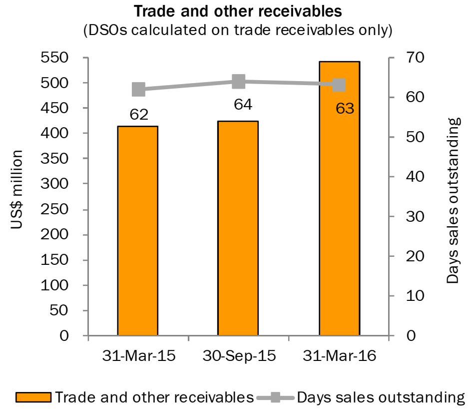
* Please refer to working capital changes in Cash Flow table on page 17

Inventories increased by US$48.7 million to US$270.7 million as of 31 March 2016 (31 March 2015: US$222.0 million) due to the acquisition of Stackpole in October 2015, the build-up of inventory around the year-end in anticipation of new product launches, ramp-ups, customer-driven delivery schedules and increased production in Mexico, Serbia, Turkey and Canada.

Days inventory on hand ("DIOs") declined slightly to 51 days as of 31 March 2016 (31 March 2015: 52 days).

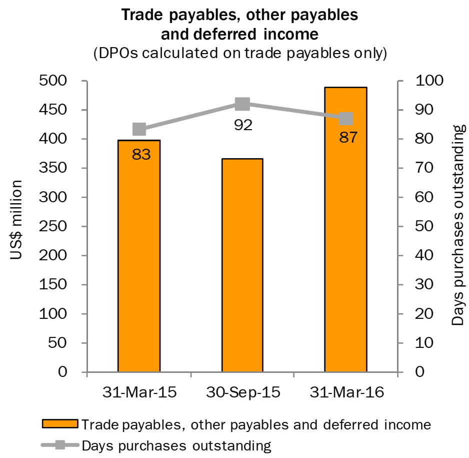


Trade and other receivables increased by US$127.4 million to US$542.2 million as of 31 March 2016 (31 March 2015: US$414.8 million), largely due to the acquisition of Stackpole, and also due to growth in European business, increased credit terms given to certain customers, especially in China, a temporary increase in VAT receivables and increased amounts receivable for samples and tooling.



Days sales outstanding ("DSOs") increased slightly to 63 days as of 31 March 2016 (31 March 2015: 62 days). The Group's receivables are of high quality. Amounts overdue greater than 30 days amounted to approximately 1.2% of gross trade receivables as of 31 March 2016 (31 March 2015: 1.1%).

Trade payables, other payables and deferred income increased by US$91.3 million to US$489.4 million as of 31 March 2016 (31 March 2015: US$398.1 million), due to the acquisition of Stackpole, longer credit terms taken from suppliers, increased accruals for capital expenditure, increased purchases of raw materials towards the year-end and an increase in deferred revenue relating to customer contributions towards tooling. This was partially offset by reduced accruals for incentive compensation compared to the prior year.



Days purchases outstanding ("DPOs") increased by 4 days to 87 days as of 31 March 2016 (31 March 2015: 83 days).

Provision obligations and other liabilities increased by US$6.3 million to US$62.9 million as of 31 March 2016 (31 March 2015: US$56.6 million) mainly due to the acquisition of Stackpole, partially offset by settlement of a finance lease acquired with Stackpole and reduced pension accruals. The Group will make contributions of US$3.8 million to post-employment benefit plans for FY2016/17 (FY2015/16: contributions of US$3.5 million). See Note 14 to the accounts for further details.

Other financial assets / (liabilities), net, decreased by US$156.1 million to a net financial asset of US$32.4 million as of 31 March 2016 (31 March 2015: net financial asset of US$188.5 million).

- Foreign currency forward contracts and cross-currency interest rate swaps decreased in value by US$128.3 million, primarily due to a decrease in the mark-to-market value of the Euro and the Chinese Renminbi hedge contracts.

- The mark-to-market valuation of commodity forward contracts decreased by US$27.8 million, due to a decrease in copper and silver prices.

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

	Spot rates as of 31 Mar 2016	Spot rates as of 31 Mar 2015	Strengthen /(weaken)
USD per EUR	1.13	1.08	(4%)
RMB per USD	6.48	6.14	(5%)
CAD per USD	1.30	1.27	(2%)
HUF per EUR	314.94	299.25	(5%)
MXN per USD	17.23	15.26	(11%)
USD per metric ton of copper	4,856	6,051	(20%)
USD per ounce of silver	15.38	16.60	(7%)

Further details of the Group's hedging activities can be found in the Financial Management and Treasury Policy Section on page 21 and in Note 7 to the accounts.

CASH FLOW

US$ million	FY2015/16	FY2014/15	Change
Operating profit [1]	207.9	243.0	(35.1)
Depreciation and amortisation	114.0	92.5	21.5
EBITDA	321.9	335.5	(13.6)
Other non-cash items in profit before taxes	4.8	(1.5)	6.3
Working capital changes [2]	(46.4)	(21.1)	(25.3)
Interest paid	(4.4)	(2.6)	(1.8)
Income taxes paid	(34.6)	(43.2)	8.6
Capital expenditure, net of subsidies	(186.2)	(119.9)	(66.3)
Proceeds from disposal of fixed assets	15.6	0.8	14.8
Capitalisation of engineering development costs	(6.1)	(6.2)	0.1
Interest received	6.2	14.0	(7.8)
Free cash flow from operations	**70.8**	**155.8**	**(85.0)**
Acquisitions and related costs	(680.3)	(9.2)	(671.1)
Dividends paid	(54.4)	(54.3)	(0.1)
Purchase of shares held for incentive share schemes	(22.0)	(50.7)	28.7
Purchase of shares for cancellation of issued capital	(5.2)	(55.0)	49.8
Other investing activities	0.2	0.8	(0.6)
Other financing activities	(4.2)	(4.8)	0.6
Total cash flow (excluding changes in borrowings and currency movements)	(695.1)	(17.4)	(677.7)
Borrowing proceeds / (repayments) [3]	40.3	(10.8)	51.1
Proceeds from long term debts, net of transaction costs	74.2	197.3	(123.1)
(Decrease) / increase in cash (excluding currency movements)	(580.6)	169.1	(749.7)
Exchange gains / (losses) on cash	0.7	(39.9)	40.6
Net movement in cash	**(579.9)**	**129.2**	**(709.1)**

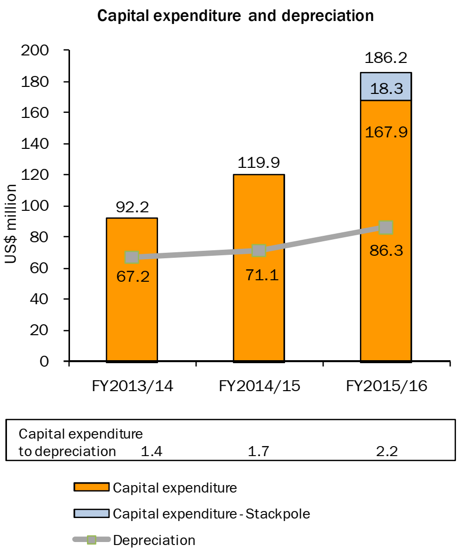
1 Operating profit as reported plus US$0.6 million dividend received from associates in FY2015/16 (FY2014/15: US$0.2 million)
2 Please refer to working capital table on page 14
3 Includes US$9.9 million of finance lease repayments mainly for extinguishment of lease liability acquired with Stackpole

The Group generated US$70.8 million free cash flow from operations in FY2015/16, a decrease of US$85.0 million compared to US$155.8 million in FY2014/15. This movement in operational cash flows includes the following:

- **Working capital,** explained in the previous section, required an additional investment of US$46.4 million in FY2015/16 due to higher business levels in Europe, increased credit terms given to certain customers in China, increased receivables from customers for samples and tooling relating to new products, increased production in Mexico, Serbia, Turkey and Canada. In FY2014/15, working capital required an additional investment of US$21.1 million.

- **Income taxes paid:** In FY2015/16, the Group made payments of US$34.6 million towards income taxes, a decrease of US$8.6 million from US$43.2 million paid in the prior year.

- **Capital expenditure** amounted to US$186.2 million in FY2015/16 (US$119.9 million in FY2014/15). JE inaugurated its second plant in Zacatecas, Mexico in September 2015, adding a further 8,100 square meters to the 7,400 square meters provided by JE's first Mexican plant. The Group is also expanding its facilities in Niš, Serbia and in São Paulo, Brazil. The Group continues to enhance the level of automation in production processes to mitigate the effect of rising labour costs in China, standardise operating processes and further improve product quality and reliability. Automated manufacturing equipment is also being introduced directly into the 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. Stackpole International's expenditures were US$18.3 million for the 5 month period.



- **Proceeds from disposal of fixed assets:** In FY2015/16, proceeds from disposals of fixed assets amounted to US$15.6 million, largely due to disposals of real estate. In FY2014/15, proceeds from disposals of fixed assets amounted to US$0.8 million.

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

- **Acquisition and related costs:** In FY2015/16, the Group paid US$657.2 million (consideration US$675.5 million less US$18.3 million cash acquired), to acquire Stackpole International [1] and pledged US$9.1 million in deposits to maintain Stackpole's interest in leased premises. The Group also paid US$14.0 million transaction charges towards the acquisition of Stackpole International and AML Systems. In FY2014/15, the Group paid US$9.2 million to insource a sales agency in the UK strengthening the Group's sales network by providing a direct interface with key automotive customers in the UK.

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

1 For details of the acquisition, please refer to the Letter to Shareholders and Note 27 to the accounts.

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

As of 31 March 2016, the Group maintained investment grade ratings from Moody's Investor Service and Standard & Poor's (S&P) Ratings Services.

	Rating	Outlook	Grade
Moody's	Baa1	Stable	Investment
Standard & Poor's	BBB	Stable	Investment

Liquidity

Net Debt / Cash and Credit lines

US$ million	31 Mar 2016	31 Mar 2015	Change
Cash	193.3	773.2	(579.9)
Borrowings	(220.1)	(94.0)	(126.1)
Convertible bonds	(202.4)	(197.3)	(5.1)
Net (debt) / cash	(229.2)	481.9	(711.1)
Available unutilised credit lines	575.5	577.6	(2.1)

The Group had net debt (borrowings and convertible bonds less cash) of US$229.2 million as of 31 March 2016, a US$711.1 million change from net cash of US$481.9 million as of 31 March 2015. This was due to the acquisition of Stackpole for US$669.9 million in an all-cash transaction financed largely from the Group's cash reserves, supplemented by proceeds from existing revolving credit facilities.

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 and the anticipated acquisition of AML Systems.

Cash decreased by US$579.9 million to US$193.3 million as of 31 March 2016, reflecting the utilisation of the Group's cash reserves in the acquisition of Stackpole, as discussed on the previous page. The majority of the cash reserves are held in the Euro in anticipation of funding the AML Systems acquisition.

US$ million	31 Mar 2016	31 Mar 2015
EUR	98.3	59.7
RMB	42.7	269.8
CAD	19.2	-
USD	9.0	382.0
Others	24.1	61.7
Total	193.3	773.2

Borrowings increased by US$126.1 million (net borrowings of US$124.4 million and unrealised exchange loss of US$1.7 million) to US$220.1 million as of 31 March 2016, compared to US$94.0 million as of 31 March 2015. This reflects the drawdown of revolving credit facilities as part of the financing of the acquisition of Stackpole, as discussed on the previous page. As of 31 March 2016, the Group was in compliance with all covenants on its borrowings and expects to remain compliant in future periods. Further information on borrowings can be found in Note 12 to the accounts.

Borrowings and Convertible Bonds

US$ million	Total debt	Swap contracts *	Total after effect of swaps	%
USD	368.3	(105.0)	263.3	62%
EUR	23.4	107.2	130.6	31%
RMB	30.8	-	30.8	7%
Total	422.5	**2.2**	424.7	100%

Borrowings - current	98.4
Borrowings - noncurrent	121.7
Convertible bonds	202.4
Other financial liabilities *	2.2
Total debt	424.7

* Included a swap contract entered in April 2016 with notional value of US$30 million. Details refer to Note 7(b) to the accounts

Convertible bonds: In April 2014, the Company issued convertible bonds, in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum, maturing in April 2021, with a 2019 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 2016 amounted to US$202.4 million. During the year, the funds raised by this bond issue were utilised for the acquisition of Stackpole International. Further information on the convertible bonds can be found in Note 13 to the accounts.

Gearing:

- The Group's total debt to capital ratio was 18% as of 31 March 2016 compared to 13% as of 31 March 2015.
- Total debt to EBITDA as adjusted to include 12 months of Stackpole International was 1.1 as of 31 March 2016 compared to 0.9 as of 31 March 2015.
- Interest coverage (defined as EBITDA divided by gross interest expense) was 36 times for the year ended 31 March 2016, compared to 39 times for the year ended 31 March 2015.
- Free cash flow from operations as a percentage of gross debt decreased to 17% as of 31 March 2016, compared to 53% as of 31 March 2015. This was due to the combined effect of the increase in borrowings and decrease in free cash flow explained earlier. Stackpole's free cash flow for the 5 months from acquisition was negligible.

Available credit lines – The Group had US$576 million in available unutilised credit lines as of 31 March 2016, as follows:

- Of US$225 million committed revolving credit facilities provided by certain of its principal bankers, US$172 million remained unutilised. These facilities have the following expiry dates:

  US$35 million – 28 February 2017
  US$30 million – 12 April 2017
  US$20 million – 13 September 2018
  US$20 million – 24 September 2018
  US$30 million – 25 September 2018
  US$30 million – 30 September 2018
  US$30 million – US$20 million on 16 December 2018 and US$10 million on 26 February 2019
  US$30 million – 28 December 2018

- US$292 million of uncommitted and unutilised revolving credit facilities, provided by its principal bankers; and

- US$112 million of uncommitted and unutilised trade receivable financing lines.

Dividends and Shares

Dividends: The Board has recommended a final dividend of 34 HK cents per share for FY2015/16 (FY2014/15: 34 HK cents per share) equivalent to US$37.5 million, to be paid in August 2016. 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 15 HK cents per share for FY2015/16 (FY2014/15: 14 HK cents per share) equivalent to US$16.6 million.

Purchase of shares for incentive share schemes: To foster a focus on long-term sustainable growth, JEHL maintains long-term incentive share schemes, further discussed on page 47. To support this, in FY2015/16, the Company purchased 6.5 million shares for US$22.0 million including brokerage fees (FY2014/15, purchased 13.7 million shares for US$50.7 million) for use in granting shares to eligible Directors and employees under the incentive share schemes.

Purchase of shares for cancellation of issued capital: 1.7 million shares were purchased in FY2015/16 at a total cost of US$5.2 million including brokerage and cancellation fees. In FY2014/15, the Company purchased 14.3 million shares for cancellation at a total cost of US$55.0 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 72 months as of 31 March 2016, 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;

- Forward purchases of the Chinese Renminbi ("RMB"), the Hungarian Forint ("HUF"), the Swiss Franc ("CHF"), the Mexican Peso ("MXN"), the Polish Zloty ("PLN"), the Hong Kong Dollar ("HKD") and the Israeli Shekel ("ILS") to hedge operating costs, primarily production conversion costs, denominated in these currencies; and

- Forward sales of the Canadian Dollar ("CAD") to hedge the material purchase in USD for its operations in Canada.

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

Sales by currency	FY2015/16	FY2014/15
USD	43%	45%
EUR	31%	34%
RMB	18%	18%
CAD	5%	0%
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 commodity price risk, mainly from fluctuations in steel, copper, silver and aluminium prices. Price risk due to steel is reduced through fixed price contracts up to 3 months forward with the Group's suppliers. Price risk due to copper, silver and aluminium is reduced by hedging through appropriate financial instruments that have varying maturities ranging from 1 to 72 months as of 31 March 2016. The Group also manages copper and silver prices by way of incorporating appropriate clauses in certain customer contracts to pass increases / decreases in raw material costs onto these customers.

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

Further information about forward foreign currency exchange contracts and raw material commodity contracts can be found in Note 7 to the accounts.

ENTERPRISE RISK MANAGEMENT

The Group identifies, mitigates and manages its exposure to risk and uncertainty through proactive management oversight and close cooperation amongst the senior management team, as well as robust business processes to lower the frequency and reduce the severity of risk. Management monitors these business practices, testing them periodically to ensure their continued effectiveness.

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.

The principal risks and uncertainties facing the company can be categorised as follows:

Principal risks and uncertainties [1]

Strategic risks	Commercial risks	Operational risks	Financial risks
Macroeconomic changes	Pricing and volume	Contract performance	Liquidity and capital access
Market competition	Warranty sharing	Intellectual property	Foreign exchange
Technology advancement	Non-payment by customers	Supply chain	Interest rates
Reputation		Warranty and product liability	Commodity prices
Mergers and acquisitions		Human resources	
		Environment, health and safety	

1 This list is not exclusive and comprehensive as the nature, severity and frequency of risks changes over time due to the complexity of the Group's business environment and operations. The Group may be exposed to new emerging risks or to other existing risks that are not significant at the moment but that may become significant in the future.

The nature of these risks and the Group's policies for managing its exposure to these risks is set out below:

Nature of risk	How we respond
Strategic risks	
Macroeconomic changes – The Group's business is sensitive to the global economic and socio-political environment. Further, the financial performance of the Group's Automotive and Industry Product Groups depends on conditions in the industries in which they operate. Production and sales in these industries are cyclical and sensitive to the general economic conditions and other factors including interest rates, consumer credit and consumer preferences.	• Ensuring the suitability of the operational footprint to respond quickly and cost effectively to changes in the market and in capacity utilisation. • Seeking organic and acquisition related growth, across all regions, to mitigate the potential impact of an economic downturn in any particular region. • Diversifying customer and product portfolios through internal development and acquisition to mitigate the adverse impact of economic downturn or market changes in a particular industry.
Market competition and Technology advancement – The Group is under intense pressure to compete on both price and technology as large, multinational and smaller, regional or niche competitors attempt to increase market share. The Group must continually demonstrate its ability to deliver innovative, cost-effective solutions, otherwise it may lose business to competitors who adapt to such technological changes or who develop and offer more suitable or technologically advanced products than the Group.	• Developing and managing product differentiation through technology, innovation and intellectual property in order to be the definitive supplier of motion solutions to our customers.
Reputation – The Group may lose potential business if its character or quality is called into question.	• Continuously improving engineering and manufacturing processes and quality standards to maintain the Group's position as the "safe choice" for our customers. • Ensuring that a strong tone at the top is reflected in business practices. High integrity, sound ethics and good business practices are expected and followed by employees at all levels of Johnson Electric's global organisation, with no tolerance of non-compliance.
Mergers and acquisitions – Should suitable opportunities occur, the Group makes acquisitions (such as Stackpole) that can complement its strategy, broaden its technology offering and accelerate growth. The Group faces risks in integrating such newly acquired businesses, including the integration of business models, product portfolios, operations, systems, employees and cultures. Depending on the size and complexity of such acquired businesses the Group may not be able to take advantage of synergies quickly.	• Prior to acquiring new business, the Group carries out a comprehensive appraisal to establish its commercial potential and fit with the Group's strategy and product portfolio, to evaluate the assets and liabilities that will be acquired and to identify potential issues. • The Group stipulates procedures and post-acquisition support to ensure that integration completes smoothly. The acquisition of Stackpole International is further discussed in Note 27 to the financial statements.

Nature of risk	How we respond
Commercial risks	
Pricing and volumes – In the markets where the Group supplies its products, the Group is under intense competitive pressure to reduce prices as both large, multinational and smaller, niche competitors attempt to expand their market share. Additionally, volumes may fluctuate as the Group's customers are also subject to competitive pressures.	• Continuously seeking productivity and efficiency improvements. • Ensuring the suitability of the operational footprint to respond quickly and cost effectively to changes in the market and in capacity utilisation. • Formal, disciplined review and approval of quotations.
Warranty sharing – Our customers operate in competitive markets and may vary warranty periods offered to end-customers to increase the attractiveness of their product. Consequently, the Group may be exposed to the risk of increased costs of warranty sharing.	• Managing customer relationships, including contract terms and conditions, in accordance with industry standards. • Considering potential warranty risks at the design stage in product development.
Non-payment by customers [1] – Possible non-payment due to customer-related problems such as insolvency or bankruptcy.	• Managing customer credit risk and maintaining a low tolerance for delinquent payments.
Operational risks	
Contract performance – Potential losses arising from failure in contract performance or onerous contract terms.	• Managing customer relationships, including contract terms and conditions, in accordance with industry standards.
Intellectual property – The Group's business is dependent on its ability to enforce its patents against infringement and to protect its trade secrets, know-how and other intellectual property. Potential risks relating to this include the substantial cost of protecting its intellectual property rights and the legal cost of defending claims of infringement.	• Protecting the Group's proprietary position by safeguarding trade secrets and know-how and by filing patent applications for technologies and process improvements that are important to the development of the Group's business. • Enforcement action against infringement by competitors. • Patent searches to avoid infringing others' intellectual property.
Supply chain – If the Group experienced a prolonged shortage of critical components, without being able to procure replacement for such items, it would be unable to meet its production schedules and could miss customer delivery deadlines and expectations.	• Ensuring supply chain resilience, including supplier continuity, quality and reliability. • Continuous seeking of opportunities to insource the supply chain to assure supply.

1 The performance of the Group's credit risk management is discussed in the Working Capital Section on page 15 and in Note 9 to the financial statements.

Nature of risk	How we respond
Operational risks	
Warranty and product liability – The Group manufactures complex products through its Automotive and Industry Product Groups and is exposed to potential warranty and product liability claims arising from alleged or actual defects in products. Risks arising from this include customer dissatisfaction and potential liabilities for the cost of replacing faulty products, product recalls and lawsuits.	• Continuously improving engineering and manufacturing processes and quality standards to reduce the likelihood of quality issues. • Product safety reviews, to ensure that products fail safe and meet the highest market standards. • Continuously seeking opportunities to insource the supply chain to ensure that components meet our rigorous quality requirements.
Human resources [1] – The Group's business success depends on attracting and retaining qualified personnel and on maintaining an established workforce.	• Attracting and retaining high-calibre management and other key personnel. • Building effective networks of employees and partners including maintaining good labour relationships. • Minimising the impact of unexpected staff turnover through succession planning and standardisation of work procedures.
Environment, health and safety ("EHS") [2] – EHS laws and regulations may result in increasing costs of compliance or potential fines and penalties in the event of non-compliance. Incidents causing lost hours by injuries and damage to our facilities may give rise to compensation claims and lawsuits, loss of reputation and adverse impact on the environment and on the communities in which the Group operates.	• Meeting or exceeding requirements on environmental responsibility, employee safety and energy efficiency.
Financial risks [3]	
Liquidity and capital access, Foreign exchange, Interest rates and Commodity price risks.	• Maintaining investment grade credit ratings. • Ensuring that the combination of cash on hand, available credit lines and expected future operating cash flows is sufficient to satisfy current and planned cash needs. • Applying appropriate strategies to manage foreign exchange risk, commodity price risk, and interest rate risk.

1 The Group's policies on investing in people are set out on pages 27 to 28.
2 The Group's EHS management is further discussed on pages 28 to 29.
3 A detailed discussion of the nature of financial risks and the Group's financial management and treasury policies for managing its exposure to these risks are set out on pages 19 to 22.

STAKEHOLDER ENGAGEMENT

Johnson Electric is dedicated to socially responsible interactions with its stakeholders including 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, social responsibilities and environmental management.

Relationships with customers and suppliers

Customers: Johnson Electric believes that making customers successful is vital to delivering sustainable business growth and profitability. This is a key part of the Group's core values, internally referred to as "MARBLE" [1]. To support this, the Group has implemented the Johnson Electric's Product Development System ("JEPDS") and the Johnson Electric's Production System ("JEPS").

Through JEPDS, the Group creates solutions that bring benefits to the end-user of a product and that meet the business needs of its direct customers. An intensive two-way dialogue between the Group's sales and engineering and its customers, allows it to listen to customers' needs while sharing knowledge of the Group's products and capabilities. A disciplined development path with rigorous reviews and testing from concept to start of production ensures that the Group's products meet safety, quality and performance requirements at a competitive cost.

Through JEPS, the Group ensures manufacturing excellence, with "dead copy" quality and performance achieved across its facilities worldwide. The Group's global manufacturing footprint and logistics know-how, together with the complete vertical integration of components, tooling, semi-automated and automated production lines provides our customers with a safe-choice solution.

Suppliers: The Group's engagement with suppliers is also driven by JEPDS and JEPS. A focus on "Innovation" and "Safe Choice" as core values is incorporated in the Group's supplier selection process, performance monitoring and throughout the business engagement with suppliers. Robust supplier qualification procedures, before ordering regular supplies from any supplier, ensure that the Group has the right supplier to source the right item. These procedures include due consideration of cost, quality, environmental awareness, ethical behaviour and social responsibility.

Suppliers are contractually required to be certified with international accreditations such as ISO9001, ISO14001, ISO/TS16949 and ISO13485 and are encouraged to be in compliance with various environmental and conflict minerals requirements. To ensure that suppliers are committed to ethical practices in dealings with the Group, every supplier is required to comply and sign up to JE's Code of Ethics and Business Conduct policies, which prohibit offering of gifts, certificates, loans, hospitality, service or favour in an improper manner. Suppliers are also required to comply with The U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010 and the Criminal Law of the PRC.

1 "MARBLE" stands for the values of "Make customers successful", "Attract and develop great people", "Reach higher", "Believe in practical solutions", "Lead by example", "Excel in execution". Please see www. johnsonelectric.com for more information on Johnson Electric's vision and MARBLE values

The Group also requires in its purchase terms and conditions that its suppliers comply with directives set by the International Labour Organisation's "ILO Declaration on Fundamental Principles on Business and Human Rights at Work" and the United Nations' "UN Guiding Principles on Business and Human Rights", which adhere to the principles of the freedom of association, right of collective bargaining, abolition of child labour and elimination of all forms of forced or compulsory labour or discrimination at work.

Compliance with these laws and directives is periodically monitored through self-declarations and on-site audits. Furthermore, the Group's Supplier Performance Rating System enables it to continuously gauge and calibrate suppliers' ability to meet the above requirements.

Investing in people

People and culture are at the heart of Johnson Electric's success. The Group's 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 Environment, Health and Safety requirements.

As of 31 March 2016, the Group's total global headcount stood at 38,000 across Asia, the Americas and Europe.

Talent Management: The Group remains committed to attracting and developing great people, supported by a group-wide definition of talents, along with a clear set of management competencies and corresponding evaluation tools. There is a focus on strengthening the development of high potentials and the leadership bench, with special emphasis on outside-the-classroom training through stretch assignments and on the job opportunities. The Group's selection tools are continuously being refined to ensure the right people are hired for the right jobs.

Compensation and Rewards: The Group maintains a global compensation structure to ensure 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 82% of staff-level employees, including all management staff. Additionally, 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 achieved.

Training and Development: Employees around the world benefit from the Johnson Electric learning and development programs.

To foster a common understanding of Johnson Electric's culture, language, strategy and processes across all of the Group's locations, in April 2015, the Group launched a "One Johnson" global training initiative. Characterised by high energy and interactive delivery packed with videos, activities and case studies, each class is co-hosted by a leader alongside a training facilitator, allowing employees to learn directly from the sharing and experience of senior executives.

The “e-Learning Centre”, a just-in-time, borderless, agile teaching platform, supports the Group in disseminating key initiatives to the global workforce in a swift manner. This includes the continued training of key Engineers and Specialists in the Group’s unique approach to product development, JE-PDS, which is vital to driving product innovation and profitable growth.

Additionally, the Johnson Electric Technical College (“JETC”), based in Shajing, China provides a mix of general and technical education for youth from China over a three-year course. This program is successful at producing skilled young technicians, many of whom remain with the Group after graduation. Since its foundation in 2004, JETC has accepted over 1,038 students, with a further intake of 105 expected to join later in 2016.

JETC also assists in the establishment and development of colleges in new locations such as Zacatecas, Mexico; and Niš, Serbia. Selected individuals from such locations attend JETC in Shajing, China, for 4 to 8 months of 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.

Reinforcing JE Culture and Values: Building on existing internal communications channels, an in-house enterprise social media platform was launched in October 2015 to allow employees to stay in tune with happenings around Johnson Electric and follow news and topics relevant to them. The Group also continues to imbue employees with the Group’s culture and core values through its annual “One Johnson” celebration.

In January 2016, the Group conducted a survey to gauge the engagement level of staff employees in selected businesses or locations as a first step to understand what engages the Group’s employees and their perception of the working environment. The survey will be rolled out across the rest of organisation later in 2016.

The Group operates a recognition program, “Living MARBLE”, to reward role-model behaviour in the workplace. Since its launch in October 2014, over 200 awardees around the world were recognised under the program.

In 2016, Johnson Electric Hong Kong was recognised as one of Asia’s Best Companies To Work For by HR Asia Magazine. The Group will continue to uphold its core values by attracting and retaining top talents in support of the company's ambitious growth strategy.

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. Johnson Electric believes that excellent EHS performance will contribute to the sustainable growth of the company for generations to come. Specific EHS goals include:

- No harm to people working for Johnson Electric; and
- No damage to the environment wherever the Group operates

The Group takes a proactive approach to address and manage EHS related issues. It has established a progressive structure for managing its EHS programs, defined appropriate EHS objectives and implemented an EHS management system to monitor and control EHS risks. The critical measurable factors are also tracked through the management system. The Group plans to report key EHS performance indicators to the Chief Executive and the Executive Committee on a regular basis.

Management requires all worldwide locations to apply this EHS management system and all sites are expected to have compliance in both JE's global EHS standards as well as local regulations. Most of the operating facilities in the Group are certified by the internationally recognised ISO14001 and / or OHSAS 18001 standards on environment management and occupational health and safety management. Additionally, the Group's largest site in Shenzhen, China is certified by the ISO50001 standards on energy management.

Major EHS achievements in FY2015/16 include:

- Our factories in Shenzhen, China participating in China's pilot carbon emission trading scheme, trading their surplus quota after the adoption of various energy and carbon emission reduction measures.
- The successful implementation of Cleaner Production projects in our operations in Shanghai, Nanjing and Shenzhen, China.
- Most of the Group's operations in China received Workplace Safety Standardisation Certification, a national program initiated by the PRC government to standardise various safety management practices across the country.
- Holding a "2015 Safety Month" in the Group's manufacturing locations, worldwide, to raise employees' hazard awareness and foster the Group's injury-free safety culture.
- The newest manufacturing site at Niš, Serbia, received both ISO14001 and OHSAS certification in March 2016.

Community Engagement

In echoing our core value to be a good corporate citizen wherever we operate, Johnson Electric actively promotes and engages in corporate social responsibility activities, partnering with our employees and non-governmental organisations as necessary.

Over the past year, community engagement initiatives have been organised in many Johnson Electric locations around the world, including both volunteering activities and fundraising/donation programs. The nature of initiatives ranged from caring for the underprivileged, supporting youth education to promoting safety awareness in our immediate neighbourhood.

As a result of their active participation in a variety of charity and community activities, Johnson Electric in Hong Kong and Springfield, USA were respectively named a "Caring Company" by the Hong Kong Council of Social Service and presented with the "Hope for Life Award" by YMCA during the year.

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").

In accordance with Rule 13.51B(1) of the Listing Rules, the Company is required to disclose changes in information of Directors of the Company subsequent to the date of the Interim Report 2015. The changes were the appointment of Dr. Patrick Shui-Chung Wang as a member of the Hong Kong Sanatorium & Hospital's Clinical Governance Committee with effect from 1 January 2016 and the appointment of Mr. Austin Jesse Wang as a Division Vice President, IPG Engineering Programs of the Group with effect from 16 May 2016.

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.

The Company seeks 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 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 since their last election, 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.

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 FY2015/16 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	M	M		

C – Chairman
M – Member

Audit Committee

The Audit Committee comprises three 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, Mr. Christopher Dale Pratt 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 FY2015/16 to discuss and review the following matters together with the Chief Financial Officer, the Executive Vice President, the Vice President 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 FY2014/15 annual results and interim results for FY2015/16, 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. Supply chain risks and their mitigation;

10. The status of litigation;

11. Environmental, Health and Safety issues;

12. Approval of the revised Corporate Audit Services charter;

13. Risk management relating to customer contracts and quotations; and

14. Review of the terms of reference.

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 Johnson Electric Restricted and Performance Stock Unit Plan 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. A 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.

Five committee meetings were held in FY2015/16. During the financial year, the Committee addressed the following:

1. Swiss, UK and Canadian Pension Schemes;
2. Director and Senior Executive Compensation and Benefits;
3. Long-Term Incentive Share Scheme Awards;
4. Award of Shares to Chairman & Chief Executive and Vice-Chairman;
5. Annual Incentive Plan Measurement;
6. New Johnson Electric Restricted and Performance Stock Unit Plan Rules;
7. Non-Executive Directors' Compensation;
8. Human Resources Integration Update of Stackpole; and
9. Industry Products Group Restructuring.

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 FY2015/16. 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 Audit Committee;

7. Review of the training of Directors and senior management;

8. Consideration of an emergency succession policy; and

9. Review of compliance certificate assurance.

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 six board meetings in FY2015/16 and the average attendance rate was 91.7%. Details of the attendance of individual directors at board meetings, committee meetings and the annual general meeting during FY2015/16 are set out in the table below:

	Number of meetings attended/held				
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination and Corporate Governance Committee Meeting	Annual General Meeting
Executive Directors					
Patrick Shui-Chung Wang *(Chairman and Chief Executive)*	6/6	-	-	2/2	1/1
Winnie Wing-Yee Wang *(Vice-Chairman)*	6/6	-	4/5	-	1/1
Austin Jesse Wang	6/6	-	-	-	0/1
Non-Executive Directors					
Yik-Chun Koo Wang *(Honorary Chairman)*	2/6	-	-	-	0/1
Peter Kin-Chung Wang	6/6	3/4	-	-	0/1
Independent Non-Executive Directors					
Peter Stuart Allenby Edwards	5/6	-	-	2/2	0/1
Patrick Blackwell Paul	6/6	4/4	-	2/2	0/1
Michael John Enright	6/6	4/4	5/5	-	1/1
Joseph Chi-Kwong Yam	6/6	-	5/5	-	0/1
Christopher Dale Pratt	6/6	2/2	5/5	-	0/1
Average attendance rate	91.7%	92.9%	95%	100%	30%
Date of meetings	13/05/2015 29/07/2015 11/09/2015 04/11/2015 16/12/2015 03/03/2016	11/05/2015 27/07/2015 02/11/2015 25/01/2016	12/05/2015 14/05/2015 11/09/2015 03/11/2015 02/03/2016	13/05/2015 03/03/2016	09/07/2015

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.

The internal control and enterprise risk management system is 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 regular basis and discussed with the Audit Committee.

During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's Corporate Audit Services Department, 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 anonymously, 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 FY2015/16, 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, effective and adequate system of internal control and enterprise risk management has been in place in FY2015/16, and up to the date of approval of the Annual Report.

EXTERNAL AUDITOR

The Company'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 FY2014/15 and FY2015/16, the services (and associated remuneration) provided to the Group by PricewaterhouseCoopers were as follows:

US$ million	FY2015/16	FY2014/15
Audit	2.52	2.46
Taxation services	1.31	1.32
Other advisory services	0.57	0.33

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 2016, 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, Mr. Patrick Blackwell Paul, Mr. Joseph Chi-Kwong Yam and Mr. Christopher Dale Pratt were unable to attend the annual general meeting of the Company held on 9 July 2015 ("AGM") 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.

Constitutional Documents

There was no significant change to the Company's constitutional documents during FY2015/16.

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 2016.

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.

The Board has adopted a set of Internal Control and Reporting Measures in respect of Inside Information which provides guidance to Directors and management in handling and disseminating inside information. The Media and Investor Communication Policy adopted by the Group sets out guidelines to all staff to ensure inside information of the Group is to be handled in compliance with the legal requirement.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the accounts for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2016 are provided in the Letter to Shareholders and Management's Discussion and Analysis sections respectively from pages 2 to 4 and pages 5 to 29.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated income statement on page 56.

The Directors declared an interim dividend of 15 HK cents (1.92 US cents) per share, totalling US$16.6 million which was paid on 6 January 2016.

The Board recommends the payment of a final dividend of 34 HK cents (4.36 US cents) per share, totalling US$37.5 million, payable on 12 August 2016.

DISTRIBUTABLE RESERVES

As of 31 March 2016, the distributable reserves of the Company available for distribution as dividends amounted to US$1,790.1 million, comprising retained earnings of US$1,731.0 million and contributed surplus of US$59.1 million.

Under the Bermuda Companies Act 1981 (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 (FY2014/15: 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 82.

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, FCA*
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, Ms. Yik-Chun Koo Wang, Mr. Peter Stuart Allenby Edwards and Prof. Michael John Enright 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 or an entity connected with the Directors 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 2016, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

Name	Shares of HK$0.05 each of the Company Personal Interests	 Other Interests	
Patrick Shui-Chung Wang	521,500	-	(Note 1)
Winnie Wing-Yee Wang	165,500	-	(Note 2)
Austin Jesse Wang	90,375	-	(Note 3)
Yik-Chun Koo Wang	-	550,625,220	(Notes 4 & 5)
Peter Kin-Chung Wang	-	144,250	(Note 6)
Peter Stuart Allenby Edwards	-	40,250	(Note 7)
Patrick Blackwell Paul	32,750	-	
Michael John Enright	15,250	-	
Joseph Chi-Kwong Yam	11,750	-	
Christopher Dale Pratt	56,000	-	

Notes:

1. The interest comprises 521,500 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
2. The interest comprises 165,500 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
3. The interest comprises 90,375 underlying shares in respect of the awarded shares granted, which remained unvested, under the Long-Term Incentive Share Scheme.
4. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
5. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
6. These shares were held beneficially by Peter Kin-Chung Wang's spouse.
7. 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 2016, 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 2016, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Capacity	Numbers of shares held	Approximate % of shareholding
Yik-Chun Koo Wang	Beneficiary of family trusts	550,625,220 (Notes 1 & 2)	62.65
Ansbacher (Bahamas) Limited	Trustee	221,760,000 (Note 1)	25.23
HSBC International Trustee Limited	Trustee	190,442,915 (Note 1)	21.66
Great Sound Global Limited	Interest of controlled corporation	188,636,340 (Note 3)	21.46
Winibest Company Limited	Beneficial owner	188,636,340 (Note 4)	21.46
Federal Trust Company Limited	Trustee	140,228,880 (Note 1)	15.95
Schroders Plc	Investment manager	70,046,689	7.97
Ceress International Investment (PTC) Corporation	Trustee	55,753,520 (Note 5)	6.34
Merriland Overseas Limited	Interest of controlled corporation	52,985,760 (Note 6)	6.02

Notes:

1. The shares in which Ansbacher (Bahamas) Limited and Federal Trust Company Limited were interested and 188,636,340 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. 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.
6. 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 2016, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares of the Company.

INCENTIVE SHARE SCHEMES

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

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

The following is a summary of the Stock Unit Plan:

1. **Participants**

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

2. **Awards**

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

3. **Term**

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

4. **Eligibility**

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

5. **Administration**

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

6. **Grant of Awards**

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

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

7. **Vesting of Awards**

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

8. **Maximum Number of Shares to be Granted**

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

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

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

9. Dividends and Voting Rights

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

10. Transferability

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

11. Alteration

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

12. Termination

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

During the year ended 31 March 2016, the Company purchased 6,495,000 shares of the Company at a cost of HK$170.68 million in connection with the Share Scheme and the Stock Unit Plan for eligible employees and directors. The highest and the lowest purchase price paid per share were HK$27.15 and HK$22.75, respectively.

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

	Number of unvested shares granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested shares granted, as of 31 March 2015	4,518	5,530	10,048
Shares granted to Directors and employees during the year	2,487	2,312	4,799
Shares vested to Directors and employees during the year	(1,275)	(1,252)	(2,527)
Forfeited during the year	(122)	(113)	(235)
Unvested shares granted, as of 31 March 2016	5,608	6,477	12,085
Shares vested to Directors and employees in FY2016/17	(1,334)	-	(1,334)
Forfeited in FY2016/17	(141)	(262)	(403)
Unvested shares granted, as of the date of this report	4,133	6,215	10,348

The number of unvested shares are as follows:

	Number of unvested shares granted (thousands)		
Vesting period	Restricted Stock Units	Performance Stock Units	Total
FY2016/17	-	2,030	2,030
FY2017/18	1,336	2,009	3,345
FY2018/19	2,472	2,176	4,648
FY2019/20	325	-	325
Total unvested shares, as of the date of this report	4,133	6,215	10,348

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2016, the Company repurchased a total of 1,697,500 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 2016 was 878,844,605. 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*
November 2015	97,500	25.75	24.80	2.46
December 2015	250,500	27.40	26.85	6.80
February 2016	527,000	23.75	22.75	12.34
March 2016	822,500	23.40	22.60	18.97
	1,697,500			40.57

* Excluding brokerage and cancellation fees of HK$0.1 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.

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 112 to 113.

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.

PERMITTED INDEMNITY PROVISION

During the financial year and up to the date of this report, subject to the applicable laws, the directors of the Company and its subsidiaries are entitled to be indemnified pursuant to the provisions in force for the benefit of directors against liabilities incurred in the execution and discharge of their duties in accordance with the respective articles of associations or constitutional documents of the Company and its subsidiaries.

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 30 to 42.

AUDITOR

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

FINAL DIVIDEND

The Board will recommend at the Annual General Meeting to be held on 14 July 2016 (Thursday) a final dividend of 34 HK cents equivalent to 4.36 US cents per share (2015: 34 HK cents or 4.36 US cents) payable on 12 August 2016 (Friday) to persons who are registered shareholders of the Company on 3 August 2016 (Wednesday), making a total distribution of 49 HK cents equivalent to 6.28 US cents per share for the year ended 31 March 2016 (2015: 48 HK cents or 6.15 US cents).

CLOSING REGISTER OF SHAREHOLDERS

ATTENDING ANNUAL GENERAL MEETING

The Register of Shareholders of the Company will be closed from 12 July 2016 (Tuesday) to 14 July 2016 (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 11 July 2016 (Monday).

FINAL DIVIDEND

The Register of Shareholders of the Company will be closed from 1 August 2016 (Monday) to 3 August 2016 (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 29 July 2016 (Friday). Shares of the Company will be traded ex-dividend as from 28 July 2016 (Thursday).

CONSOLIDATED BALANCE SHEET
As of 31 March 2016

	Note	2016 US$'000	2015 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	**667,489**	410,578
Investment property	4	**91,530**	82,035
Intangible assets	5	**1,083,405**	595,578
Investment in associates	6	**37,897**	2,720
Other financial assets	7	**137,092**	215,182
Defined benefit pension plan assets	14	**8,410**	7,156
Deferred income tax assets	15	**48,650**	43,500
Other non-current assets		**19,099**	9,679
		2,093,572	1,366,428
Current assets			
Inventories	8	**270,692**	222,029
Trade and other receivables	9	**542,234**	414,893
Non-current assets held for sale		**-**	8,003
Other financial assets	7	**38,434**	60,072
Income tax recoverable		**2,035**	3,386
Pledged deposits	10	**9,119**	-
Cash and deposits	10	**193,325**	773,172
		1,055,839	1,481,555
Current liabilities			
Trade payables	11	**250,240**	206,161
Other payables and deferred income		**224,257**	175,319
Current income tax liabilities		**34,892**	37,244
Other financial liabilities	7	**31,271**	14,531
Borrowings	12	**98,434**	65,816
Provision obligations and other liabilities	14	**29,033**	21,713
		668,127	520,784
Net current assets		**387,712**	960,771
Total assets less current liabilities		**2,481,284**	2,327,199

	Note	2016 US$'000	2015 US$'000
Non-current liabilities			
Other payables and deferred income		**14,854**	16,642
Other financial liabilities	7	**111,848**	72,189
Borrowings	12	**121,706**	28,214
Convertible bonds	13	**202,387**	197,345
Deferred income tax liabilities	15	**103,487**	69,821
Provision obligations and other liabilities	14	**42,250**	42,076
		596,532	426,287
NET ASSETS		**1,884,752**	1,900,912
Equity			
Share capital - Ordinary shares (at par value)	16	**5,670**	5,681
Shares held for incentive share schemes (at purchase cost)	16	**(75,450)**	(61,082)
Reserves	17	**1,912,358**	1,917,719
		1,842,578	1,862,318
Non-controlling interests		**42,174**	38,594
TOTAL EQUITY		**1,884,752**	1,900,912

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Note	2016 US$'000	2015 US$'000
Sales	2	2,235,945	2,136,052
Cost of goods sold		(1,646,433)	(1,503,647)
Gross profit		589,512	632,405
Other income and gains, net	18	28,454	17,918
Selling and administrative expenses	19	(410,763)	(407,539)
Operating profit		207,203	242,784
Finance income	20	6,236	13,998
Finance costs	20	(9,416)	(8,452)
Share of profit of associates	6	2,613	731
Profit before income tax		206,636	249,061
Income tax expense	22	(23,889)	(29,249)
Profit for the year		182,747	219,812
Profit attributable to non-controlling interests		(10,087)	(8,918)
Profit attributable to shareholders		172,660	210,894
Basic earnings per share for profit attributable to the shareholders during the year (expressed in US cents per share)	23	20.09	24.11
Diluted earnings per share for profit attributable to the shareholders during the year (expressed in US cents per share)	23	19.75	23.60

The Board has recommended a final dividend of 34 HK cents (4.36 US cents) per share (FY2014/15: 34 HK cents or 4.36 US cents) equivalent to US$37.5 million (FY2014/15: US$37.8 million), details are set out in Note 24.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 US$'000	2015 US$'000
Profit for the year		**182,747**	219,812
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	14 & 17	**1,932**	(15,812)
– deferred income tax effect	15 & 17	**753**	1,553
Long service payment			
– remeasurements	14 & 17	**98**	230
– deferred income tax effect	15 & 17	**(17)**	(39)
Total items that will not be recycled to profit and loss		**2,766**	(14,068)
Items that will be recycled to profit and loss:			
Hedging instruments			
– raw material commodity contracts			
– fair value losses, net	17	**(51,268)**	(17,088)
– transferred to inventory and subsequently recognised in income statement	17	**20,878**	8,107
– deferred income tax effect	15 & 17	**5,014**	1,482
– forward foreign currency exchange contracts			
– fair value (losses) / gains, net	17	**(67,676)**	175,868
– transferred to income statement	17	**(38,978)**	(17,104)
– deferred income tax effect	15 & 17	**19,053**	(23,790)
– net investment hedge			
– fair value (losses) / gains, net	17	**(13,422)**	61,693
Currency translations of subsidiaries and associates		**873**	(103,858)
Total items that will be recycled to profit and loss		**(125,526)**	85,310
Other comprehensive (expenses) / income for the year, net of tax		**(122,760)**	71,242
Total comprehensive income for the year, net of tax		**59,987**	291,054
Total comprehensive income attributable to:			
Shareholders		**52,169**	281,659
Non-controlling interests			
Share of profits for the year		**10,087**	8,918
Currency translations		**(2,269)**	477
		59,987	291,054

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Note	Attributable to shareholders of JEHL					
		Share capital 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 2015		(55,401)	138,937	1,778,782	1,862,318	38,594	1,900,912
Profit for the year		-	-	172,660	172,660	10,087	182,747
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value losses, net	17	-	(51,268)	-	(51,268)	-	(51,268)
– transferred to inventory and subsequently recognised in income statement	17	-	20,878	-	20,878	-	20,878
– deferred income tax effect	15 & 17	-	5,014	-	5,014	-	5,014
– forward foreign currency exchange contracts							
– fair value losses, net	17	-	(67,676)	-	(67,676)	-	(67,676)
– transferred to income statement	17	-	(38,978)	-	(38,978)	-	(38,978)
– deferred income tax effect	15 & 17	-	19,053	-	19,053	-	19,053
– net investment hedge							
– fair value losses, net	17	-	(13,422)	-	(13,422)	-	(13,422)
Defined benefit plans							
– remeasurements	14 & 17	-	-	1,932	1,932	-	1,932
– deferred income tax effect	15 & 17	-	-	753	753	-	753
Long service payment							
– remeasurements	14 & 17	-	-	98	98	-	98
– deferred income tax effect	15 & 17	-	-	(17)	(17)	-	(17)
Investment property							
– revaluation surplus realised upon disposal	17	-	(108)	108	-	-	-
Currency translations of subsidiaries and associates	17	-	3,142	-	3,142	(2,269)	873
Total comprehensive income / (expenses) for FY2015/16		-	(123,365)	175,534	52,169	7,818	59,987
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	17	-	4,476	(4,476)	-	-	-
Cancellation of issued capital	16 & 17	(11)	(5,224)	-	(5,235)	-	(5,235)
Incentive share schemes							
– shares vested	16 & 17	7,646	(7,646)	-	-	-	-
– value of employee services	17 & 26	-	9,734	-	9,734	-	9,734
– purchase of shares	16	(22,014)	-	-	(22,014)	-	(22,014)
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	(4,238)	(4,238)
FY2014/15 final dividend paid	17	-	-	(37,802)	(37,802)	-	(37,802)
FY2015/16 interim dividend paid	17	-	-	(16,592)	(16,592)	-	(16,592)
Total transactions with shareholders		(14,379)	1,340	(58,870)	(71,909)	(4,238)	(76,147)
As of 31 March 2016		**(69,780)** **	**16,912**	**1,895,446**	**1,842,578**	**42,174**	**1,884,752**

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

** The total of US$(69.8) million is comprised by share capital of US$5.7 million and shares held for incentive share schemes of US$(75.5) million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Attributable to shareholders of JEHL					
		Share capital 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	17	-	(17,088)	-	(17,088)	-	(17,088)
– transferred to inventory and subsequently recognised in income statement	17	-	8,107	-	8,107	-	8,107
– deferred income tax effect	15 & 17	-	1,482	-	1,482	-	1,482
– forward foreign currency exchange contracts							
– fair value gains, net	17	-	175,868	-	175,868	-	175,868
– transferred to income statement	17	-	(17,104)	-	(17,104)	-	(17,104)
– deferred income tax effect	15 & 17	-	(23,790)	-	(23,790)	-	(23,790)
– net investment hedge							
– fair value gains, net	17	-	61,693	-	61,693	-	61,693
Defined benefit plans							
– remeasurements	14 & 17	-	-	(15,812)	(15,812)	-	(15,812)
– deferred income tax effect	15 & 17	-	-	1,553	1,553	-	1,553
Long service payment							
– remeasurements	14 & 17	-	-	230	230	-	230
– deferred income tax effect	15 & 17	-	-	(39)	(39)	-	(39)
Investment property							
– revaluation surplus realised upon disposal	17	-	(14)	14	-	-	-
Currency translations of subsidiaries and associate	17	-	(104,335)	-	(104,335)	477	(103,858)
Total comprehensive income for FY2014/15		-	84,819	196,840	281,659	9,395	291,054
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	17	-	4,224	(4,224)	-	-	-
Convertible bonds							
– equity component of convertible bonds issued	17	-	4,823	-	4,823	-	4,823
– deferred income tax effect	15 & 17	-	(3,868)	-	(3,868)	-	(3,868)
Cancellation of issued capital	16 & 17	(24,069)	(30,926)	-	(54,995)	-	(54,995)
Incentive share schemes							
– shares vested	16 & 17	3,889	(3,889)	-	-	-	-
– value of employee services	17 & 26	-	7,413	-	7,413	-	7,413
– purchase of shares	16	(50,726)	-	-	(50,726)	-	(50,726)
Share options							
– options lapsed	17	-	(68)	68	-	-	-
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	(4,820)	(4,820)
FY2013/14 final dividend paid	17	-	-	(38,765)	(38,765)	-	(38,765)
FY2014/15 interim dividend paid	17	-	-	(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 taxes), 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 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	26	**321,869**	335,520
Other non-cash items and adjustments	26	**4,870**	(1,546)
Change in working capital	26	**(46,352)**	(21,076)
Cash generated from operations	26	**280,387**	312,898
Interest paid		**(4,373)**	(2,583)
Income taxes paid		**(34,635)**	(43,172)
Net cash generated from operating activities		**241,379**	267,143
Investing activities			
Purchase of property, plant and equipment and capitalised expenditure of investment property, net of subsidies		**(186,239)**	(119,875)
Proceeds from disposal of property, plant and equipment and investment property	26	**15,640**	812
Capitalisation of engineering development costs	5	**(6,144)**	(6,269)
Finance income received		**6,236**	13,998
		(170,507)	(111,334)
Business combination *	27	**(671,184)**	(9,203)
Increase in pledged deposits		**(9,119)** **	-
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		**179**	4,373
Net cash used in investing activities		**(850,631)**	(119,706)

* On 27 October 2015, the Group acquired the Stackpole International group of companies ("Stackpole International"). In FY2015/16, cash consideration net of cash in subsidiaries acquired in relation to this acquisition amounted to US$657.2 million. In addition, US$12.7 million acquisition transaction costs (US$11.1 million current year charges and US$1.6 million prepaid) has been paid. For details, please refer to Note 27.

During the year, the Group also spent US$1.3 million related to the acquisition of AML Systems.

In FY2014/15, the Group paid US$9.2 million to insource a sales agency in the UK.

** Pledged deposits of US$9.1 million relate to cash collateral for letters of credit issued in favour of the landlord to secure the interests of Stackpole International under a pre-existing lease agreement for premises in Canada.

	Note	2016 US$'000		2015 US$'000
Financing activities				
Purchase of shares for cancellation of issued capital	16	**(5,235)**		(54,995)
Purchase of shares held for incentive share schemes	16	**(22,014)**		(50,726)
Proceeds from bank borrowings		**72,680**	(a)	-
Proceeds from loan from International Finance Corporation ("IFC"), net of transaction costs		**74,173**	(a)	-
Proceeds from issuance of convertible bonds, net of transaction costs		**-**		197,300
Repayments of bank borrowings		**(22,484)**	(b)	(10,751)
Repayments of finance leases		**(9,874)**	(b)	-
Dividends paid to shareholders		**(54,394)**		(54,287)
Dividends paid to non-controlling interests		**(4,238)**		(4,820)
Net cash generated from financing activities		**28,614**		21,721
Net (decrease) / increase in cash and cash equivalents		**(580,638)**		169,158
Cash and cash equivalents at beginning of the year		**773,172**		643,986
Currency translations on cash and cash equivalents		**791**		(39,972)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**193,325**		773,172

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

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Convertible bonds US$'000	Finance lease liability US$'000	Total US$'000	
As of 31 March 2015	65,816	28,214	197,345	3,710	295,085	
Currency translations	1,718	23	-	(129)	1,612	
Cash flows						
– inflow from financing activities	45,484	101,369	-	-	146,853	(a)
– outflow from financing activities	(22,484)	-	-	(9,874)	(32,358)	(b)
– outflow from operating activities	-	-	(2,000)	-	(2,000)	
Non-cash changes						
– business combination	-	-	-	12,427	12,427	
– finance costs	-	-	7,042	339	7,381	
– reclassification	7,900	(7,900)	-	-	-	
As of 31 March 2016	98,434	121,706	202,387	6,473	429,000	

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 has been approved for issue by the Board of Directors on 17 May 2016. They have been prepared in accordance with all applicable 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.

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:

	2016 **US$'000**	2015 US$'000
Operating profit presented to management	**178,749**	224,866
Other income and gains, net (Note 18)	**28,454**	17,918
Operating profit per consolidated income statement	**207,203**	242,784

Sales from external customers by business unit was as follows:

	2016 **US$'000**	2015 US$'000
Automotive Products Group ("APG")	**1,423,196**	1,457,448
Industry Products Group ("IPG")	**630,968**	678,604
Acquired business	**181,781**	-
	2,235,945	2,136,052

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 22% of the total sales of the Group for FY2015/16 (FY2014/15: 25%).

2. SEGMENT INFORMATION *(Cont'd)*

Sales by geography

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

	2016 US$'000	2015 US$'000
Europe *	**870,597**	891,355
People's Republic of China ("PRC")	**557,131**	582,303
North America	**602,004**	447,172
Asia (excluding PRC)	**177,209**	178,759
South America	**22,987**	32,567
Others	**6,017**	3,896
	2,235,945	2,136,052

* Included in Europe are sales to external customers in Germany of US$218.3 million for FY2015/16 (FY2014/15: US$247.6 million).

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

Segment assets

For FY2015/16, the additions to non-current assets (other than deferred tax assets, other financial assets and defined benefit pension plan assets) were US$212.4 million (FY2014/15: US$139.3 million) excluding the additions from acquisition.

As of 31 March 2016, excluding goodwill, the total of non-current assets (other than deferred tax assets, other financial assets and defined benefit pension plan assets) located in HK/PRC was US$415.2 million (31 March 2015: US$364.7 million) and the total of these non-current assets located in other countries was US$791.9 million (31 March 2015: US$303.8 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 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
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	(8,003)	-	-	-	-	(8,003)
Disposals	(220)	(236)	-	(663)	(114)	(1,233)
Provision for impairment (Note 21 & 26)	-	(84)	-	(598)	(4)	(686)
Depreciation (Note 21)	(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.

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
FY2015/16						
As of 31 March 2015	88,231	156,464	64,416	57,216	44,251	410,578
Currency translations	4	(3,672)	643	(1,832)	(618)	(5,475)
Business combination (Note 27)	9,999	105,821	32,733	2,948	1,456	152,957
Additions	10,347	32,874	135,976	12,847	4,676	196,720
Transfer	8,516	51,895	(80,459)	13,994	6,054	-
Disposals	(315)	(490)	-	(220)	(95)	(1,120)
Reversal of / (provision for) impairment (Note 21 & 26)	3,481**	(336)	(129)	(1,659)	(228)	1,129
Depreciation (Note 21)	(12,188)	(43,372)	-	(21,932)	(9,808)	(87,300)
As of 31 March 2016	**108,075**	**299,184**	**153,180**	**61,362**	**45,688**	**667,489**
As of 31 March 2016						
Cost	235,754	863,685	153,380	300,767	144,617	1,698,203
Accumulated depreciation and impairment	(127,679)	(564,501)	(200)	(239,405)	(98,929)	(1,030,714)
Net book amount	**108,075**	**299,184**	**153,180**	**61,362**	**45,688**	**667,489**

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

** Included a reversal of impairment of US$4.3 million made in previous year for a Group's property in Europe based on the latest market valuation.

Freehold land is located in Europe, North America and South America.

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 12 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

	2016 US$'000	2015 US$'000
At beginning of the year	**82,035**	68,371
Currency translations	**(387)**	77
Fair value gains (Note 18 & 26)	**10,205**	10,749
Capitalised expenditure	**90**	2,890
Disposals	**(413)**	(52)
At end of the year	**91,530**	82,035

The Group's investment property portfolio in HK/PRC was valued on an open market basis as of 31 March 2016. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

As of 31 March 2016, the Group's investment property portfolio has tenancies expiring in the period from December 2016 to May 2027 (31 March 2015: from July 2015 to May 2027).

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 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)
Business combination	-	-	-	-	9,203	-	9,203
Additions (Note 21)	-	-	6,269	-	-	-	6,269
Amortisation (Note 21 & 26)	-	(9,389)	(926)	(2,559)	(8,283)	(239)	(21,396)
Provision for impairment (Note 21 & 26)	-	-	(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
FY2015/16							
As of 31 March 2015	432,036	55,824	12,866	39,900	51,590	3,362	595,578
Currency translations	6,765	673	379	1,000	3,783	(167)	12,433
Business combination (Note 27)	253,527	30,372	-	39,943	173,335	-	497,177
Additions (Note 21)	-	-	6,144	-	-	-	6,144
Amortisation (Note 21 & 26)	-	(10,610)	(2,812)	(2,445)	(11,620)	(234)	(27,721)
Provision for impairment (Note 21 & 26)	-	-	-	-	-	(206)	(206)
As of 31 March 2016	**692,328**	**76,259**	**16,577**	**78,398**	**217,088**	**2,755**	**1,083,405** *
As of 31 March 2016							
Cost	692,328	171,677	28,192	104,032	290,089	4,579	1,290,897
Accumulated amortisation and impairment	-	(95,418)	(11,615)	(25,634)	(73,001)	(1,824)	(207,492)
Net book amount	**692,328**	**76,259**	**16,577**	**78,398**	**217,088**	**2,755**	**1,083,405**

* Total intangible assets by underlying currencies is shown on next page.

5. INTANGIBLE ASSETS *(Cont'd)*

Total intangible assets as of 31 March 2016 and 31 March 2015 are denominated in the following underlying currencies:

	USD equivalent	
	2016	2015
	US$'000	US$'000
In CAD	**503,463**	-
In CHF	**471,188**	487,726
In USD	**82,423**	82,204
In GBP	**10,976**	12,683
In EUR	**12,600**	9,603
In RMB	**2,755**	3,362
Total intangible assets	**1,083,405**	595,578

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 / indefinite
Client relationships	15 to 20 years
Land use rights	Shorter of remaining lease term or useful life

Impairment tests for brand with an indefinite useful life

As of 31 March 2016, the carrying amount of the brand name "Stackpole", considered to have an indefinite useful life, was US$40.9 million.

In accordance with the Group's accounting policy on asset impairment, the carrying amount of the brand was reviewed and tested for impairment as of 31 March 2016. The results of the review and test indicated that no impairment charge was necessary.

Impairment testing for the brand is based on its fair value less cost of sales. Key assumptions include the expected growth in revenue, royalty rate and discount rate.

5. INTANGIBLE ASSETS *(Cont'd)*

Impairment tests for goodwill

Goodwill of the Group is managed at segment level 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 segment assets to the carrying amount of those assets as of the balance sheet date.

For the years ended 31 March 2016 and 2015, 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 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 2021 and a 2% perpetual growth rate thereafter (FY2014/15: 6% and 2% respectively) and operating margin of 10% (FY2014/15: 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%) (FY2014/15: 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 ASSOCIATES

	2016	2015
	US$'000	US$'000
At beginning of the year	**2,720**	2,202
Currency translations	**36**	32
Business combination (Note 27)	**33,914**	-
Share of associates' profit for the year	**2,613**	731
Dividends received	**(1,386)**	(245)
At end of the year	**37,897**	2,720

Set out below are the summarised financial information for the Group's associates, Halla Stackpole Corporation and Halla Stackpole Beijing Automotive Co. Ltd. (together "HALLA") and Shenzhen SMART Micromotor Co Ltd ("SMART"), which are accounted for using the equity method.

	2016			2015	
	HALLA	SMART	**Group**	SMART	Group
	US$'000	US$'000	**US$'000**	US$'000	US$'000
Non-current assets	69,091	521	**69,612**	720	720
Current assets	76,342	6,560	**82,902**	6,416	6,416
Non-current liabilities	(30,042)	-	**(30,042)**	-	-
Current liabilities	(21,981)	(1,670)	**(23,651)**	(1,586)	(1,586)
Net assets	93,410	5,411	**98,821**	5,550	5,550
Sales	61,586	9,864	**71,450**	11,033	11,033
Expenses	(55,260)	(8,404)	**(63,664)**	(9,541)	(9,541)
Net profit	6,326	1,460	**7,786**	1,492	1,492

7. OTHER FINANCIAL ASSETS AND LIABILITIES

	2016			2015		
	Assets US$'000	**(Liabilities) US$'000**	**Net US$'000**	Assets US$'000	(Liabilities) US$'000	Net US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	**1,164**	**(47,422)**	**(46,258)**	3,306	(21,794)	(18,488)
– forward foreign currency exchange contracts (Note a (ii))	**142,881**	**(92,729)**	**50,152**	221,648	(64,923)	156,725
Net investment hedge (Note b)						
– forward foreign currency exchange contracts to hedge European subsidiaries	**23,384**	**-**	**23,384**	48,616	-	48,616
– cross currency interest rate swaps	**-**	**(2,203)**	**(2,203)**	1,541	-	1,541
Fair value hedge (Note c)						
– forward foreign currency exchange contracts to hedge EUR cash balance	**7,825**	**-**	**7,825**	-	-	-
Held for trading (Note d)	**156**	**(645)**	**(489)**	19	(3)	16
Others	**116**	**(120)**	**(4)**	124	-	124
Total (Note e)	**175,526**	**(143,119)**	**32,407**	275,254	(86,720)	188,534
Current portion	**38,434**	**(31,271)**	**7,163**	60,072	(14,531)	45,541
Non-current portion	**137,092**	**(111,848)**	**25,244**	215,182	(72,189)	142,993
Total	**175,526**	**(143,119)**	**32,407**	275,254	(86,720)	188,534

Note:

(a) Cash flow hedge

(i) Raw material commodity contracts

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

As of 31 March 2016, the Group had the following outstanding raw material commodity contracts:

	Notional amount	Settlement value (US$ million)	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market rate (US$)	Remaining maturities range (months)	Liabilities, net carrying value (US$'000)
Cash flow hedge contracts							
Copper commodity	47,225 metric ton	274.0	5,802	4,856	4,865	1 - 72	(44,247)
Silver commodity	780,000 oz	14.1	18.05	15.38	15.69	1 - 48	(1,838)
Aluminium commodity	1,325 metric ton	2.2	1,667	1,492	1,536	1 - 19	(173)
Total							(46,258)

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

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

(ii) Forward foreign currency exchange contracts

The EUR, HUF, PLN, ILS, HKD, JPY, CHF, CAD, 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 foreign currency exchange contracts. The Group incurs majority of its operating expenses (including conversion costs) in domestic currencies in China, Hungary, Poland, Switzerland, Israel, Mexico and Hong Kong, hence, it entered into forward foreign currency exchange 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).

During the year, the Group acquired the Stackpole International group of companies. The Group entered into CAD forward foreign currency exchange contracts to hedge the consideration settled in CAD. Exchange losses of amount US$9.5 million was adjusted to the consideration upon completion of the acquisition. After the acquisition, the Group entered into sell CAD forward foreign currency exchange contract to hedge the material purchase in USD for its operations in Canada.

As of 31 March 2016, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts								
Sell EUR forward	USD	EUR 630.5	1.41	1.13	1.20	1 - 69	887.0	130,942
Buy HUF forward	EUR	HUF 39,619.5	335.32	314.94	324.83	1 - 58	134.0	4,324
Buy PLN forward	EUR	PLN 345.4	4.52	4.27	4.42	1 - 60	86.7	1,980
Buy ILS forward	USD	ILS 17.0	3.95	3.78	3.75	1 - 12	4.3	232
Buy HKD forward	USD	HKD 47.4	7.90	7.75	7.76	10 - 15	6.0	107
Sell JPY forward	USD	JPY 651.0	113.52	112.49	110.31	1 - 30	5.7	(166)
Buy CHF forward	EUR	CHF 102.0	1.07	1.09	1.09	1 - 20	108.2	(1,908)
Sell CAD forward	USD	CAD 97.3	1.35	1.30	1.29	1 - 12	72.0	(3,179)
Buy MXN forward	USD	MXN 1,814.5	16.16	17.23	19.00	1 - 72	112.3	(16,766)
Buy RMB forward	USD	RMB 10,500.1	6.59	6.48	6.87	1 - 69	1,593.3	(65,414)
Total								50,152

* 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.

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

(b) Net investment hedge

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

As of 31 March 2016, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Net investment hedge contracts								
Sell EUR forward	USD	EUR 111.0	1.40	1.13	1.19	21 - 45	155.9	23,384
Cross currency interest rate swaps (sell EUR, buy USD)	USD	EUR 68.0	1.10	1.13	1.14	61	75.0	(2,203)

* 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.

In April 2016, the Group entered a new cross currency interest rate swap contract to hedge the EUR currency exposure of its investments in Europe. The notional value of the contract is US$30 million and will be settled by EUR26.6 million in January 2022.

(c) Fair value hedge

The EUR forward foreign currency exchange contracts as per the table below are designated as fair value hedge to hedge the EUR bank balance. Gains and losses were recognised in the income statement.

As of 31 March 2016, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets, net carrying value (US$'000)
Fair value hedge contracts								
Sell EUR forward	USD	EUR 38.0	1.36	1.13	1.15	9	51.6	7,825

* 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.

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

(d) Held for trading

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

As of 31 March 2016, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	(Liabilities), net carrying value (US$'000)
Held for trading contracts								
Buy INR forward	USD	INR 1,440.3	75.55	66.36	77.53	1 - 59	19.1	(489)

* 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.

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

(f) The net gain from raw material commodity and foreign currency exchange hedge contracts recognised in the income statement in FY2015/16 was US$20.5 million (FY2014/15: net gain of US$9.0 million).

(g) 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 2016 would result in approximately US$145 million cash flow benefit (31 March 2015: US$354 million).

8. INVENTORIES

	2016 US$'000	2015 US$'000
Raw materials	**124,499**	89,842
Finished goods	**146,193**	132,187
	270,692	222,029

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

	2016 **US$'000**	2015 US$'000
Trade receivables – gross	**447,370**	352,608
Less: impairment of trade receivables	**(2,073)**	(2,751)
Trade receivables – net	**445,297**	349,857
Prepayments and other receivables	**96,937**	65,036
	542,234	414,893

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

Ageing of gross trade receivables

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

	2016 **US$'000**	2015 US$'000
1 – 30 days	**325,892**	190,873
31 – 90 days	**98,879**	139,491
Over 90 days	**22,599**	22,244
Total	**447,370**	352,608

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

	2016 **US$'000**	2015 US$'000
Current	**429,593**	341,077
1 – 30 days overdue	**12,452**	7,606
31 – 90 days overdue	**3,622**	1,643
Over 90 days overdue	**1,703**	2,282
Total	**447,370**	352,608

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

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:

	2016 US$'000	2015 US$'000
USD	**161,486**	148,251
EUR	**132,937**	114,665
RMB	**96,999**	80,209
CAD	**43,492**	-
Others	**12,456**	9,483
Total	**447,370**	352,608

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 2016, trade receivables of US$15.7 million (31 March 2015: US$8.8 million) were overdue but not impaired. Management assessed the credit quality of this US$15.7 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:

	2016 US$'000	2015 US$'000
1 – 30 days overdue	**12,011**	6,891
31 – 90 days overdue	**3,548**	1,239
Over 90 days overdue	**145**	650
Total	**15,704**	8,780

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

Impairment of trade receivables

Movements on the impairment of trade receivables were as follows:

	2016 US$'000	2015 US$'000
At beginning of the year	2,751	9,186
Currency translations	144	(558)
Receivables written off during the year as uncollectible	(272)	(6,984) *
(Write back) for impairment / impairment of trade receivables / bad debt expense (Note 21)	(550)	1,107
At end of the year	2,073	2,751

* This write off 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. CASH AND DEPOSITS AND PLEDGED DEPOSITS

	2016 US$'000	2015 US$'000
Cash at bank and in hand	174,268	174,883
Short term bank deposits	19,057	598,289
Total cash and deposits	193,325	773,172
Pledged deposits	9,119	-

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

	2016 US$'000	2015 US$'000
EUR	98,331	59,710
RMB	42,721	269,762
CAD	28,329	-
USD	8,954	381,957
Others	24,109	61,743
Total	202,444	773,172

11. TRADE PAYABLES

	2016 **US$'000**	2015 US$'000
Trade payables	**250,240**	206,161

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:

	2016 **US$'000**	2015 US$'000
0 – 60 days	**178,212**	152,839
61 – 90 days	**47,378**	38,984
Over 90 days	**24,650**	14,338
Total	**250,240**	206,161

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

	2016 **US$'000**	2015 US$'000
RMB	**98,778**	87,378
USD	**74,333**	55,549
EUR	**47,008**	37,987
HKD	**22,913**	20,824
CAD	**3,925**	-
Others	**3,283**	4,423
Total	**250,240**	206,161

12. BORROWINGS

	2016 US$'000	2015 US$'000
Loans based on trade receivables (Note (a))	**62,376**	90,432
Loan from International Finance Corporation ("IFC") (Note (b))	**74,173**	-
Other borrowings – Non-current	**35,333**	714
– Current	**48,258**	2,884
Total borrowings	**220,140**	94,030
Current borrowings	**98,434**	65,816
Non-current borrowings	**121,706**	28,214

Note:

(a) Subsidiary companies have borrowed US$62.4 million in the USA, Europe and Hong Kong as of 31 March 2016 (31 March 2015: US$90.4 million) based on trade receivables. These loans are placed such that the interest expense will match the geography of the operating income as follows:

- Unsecured borrowings in the USA of US$27.5 million, with a covenant that trade receivables shall not be pledged to any parties (31 March 2015: US$27.5 million).
- Borrowings in Europe of US$22.7 million (EUR20.0 million) (31 March 2015: US$43.3 million (EUR40.0 million)), which are secured by trade receivables and require an over-collateralisation level of 20% of the amount loaned (US$27.2 million as of 31 March 2016 and US$52.0 million as of 31 March 2015).
- Unsecured borrowings in Hong Kong of US$12.2 million with a covenant that trade receivables shall not be pledged to any parties (31 March 2015: US$19.6 million).

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

12. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Other loans	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
Less than 1 year	**98,020**	65,432	**414**	384
1 – 2 years	**5,000**	27,500	**164**	396
2 – 5 years	**42,200**	-	**29,638**	318
Over 5 years	**-**	-	**44,704**	-
	145,220	92,932	**74,920**	1,098

As of 31 March 2016, the interest rate charged on outstanding balances ranged from 0.6% to 4.3% per annum (31 March 2015: 0.6% to 3.2% per annum) and the weighted average effective interest rate of the borrowings was approximately 1.8% (31 March 2015: 0.7%). Interest expense is disclosed in Note 20.

As of 31 March 2016, borrowings of subsidiary companies amounting to US$145.2 million (31 March 2015: US$92.9 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 2016 and expects to remain compliant in future periods.

Moody's Investors Service awarded Johnson Electric a "Baa1" investment grade rating with stable outlook in May 2015. Also, Standard & Poor's (S&P) Ratings Services awarded Johnson Electric a "BBB" investment grade rating with stable outlook in December 2014. As of 31 March 2016, the Group maintained investment grade ratings from both agencies.

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

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

	2016 US$'000	2015 US$'000
USD	**165,874**	49,600
RMB	**30,844**	-
EUR	**23,422**	44,430
Total borrowings	**220,140**	94,030

13. CONVERTIBLE BONDS

	2016 US$'000	2015 US$'000
Convertible Bonds (Liability component)	**202,387**	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%.

During the year, the funds raised by this bond issue were utilised for the acquisition of Stackpole International.

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 2016.

With effect from 16 July 2015, the conversion price was adjusted to HK$39.78 per share as a result of the final dividend for FY2014/15. The conversion price was not adjusted for the interim dividend for FY2015/16 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 2016. The fair values of convertible bonds are within level 2 of the fair value hierarchy.

14. 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, severance and others US$'000	Total US$'000
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 19)	2,980	9,632	(682)	-	5,040	16,970
Utilised	(5,744)	(5,240)	(491)	(908)	(4,757)	(17,140)
Remeasurements (Note 17) *	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
As of 31 March 2015	21,319	23,794	3,983	3,710	3,827	56,633
Currency translations	1,614	401	179	(129)	1	2,066
Business combination (Note 27)	(1,575)	485	-	12,427	-	11,337
Provisions (Note 19)	4,891	11,290	-	339	10,797	27,317
Utilised	(4,736)	(12,318)	(250)	(9,874)	(5,272)	(32,450)
Remeasurements (Note 17) *	(1,932)	-	-	-	(98)	(2,030)
As of 31 March 2016	**19,581** **	**23,652**	**3,912**	**6,473**	**9,255**	**62,873**
Provision obligations and other liabilities:						
Current portion	-	18,054	3,912	1,239	5,828	29,033
Non-current portion	27,991	5,598	-	5,234	3,427	42,250
Defined benefit pension plan assets:						
Non-current portion	(8,410)	-	-	-	-	(8,410)
As of 31 March 2016	**19,581**	**23,652**	**3,912**	**6,473**	**9,255**	**62,873**

* Remeasurements represent actuarial gains and losses.

** The retirement benefit obligations were mainly denominated in CHF, GBP, EUR and CAD as of 31 March 2016. These retirement benefit obligations of US$19.6 million (31 March 2015: US$21.3 million) comprised gross present value of obligations of US$149.7 million (31 March 2015: US$184.0 million) less fair value of plan assets of US$130.1 million (31 March 2015: US$162.7 million).

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

14.1 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:

	2016 US$'000	2015 US$'000
Present value of obligations that are funded	**135,728**	169,635
Present value of obligations that are unfunded	**14,006**	14,415
Gross present value of obligations	**149,734**	184,050
Less : Fair value of plan (assets)	**(130,153)**	(162,731)
Total retirement benefit obligations - net liability	**19,581**	21,319
Represented by:		
Defined benefit pension plan (assets)	**(8,410)**	(7,156)
Provisions obligations and other liabilities	**27,991**	28,475

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

14.1 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 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 21)	7,339	(4,359)	2,980
Remeasurements:			
– Gains from change in demographic assumptions	(681)	-	(681)
– Losses 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 17)	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

	Present value of obligations US$'000	Fair value of plan (assets) US$'000	Total net liability US$'000
As of 31 March 2015	184,050	(162,731)	21,319
Current service cost	4,471	-	4,471
Interest cost / (income)	2,637	(3,111)	(474)
Past service cost	894	-	894
Net cost / (income) to the income statement (Note 21)	8,002	(3,111)	4,891
Remeasurements:			
– Gains from change in demographic assumptions	(2,065)	-	(2,065)
– Losses / (gains) from change in financial assumptions	124	(206)	(82)
– Experience (gains) / losses	(9,454)	9	(9,445)
– Return on plan assets, excluding amounts included in interest income	-	9,660	9,660
(Gains) / losses recognised in equity (Note 17)	(11,395)	9,463	(1,932)
Currency translations	532	1,082	1,614
Contributions by plan participants	2,694	(2,694)	-
Contributions by employer	-	(3,539)	(3,539)
Business combination (Note 27)	21,739	(23,314)	(1,575)
Benefits paid	(5,819)	4,622	(1,197)
Settlement	(50,069)	50,069	-
As of 31 March 2016	**149,734**	**(130,153)**	**19,581**

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

14.1 Retirement benefit obligations *(Cont'd)*

The principal actuarial assumptions used were as follows:

	2016 Percentage	2015 Percentage
Discount rate	**0.4% - 3.8%**	0.6% - 3.4%
Future pension growth rate	**0% - 3.2%**	0% - 3.3%

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 6.9%	Increase by 7.9%
Future pension growth rate - increase by 0.25%	Increase by 1.6%	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 decrease in the present value of funded defined benefit obligations due to remeasurement gains comprised the experience gains arising from the settlement to old pensioners for the pension plan in Switzerland, the gains from change in demographic assumptions, offset by a net loss from change in financial assumptions mainly due to change in discount rate as follow:

	2016 Percentage	2015 Percentage
Switzerland	**0.4%**	0.6%
United Kingdom	**3.8%**	3.4%
Germany	**1.9%**	1.7%

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

14.1 Retirement benefit obligations *(Cont'd)*

The weighted average duration of the defined benefit obligations is 18.8 years (31 March 2015: 16.7 years).

The expected maturity analysis of undiscounted pension benefits as of 31 March 2016 and 31 March 2015 was:

	2016 US$'000	2015 US$'000
Less than 1 year	3,985	6,300
1 – 2 years	3,864	6,460
2 – 5 years	12,377	20,009
Over 5 years	271,597	292,360
	291,823	325,129

Plan assets

Plan assets comprised the following:

	2016		2015	
	US$'000	Percentage	US$'000	Percentage
Quoted				
Equities				
Asia	4,416	3%	3,842	2%
Europe	15,949	12%	24,382	15%
Americas	22,268	17%	9,338	6%
Global	13,463	10%	24,547	15%
Bonds				
Europe	30,222	23%	53,340	33%
Americas	11,600	9%	1,060	1%
Global	10,053	8%	5,039	3%
Others				
Asia	-	0%	534	0%
Europe	7,390	6%	9,077	6%
Americas	-	0%	2,135	1%
Global	7,253	6%	-	0%
	122,614	94%	133,294	82%
Unquoted				
Property investment - Europe	7,255	6%	29,150	18%
Others - Europe	284	0%	287	0%
	7,539	6%	29,437	18%
	130,153	100%	162,731	100%

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

14.1 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 expects to make contributions of US$3.8 million to post-employment benefit plans for fiscal year FY2016/17 (FY2015/16: US$3.5 million).

14.2 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 2016 (31 March 2015: nil).

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 FY2015/16 was US$5.0 million (FY2014/15: US$4.8 million) as shown in Note 21.

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

14.3 Finance lease liability

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

	2016 US$'000	2015 US$'000
Cost – capitalised finance lease	**13,371**	10,658
Accumulated depreciation and impairment	**(8,917)**	(8,424)
Net book amount	**4,454**	2,234

Gross finance lease obligation – minimum lease payments:

	2016 US$'000	2015 US$'000
Less than 1 year	**1,831**	1,400
1 – 5 years	**3,378**	3,062
Over 5 years	**5,361**	-
	10,570	4,462
Future finance charges on the finance lease	**(4,097)**	(752)
Present value of the finance lease liability	**6,473**	3,710

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

	2016 US$'000	2015 US$'000
Less than 1 year	**1,239**	1,020
1 – 5 years	**2,016**	2,690
Over 5 years	**3,218**	-
	6,473	3,710

The addition in finance lease liability during the year is mainly due to the acquisition of Stackpole International.

The Group's finance leases expire over the period from May 2018 to September 2033.

15. 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 22.

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

	2016 US$'000	2015 US$'000
Deferred income tax assets	**48,650**	43,500
Deferred income tax liabilities	**(103,487)**	(69,821)
Deferred income tax liabilities, net	**(54,837)**	(26,321)

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

	2016 US$'000	2015 US$'000
Gross deferred income tax assets	**101,374**	70,375
Gross deferred income tax liabilities	**(156,211)**	(96,696)
Deferred income tax liabilities, net	**(54,837)**	(26,321)

15. 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	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000
Deferred income tax assets												
At beginning 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
Currency translations	**90**	(1,342)	**(111)**	(53)	**78**	(415)	**38**	-	**346**	(40)	**441**	(1,850)
Business combination	**373**	-	**2,213**	-	**2**	-	**297**	-	**12,847**	-	**15,732** *	-
Credited / (charged) to income statement	**(650)**	4,373	**1,267**	1,558	**2,552**	3,666	**(733)**	(241)	**1,644**	(1,044)	**4,080**	8,312
Credited / (charged) to equity	**-**	-	**-**	-	**-**	-	**10,874**	8,153	**(128)**	1,539	**10,746**	9,692
Assets at end of the year	**18,962**	19,149	**8,116**	4,747	**23,056**	20,424	**27,101**	16,625	**24,139**	9,430	**101,374**	70,375
Deferred income tax (liabilities)												
At beginning of the year	**(4,737)**	(6,180)	**(4,826)**	(5,432)	**-**	-	**(68,524)**	(47,262)	**(18,609)**	(11,448)	**(96,696)**	(70,322)
Currency translations	**(132)**	1,248	**(494)**	657	**-**	-	**(1,293)**	3,172	**(3)**	438	**(1,922)**	5,515
Business combination	**-**	-	**(17,890)**	-	**-**	-	**(57,722)**	-	**(574)**	-	**(76,186)** *	-
Credited / (charged) to income statement	**3,039**	195	**292**	(51)	**-**	-	**5,409**	6,027	**(4,204)**	(3,706)	**4,536**	2,465
Credited / (charged) to equity	**-**	-	**-**	-	**-**	-	**13,192**	(30,461)	**865**	(3,893)	**14,057**	(34,354)
(Liabilities) at end of the year	**(1,830)**	(4,737)	**(22,918)**	(4,826)	**-**	-	**(108,938)**	(68,524)	**(22,525)**	(18,609)	**(156,211)**	(96,696)
Deferred income tax assets / (liabilities), net	**17,132**	14,412	**(14,802)**	(79)	**23,056**	20,424	**(81,837)**	(51,899)	**1,614**	(9,179)	**(54,837)**	(26,321)

* Taking into consideration of offsetting of balances within the same tax jurisdiction, the deferred income tax assets and deferred income tax liabilities acquired from business combination were US$2.7 million and US$(63.2) million respectively. Details please see Note 27.

Deferred income tax liabilities of US$2.6 million (FY2014/15: US$0.6 million) have not been recognised in respect of the withholding or other tax payable on the unremitted profits of certain subsidiaries where JEHL controls the dividend policy and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

15. 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 tax losses that can be offset against future taxable profits to reduce future taxation charges. As of 31 March 2016, the Group's subsidiaries in USA, Canada, UK and Japan had accumulated net operating losses carried forward of US$48.5 million, US$4.8 million, US$3.8 million and US$3.6 million respectively (31 March 2015: US$48.2 million, US$2.4 million and US$4.2 million for subsidiaries in USA, UK 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.

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

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

	2016 US$'000	2015 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	**76,007**	49,729
Deferred income tax assets to be recovered within twelve months	**25,367**	20,646
Deferred income tax assets	**101,374**	70,375
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than twelve months	**(145,451)**	(79,050)
Deferred income tax liabilities to be settled within twelve months	**(10,760)**	(17,646)
Deferred income tax liabilities	**(156,211)**	(96,696)
Deferred income tax liabilities, net	**(54,837)**	(26,321)

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

	2016 US$'000	2015 US$'000
At beginning of the year, net (liability)	**(26,321)**	(16,101)
Currency translations	**(1,481)**	3,665
Business combination (Note 27)	**(60,454)**	-
Transfer to income statement (Note 22)	**8,616**	10,777
Credited / (charged) to equity	**24,803**	(24,662)
At end of the year, net (liability)	**(54,837)**	(26,321)

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

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

	2016 US$'000	2015 US$'000
Net fair value losses / (gains) of hedging instruments (Note 17)	**24,067**	(22,308)
Remeasurements of long service payment (Note 17)	**(17)**	(39)
Remeasurements of defined benefit plans (Note 17)	**753**	1,553
Equity component of convertible bonds issued (Note 17)	**-**	(3,868)
	24,803	(24,662)

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

The movement in the Group's unrecognised tax losses for FY2015/16 and FY2014/15 was presented below:

	2016 US$'000	2015 US$'000
At beginning of the year	**78,121**	112,127
Currency translations	**(187)**	(7,187)
Business combination	**31,560**	-
(Utilised / recognised) during the year	**(6,231)**	(15,695)
Addition / (reduction) for tax positions of prior years	**1,793**	(6,346)
Liquidation and other reductions	**-**	(4,778)
At end of the year	**105,056**	78,121

Deferred income tax assets in respect of tax losses amounting to US$105.1 million (FY2014/15: US$78.1 million) have not been recognised primarily due to the uncertainty on availability of future profit generation or temporary differences in the legal entities where such losses were incurred.

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

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

	2016 US$'000	2015 US$'000
Less than 1 year	**11**	57
1 – 2 years	**4,808**	53
2 – 5 years	**25,563**	15,757
5 – 20 years	**45,038**	26,002
Unlimited	**29,636**	36,252
	105,056	78,121

Deferred income tax assets have not been recognised with respect to other deductible temporary differences amounting to US$1.9 million (FY2014/15: US$2.3 million) for which no taxable profit or temporary differences will be available to offset the deductible temporary difference.

16. SHARE CAPITAL

Number of shares (thousands)	Share capital - ordinary shares (at par value)	Shares held for the incentive share schemes (at purchase cost)	Total
As of 31 March 2014 *	894,799	(6,968)	887,831
Repurchase and cancellation of issued capital	(14,257)	-	(14,257)
Shares purchased by trustee for the incentive share schemes	-	(13,749)	(13,749)
Shares vested to Directors and employees for the incentive share schemes	-	1,609	1,609
As of 31 March 2015	880,542	(19,108)	861,434
Repurchase and cancellation of issued capital	(1,697)	-	(1,697)
Shares purchased by trustee for the incentive share schemes	-	(6,495)	(6,495)
Shares vested to Directors and employees for the incentive share schemes	-	2,527	2,527
As of 31 March 2016	**878,845**	**(23,076)**	**855,769**

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

16. SHARE CAPITAL *(Cont'd)*

As of 31 March 2016, the total authorised number of ordinary shares was 1,760.0 million (31 March 2015: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2015: HK$0.05 per share). All issued shares were fully paid.

	Share capital - ordinary shares (at par value) US$'000	Shares held for the incentive share schemes (at purchase cost) US$'000	Share premium US$'000	Total US$'000	
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 incentive share schemes	-	(50,726)	-	(50,726)	
Shares vested to Directors and employees for the incentive share schemes (Note 17)	-	3,540	349	3,889	
As of 31 March 2015	5,681	(61,082)	-	(55,401)	
Repurchase and cancellation of issued capital	(11)	-	-	(11)	*
Shares purchased by trustee for the incentive share schemes	-	(22,014)	-	(22,014)	
Shares vested to Directors and employees for the incentive share schemes (Note 17)	-	7,646	-	7,646	
As of 31 March 2016	**5,670**	**(75,450)**	**-**	**(69,780)**	

The total repurchase and cancellation of issued capital as shown in the "Consolidated Statement of Changes in Equity" on pages 58 to 59 was recorded as a reduction in equity in two parts as follows:

	2016 US$'000	2015 US$'000
Share capital *	11	24,069
Other reserves	5,224	30,926
Total cost	5,235	54,995

16. 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 9 July 2015 empowering the Board to repurchase shares up to 10% (88.1 million shares) of the aggregate nominal amount of the issued share capital of JEHL. This mandate which had also existed in the previous year was extended to the next 12 month period. 1.7 million shares were purchased in FY2015/16, for cancellation, at a total cost of US$5.2 million (HK$40.7 million) including brokerage and cancellation fees (FY2014/15: 14.3 million shares after taking into account the effect of the Share Consolidation at a total cost of US$55.0 million (HK$426.4 million)).

Incentive share schemes

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

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

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

16. SHARE CAPITAL *(Cont'd)*

The three-year cumulative goal for earnings per share for the fiscal years of 2015/2016 through 2017/2018 is 77 US cents per share.

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

JEHL makes 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 units granted were as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31 March 2014 *	3,624	4,300	7,924
Units granted to Directors and employees during the year	1,828	2,267	4,095
Units vested to Directors and employees during the year	(794)	(815)	(1,609)
Forfeited during the year	(140)	(222)	(362)
Unvested units granted, as of 31 March 2015	4,518	5,530	10,048
Units granted to Directors and employees during the year	2,487	2,312	4,799
Units vested to Directors and employees during the year	(1,275)	(1,252)	(2,527)
Forfeited during the year	(122)	(113)	(235)
Unvested units granted, as of 31 March 2016	**5,608**	**6,477**	**12,085**

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

The weighted average fair value of the unvested units granted during the year was HK$28.02 (US$3.59).

16. SHARE CAPITAL *(Cont'd)*

As of 31 March 2016, the number of unvested units under both the Share Scheme and the Stock Unit Plan on a combined basis was as follows:

Vesting year *	Number of unvested units granted (thousands) Restricted Stock Units	Performance Stock Units	Total
FY2016/17	1,334	2,030	3,364
FY2017/18	1,398	2,153	3,551
FY2018/19	2,551	2,294	4,845
FY2019/20	325	-	325
Total unvested units granted	**5,608**	**6,477**	**12,085**

* Shares are typically vested on 1 June of the year

17. RESERVES

	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 2015	23,477	(233,885)	169,473	13,926	114,837	51,109	1,778,782	1,917,719
Hedging instruments								
– raw material commodity contracts								
– fair value losses, net	-	-	-	-	(51,268)	-	-	(51,268)
– transferred to inventory and subsequently recognised in income statement	-	-	-	-	20,878	-	-	20,878
– deferred income tax effect (Note 15)	-	-	-	-	5,014	-	-	5,014
– forward foreign currency exchange contracts								
– fair value losses, net	-	-	-	-	(67,676)	-	-	(67,676)
– transferred to income statement	-	-	-	-	(38,978)	-	-	(38,978)
– deferred income tax effect (Note 15)	-	-	-	-	19,053	-	-	19,053
– net investment hedge								
– fair value losses, net	-	-	(13,422)	-	-	-	-	(13,422)
Defined benefit plans								
– remeasurements (Note 14)	-	-	-	-	-	-	1,932	1,932
– deferred income tax effect (Note 15)	-	-	-	-	-	-	753	753
Long service payment								
– remeasurements (Note 14)	-	-	-	-	-	-	98	98
– deferred income tax effect (Note 15)	-	-	-	-	-	-	(17)	(17)
Investment property								
– revaluation surplus realised upon disposal	-	-	-	-	-	(108)	108	-
Currency translations of subsidiaries and associates	-	-	2,997	-	145	-	-	3,142
Net income / (expenses) recognised directly in equity	-	-	(10,425)	-	(112,832)	(108)	2,874	(120,491)
Profit for the year	-	-	-	-	-	-	172,660	172,660
Total comprehensive income / (expenses) for the year	-	-	(10,425)	-	(112,832)	(108)	175,534	52,169
Appropriation of retained earnings to statutory reserve	-	-	-	-	-	4,476	(4,476)	-
Cancellation of issued capital (Note 16)	(5,224)	-	-	-	-	-	-	(5,224)
Incentive share schemes								
– shares vested (Note 16)	(1,502)	-	-	(6,144)	-	-	-	(7,646)
– value of employee services (Note 26)	-	-	-	9,734	-	-	-	9,734
FY2014/15 final dividend paid	-	-	-	-	-	-	(37,802)	(37,802)
FY2015/16 interim dividend paid	-	-	-	-	-	-	(16,592)	(16,592)
	(6,726)	-	(10,425)	3,590	(112,832)	4,368	116,664	(5,361)
As of 31 March 2016	**16,751**	**(233,885)**	**159,048**	**17,516**	**2,005**	**55,477**	**1,895,446**	**1,912,358**
Final dividend proposed (Note 24)	-	-	-	-	-	-	37,525	37,525
Other	16,751	(233,885)	159,048	17,516	2,005	55,477	1,857,921	1,874,833
As of 31 March 2016	**16,751**	**(233,885)**	**159,048**	**17,516**	**2,005**	**55,477**	**1,895,446**	**1,912,358**

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

17. 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 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 15)	-	-	-	-	-	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 15)	-	-	-	-	-	(23,790)	-	-	(23,790)
– net investment hedge									
– fair value gains, net	-	-	-	54,037	-	7,656	-	-	61,693
Defined benefit plans									
– remeasurements (Note 14)	-	-	-	-	-	-	-	(15,812)	(15,812)
– deferred income tax effect (Note 15)	-	-	-	-	-	-	-	1,553	1,553
Long service payment									
– remeasurements (Note 14)	-	-	-	-	-	-	-	230	230
– deferred income tax effect (Note 15)	-	-	-	-	-	-	-	(39)	(39)
Investment property									
– revaluation surplus realised upon disposal	-	-	-	-	-	-	(14)	14	-
Currency translations of subsidiaries and associate	-	-	-	(104,419)	-	84	-	-	(104,335)
Net income / (expenses) recognised directly in equity	-	-	-	(50,382)	-	135,215	(14)	(14,054)	70,765
Profit for the year	-	-	-	-	-	-	-	210,894	210,894
Total comprehensive income / (expenses) 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	-	-	-	-	-	-	4,823	-	4,823
– deferred income tax effect (Note 15)	-	-	-	-	-	-	(3,868)	-	(3,868)
Cancellation of issued capital (Note 16)	(15,499)	(15,427)	-	-	-	-	-	-	(30,926)
Incentive share schemes									
– shares vested (Note 16)	-	-	-	-	(3,889)	-	-	-	(3,889)
– value of employee services (Note 26)	-	-	-	-	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 24)	-	-	-	-	-	-	-	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. OTHER INCOME AND GAINS, NET

	2016 US$'000	2015 US$'000
Gross rental income from investment property	3,771	4,192
Gains / (losses) on investments, net	105	(120)
Gains / (losses) on disposal of property, plant and equipment and investment property (Note 26)	5,949	(473)
Fair value gains on investment property (Note 4 & 26)	10,205	10,749
Fair value (losses) / gains on other financial assets / liabilities	(433)	65
Subsidies and other income	8,857 *	3,505
	28,454	17,918

* US$4.7 million of subsidies received above were compensation for a forthcoming plant relocation and are an offset for certain asset impairments, refer to Note 3.

19. SELLING AND ADMINISTRATIVE EXPENSES

	2016 US$'000	2015 US$'000
Selling expenses	98,260	100,933
Administrative expenses	336,706	303,936
Legal and warranty (Note 14)	11,290	9,632
Net gains on realisation of other financial assets and liabilities and revaluation of monetary assets and liabilities (Note 21)	(35,493)	(6,962)
	410,763	407,539

Note: Selling and administrative expenses included operating lease payments for FY2015/16 of US$6.2 million (FY2014/15: US$6.7 million).

20. FINANCE INCOME / (COSTS), NET

	2016 US$'000	2015 US$'000
Interest income	3,814	13,998
Other finance income	2,422	-
Interest expense	(2,374)	(1,584)
Interest expense on convertible bonds (Note 23)	(7,042)	(6,868)
Net finance (costs) / income (Note 26)	(3,180)	5,546

Borrowings are discussed in Note 12. Convertible bonds are discussed in Note 13.

21. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	2016 US$'000	2015 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**87,300**	71,765
Less: amounts capitalised in assets under construction	**(988)**	(670)
Net depreciation (Note 26)	**86,312**	71,095
Engineering expenditure *		
Engineering expenditure	**131,231**	127,830
Capitalisation of engineering development costs (Note 5)	**(6,144)**	(6,269)
Net engineering expenditure	**125,087**	121,561
Employee compensation		
Wages and salaries	**647,489**	589,018
Share-based payments	**9,699**	7,373
Social security costs	**59,308**	56,444
Pension costs - defined benefit plans (Note 14.1)	**4,891**	2,980
Pension costs - defined contribution plans (Note 14.2)	**4,959**	4,757
	726,346	660,572
Less: amounts capitalised in assets under construction	**(7,022)**	(5,167)
	719,324	655,405
Other items:		
Cost of goods sold **	**1,646,433**	1,503,647
Auditors' remuneration	**2,516**	2,458
Amortisation of intangible assets (Note 5 & 26)	**27,721**	21,396
(Reversal of) / provision for impairment of property, plant and equipment (Note 3 & 26)	**(1,129)**	686
Provision for impairment of intangible assets (Note 5 & 26)	**206**	600
Net gains on realisation of other financial assets and liabilities and revaluation of monetary assets and liabilities (Note 19)	**(35,493)**	(6,962)
(Write back) for impairment / impairment of trade receivables / bad debt expense (Note 9)	**(550)**	1,107

* Engineering expenditure as a percentage of sales was 5.9% in FY2015/16 (FY2014/15: 6.0%).

** Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$15.4 million (FY2014/15: US$14.7 million).

22. INCOME TAX EXPENSE

The amount of taxation in the consolidated income statement represents:

	2016 US$'000	2015 US$'000
Current income tax		
Provision for the year	33,824	39,392
(Over) / under provision in prior years	(1,319)	634
	32,505	40,026
Deferred income tax (Note 15)	(8,616)	(10,777)
Total income tax expense	23,889	29,249
Effective tax rate	11.6%	11.7%

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 FY2015/16 was 11.6% (FY2014/15: 11.7%). The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% as follows:

	2016		2015	
		US$'000		US$'000
Profit before income tax		206,636		249,061
Tax charged at Hong Kong profits tax rate	16.5%	34,095	16.5%	41,095
Effect of different tax rates in other countries				
– Countries with taxable profit	1.6%	3,348	0.6%	1,438
– Countries with taxable loss	(1.0)%	(2,146)	(1.5)%	(3,743)
Effect of income, net of expenses, not subject to tax	(4.6)%	(9,572)	(4.0)%	(9,885)
Over provisions in prior years (current and deferred)	(0.9)%	(1,861)	(0.4)%	(1,055)
Effect of tax losses (recognised), net of (utilisation)	(0.3)%	(706)	(1.2)%	(2,945)
Other timing differences unrecognised as an asset and other taxes *	0.3%	731	1.7%	4,344
	11.6%	23,889	11.7%	29,249

* Net of (utilisation)

23. 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 incentive share schemes.

	2016	2015
Profit attributable to shareholders (thousands US Dollar)	**172,660**	210,894
Weighted average number of ordinary shares in issue (thousands)	**859,540**	874,537
Basic earnings per share (US cents per share)	**20.09**	24.11
Basic earnings per share (HK cents per share)	**155.83**	186.98

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.

	2016	2015
Profit attributable to shareholders (thousands US Dollar)	**172,660**	210,894
Adjustments for convertible bonds		
– Interest (thousands US Dollar) (Note 20)	**7,042**	6,868
– Deferred income tax effect (thousands US Dollar)	**(743)**	(714)
Adjusted profit attributable to shareholders (thousands US Dollar)	**178,959**	217,048
Weighted average number of ordinary shares issued and outstanding (thousands)	**859,540**	874,537
Adjustments for incentive shares granted		
– Incentive share schemes - Restricted Stock Units	**4,972**	3,954
– Incentive share schemes - Performance Stock Units	**2,568**	2,750
Adjustments for convertible bonds		
– assumed conversion of convertible bonds	**39,025**	38,294
Weighted average number of ordinary shares (diluted) (thousands)	**906,105**	919,535
Diluted earnings per share (US cents per share)	**19.75**	23.60
Diluted earnings per share (HK cents per share)	**153.21**	183.02

24. DIVIDEND

	2016 US$'000	2015 US$'000
Interim, of 15 HK cents (1.92 US cents) per share, paid in January 2016 (FY2014/15: 14 HK cents or 1.79 US cents)	**16,592**	15,522
Final, proposed, of 34 HK cents (4.36 US cents) per share, to be paid in August 2016 (FY2014/15: 34 HK cents or 4.36 US cents) (Note 17)	**37,525** *	37,768
	54,117	53,290

* Proposed dividend is calculated based on the total number of ordinary shares as of 31 March 2016. Actual dividend will be paid on 12 August 2016 to shareholders whose names appear on the Register of Shareholders of JEHL on 3 August 2016.

Total dividend per share for the year is 49 HK cents (FY2014/15 was 48 HK cents).

At a meeting held on 17 May 2016 the Directors recommended a final dividend of 34 HK cents (4.36 US cents) per share to be paid out in August 2016. The recommended final dividend will be reflected as an appropriation of retained earnings for FY2016/17.

Dividends for the periods FY2009/10 through FY2015/16 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
FY2009/10 *	-	20.0	20.0	23,659
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
FY2015/16	15.0	34.0 **	49.0	54,117

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

** Final dividend for FY2015/16 has been recommended by the Board of Directors and is subject to shareholder approval.

25. COMMITMENTS

25.1 Capital commitments

	2016 US$'000	2015 US$'000
Capital commitments for property, plant and equipment		
Contracted but not provided for	**48,782**	18,884

25.2 Operating lease commitments

(i) The Group's future aggregate minimum lease payments under non-cancellable operating leases as of 31 March 2016 and 31 March 2015 were as follows:

	2016		2015	
	Land and buildings US$'000	**Others US$'000**	Land and buildings US$'000	Others US$'000
Less than 1 year	**20,562**	**2,171**	17,965	1,343
1 – 5 years	**55,143**	**4,872**	51,726	2,351
Over 5 years	**51,609**	**744**	14,199	-
	127,314	**7,787**	83,890	3,694

(ii) The Group's future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as of 31 March 2016 and 31 March 2015 were as follows:

	2016 US$'000	2015 US$'000
Less than 1 year	**1,360**	1,323
1 – 5 years	**5,138**	5,293
Over 5 years	**5,864**	7,547
	12,362	14,163

26. CASH GENERATED FROM OPERATIONS

	2016 US$'000	2015 US$'000
Profit before income tax	**206,636**	249,061
Add: Depreciation of property, plant and equipment (Note 21)	**86,312**	71,095
Amortisation of intangible assets (Note 5 & 21)	**27,721**	21,396
Finance expense / (income), net (Note 20)	**3,180**	(5,546)
Associates dividend receipts less share of profits	**(1,980)**	(486)
EBITDA*	**321,869**	335,520
Other non-cash items and adjustments		
(Gains) / losses on disposal of property, plant and equipment and investment property (Note 18)	**(5,949)**	473
(Reversal of) / provision for impairment of property, plant and equipment (Note 3 & 21)	**(1,129)**	686
Provision for impairment of intangible assets (Note 5 & 21)	**206**	600
Net realised and unrealised (gains) / losses on financial assets at fair value through profit and loss	**(171)**	31
Share-based compensation expense (Note 17)	**9,734**	7,413
Fair value gains on investment property (Note 4 & 18)	**(10,205)**	(10,749)
Acquisition transaction costs	**12,384**	-
	4,870	(1,546)
EBITDA* net of other non-cash items and adjustments	**326,739**	333,974
Change in working capital		
Increase in inventories	**(28,956)**	(27,592)
Increase in trade and other receivables	**(43,105)**	(7,945)
Increase in other non-current assets	**(1,702)**	(1,834)
Increase in trade payables, other payables and deferred income	**16,870**	15,015
Increase / (decrease) in provision obligations and other liabilities **	**4,741**	(170)
Change in other financial assets / liabilities	**5,800**	1,450
	(46,352)	(21,076)
Cash generated from operations	**280,387**	312,898

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

** Net of defined benefit pension plan assets

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

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

	2016 **US$'000**	2015 US$'000
Net book amount	**9,691**	1,285
Gains / (losses) on disposal of property, plant and equipment and investment property (Note 18)	**5,949**	(473)
Proceeds from disposal of property, plant and equipment and investment property	**15,640**	812

27. BUSINESS COMBINATION

On 27 October 2015, the Group acquired the entire share capital of three companies which together constitute the business of Stackpole International for a consideration of US$675.5 million (C$800 million enterprise value plus other considerations).

Stackpole International is a leading manufacturer of highly-engineered automotive engine and transmission pumps and powder metal components and is headquartered in Ontario, Canada. Acquiring Stackpole International's pump technology and powder metal expertise will enable the Group to provide integrated motorised pump solutions to customers in a rapidly growing market segment within the automotive industry and increase the Group's exposure to the North American automotive market which is presently experiencing strong demand, as well as provide attractive longer term growth platforms in Europe and Asia.

Acquisition transaction costs of US$11.1 million were incurred in FY2015/16 and recognised in the income statement within selling and administrative expenses.

The acquired business contributed revenue of US$181.8 million and net profit of US$4.7 million (excluding transaction costs) to the Group for period from the date of acquisition to 31 March 2016.

If the acquisition had occurred on 1 April 2015, the Group's consolidated income statement would show pro forma revenue of US$2,481.5 million (Stackpole International 7 months: US$245.6 million), EBITDA of US$368.3 million (Stackpole International 7 months: US$35.3 million) and net profit of US$191.7 million (Stackpole International 7 months: US$7.9 million). This excluded acquisition transaction costs for Stackpole International of US$11.1 million.

27. BUSINESS COMBINATION *(Cont'd)*

Details of net assets acquired and goodwill are as follows:

	2016 US$'000
Purchase consideration	675,524
Fair value of net assets acquired – shown as below	(421,997)
Goodwill *	**253,527**

	Acquiree's carrying amount US$'000	Fair Value US$'000
Property, plant and equipment	153,298	152,957
Intangible assets	90,457	243,650
Investment in associates	29,997	33,914
Deferred income tax assets	2,653	2,739
Defined benefit pension plan assets	1,575	1,575
Inventories	27,337	28,075
Trade receivables and other receivables	85,231	85,231
Cash and deposits	18,357	18,357
Trade payables and other payables	(67,319)	(67,319)
Current income tax liabilities	(1,077)	(1,077)
Provision obligations and other liabilities	(11,870)	(12,912)
Deferred income tax liabilities	(24,710)	(63,193)
Net assets acquired	303,929	421,997
Purchase consideration settled in cash		
Cash		675,524
Cash and deposits in subsidiaries acquired		(18,357)
Cash outflow on acquisition		**657,167**

* None of the goodwill recognised is expected to be deductible for income tax purpose.

As of 31 March 2016, the Group has substantially completed the fair value assessments for net assets acquired (including intangible assets) from the business combination activities. The fair values of net assets stated above are on a provisional basis subject to the final valuation of certain assets and liabilities.

28. POST BALANCE SHEET EVENT

On 4 February 2016, a subsidiary of the Group entered into a put option agreement with the shareholders of AML Développment to acquire the entire share capital of AML Développment. Following the completion of the Work's Council consultation process, the sellers exercised the put option on 10 April 2016. The share purchase agreement was signed on 22 April 2016 for a consideration of approximately EUR65 million, subject to post-closing adjustments and transaction expenses incurred for the acquisition.

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

This transaction is expected to close in May 2016, subject to customary conditions including obtaining applicable regulatory approvals. The consideration is payable in cash at completion and will be financed from the Group's internal cash reserves and available credit facilities.

Because the process of fair valuing the AML business and the related purchase price allocation has not been completed as of 17 May 2016, the initial accounting for the business combination is incomplete as of the date of this report. As a result, it is impracticable to disclose the goodwill and major class of assets acquired and liabilities assumed regarding the acquisition.

Acquisition transaction costs of US$1.3 million were incurred in FY2015/16 and recognised in the income statement within selling and administrative expenses.

JOHNSON ELECTRIC GROUP TEN-YEAR SUMMARY

US$ million	2016	2015	2014
Consolidated income statement			
Sales	**2,235.9**	2,136.1	2,097.6
Earnings before interest and tax (EBIT) [1]	**209.8**	243.5	233.9
Profit before income tax	**206.6**	249.0	243.0
Income tax (expense) / income	**(23.9)**	(29.2)	(28.1)
Discontinued operations	**-**	-	-
Profit for the year	**182.7**	219.8	214.9
Non-controlling interests	**(10.0)**	(8.9)	(7.0)
Profit attributable to shareholders	**172.7**	210.9	207.9
Consolidated balance sheet			
Fixed assets	**759.0**	492.6	460.6
Goodwill and intangible assets	**1,083.4**	595.6	650.7
Cash and deposits	**193.3**	773.2	644.0
Other current and non-current assets	**1,113.7**	986.6	745.4
Total assets	**3,149.4**	2,848.0	2,500.7
Equity attributable to shareholders	**1,842.6**	1,862.3	1,732.3
Non-controlling interests	**42.2**	38.6	34.0
Total equity	**1,884.8**	1,900.9	1,766.3
Total debt [2]	**422.5**	291.3	116.9
Other current and non-current liabilities	**842.1**	655.8	617.5
Total equity and liabilities	**3,149.4**	2,848.0	2,500.7
Per share data [3]			
Basic earnings per share - continuing operations (US cents)	**20.1**	24.1	23.4
Dividend per share (US cents)	**6.3**	6.2	5.9
Closing stock price (HKD)	**24.0**	27.3	28.7
Other information			
Free cash flow from operations [4]	**70.8**	155.8	231.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**321.9**	335.5	321.8
EBITDA to sales%	**14.4%**	15.7%	15.3%
Capital expenditure (CAPEX)	**186.2**	119.9	92.2
CAPEX to sales %	**8.3%**	5.6%	4.4%
Market Capitalisation	**2,643.3**	3,032.5	3,282.2
Enterprise Value (EV)	**2,914.7**	2,589.3	2,789.1
EV / EBITDA [5]	**7.9**	7.7	8.7
Ratios			
EBIT to sales %	**9.4%**	11.4%	11.2%
Return on average total equity % [6]	**9.7%**	12.0%	12.8%
Free cash flow from operations to debt %	**17%**	53%	198%
Total debt to EBITDA (times) [5]	**1.1**	0.9	0.4
Total debt to capital %	**18%**	13%	6%
Interest coverage (times) [7]	**22.3**	28.8	127.8

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 and Total debt to EBITDA is calculated using EBITDA adjusted to include 12 months of Stackpole on a pro forma basis for FY2015/16, and 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

2013	2012	2011	2010 *	2009	2008	2007
2,059.7	2,140.8	2,104.0	1,741.0	1,828.2	2,220.8	2,086.6
213.2	221.6	235.8	110.5	47.0	188.9	157.5
218.0	220.5	226.4	103.8	37.4	170.1	135.9
(21.1)	(31.6)	(36.1)	(16.4)	0.4	(31.9)	(22.9)
-	-	-	-	(31.1)	-	-
196.9	188.9	190.3	87.4	6.7	138.2	113.0
(5.6)	(2.2)	(8.6)	(10.4)	(4.1)	(7.4)	(3.3)
191.3	186.7	181.7	77.0	2.6	130.8	109.7
425.6	433.1	457.5	440.6	428.3	471.3	439.0
621.5	757.8	774.7	699.9	662.1	775.2	667.2
480.9	385.1	354.7	367.1	302.0	268.0	149.3
715.9	704.0	755.5	623.2	557.5	840.2	764.8
2,243.9	2,280.0	2,342.4	2,130.8	1,949.9	2,354.7	2,020.3
1,568.5	1,461.6	1,362.2	1,121.7	964.4	1,101.9	940.7
30.3	25.9	60.1	51.5	33.7	31.0	22.7
1,598.8	1,487.5	1,422.3	1,173.2	998.1	1,132.9	963.4
125.0	205.4	313.7	408.7	528.9	564.5	573.5
520.1	587.1	606.4	548.9	422.9	657.3	483.4
2,243.9	2,280.0	2,342.4	2,130.8	1,949.9	2,354.7	2,020.3
21.4	20.7	19.9	8.4	3.7	14.3	12.0
5.6	5.1	4.6	2.6	-	7.3	6.7
23.1	19.3	18.2	20.6	6.0	14.7	20.8
111.9	166.0	169.6	215.1	168.5	186.7	106.8
304.3	314.3	322.5	197.9	136.2	279.5	246.0
14.8%	14.7%	15.3%	11.4%	7.4%	12.6%	11.8%
82.6	91.3	85.6	38.0	62.8	97.1	76.1
4.0%	4.3%	4.1%	2.2%	3.4%	4.4%	3.6%
2,646.2	2,229.5	2,134.4	2,426.3	704.3	1,732.3	2,439.2
2,320.5	2,075.6	2,153.4	2,519.4	964.9	2,059.8	2,886.1
7.6	6.3	6.7	12.7	7.1	7.4	11.7
10.4%	10.4%	11.2%	6.3%	2.6%	8.5%	7.5%
12.8%	13.0%	14.7%	8.1%	0.6%	13.2%	12.4%
90%	81%	54%	53%	32%	33%	19%
0.4	0.7	1.0	2.1	3.9	2.0	2.3
7%	12%	18%	26%	35%	33%	37%
79.0	32.1	18.2	12.4	3.0	7.2	5.5

* Historical data for FY2009/10 had been restated for the adoption of HKAS 12 (amendment) - deferred tax related to investment properties. Historical data for FY2006/07 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, FCA* *
Michael John Enright*
Joseph Chi-Kwong Yam
GBM, GBS, CBE, JP *
Christopher Dale Pratt *CBE**

* Independent Non-Executive Director

Company Secretary

Lai-Chu Cheng

Auditor

PricewaterhouseCoopers

Registrars and Transfer Offices

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

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Head Office

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong

Tel	: (852) 2663 6688
Fax	: (852) 2897 2054
Website	: www.johnsonelectric.com

Principal Bankers

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

Rating agencies

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

LISTING INFORMATION

Share Listing

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

Stock Code

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

SHAREHOLDERS' CALENDAR

Annual General Meeting (AGM)

14 July 2016 (Thu)

Register of Shareholders

Closure of Register (both dates inclusive)

For attending AGM	: 12 –14 July 2016 (Tue – Thu)
For final dividend	: 1 – 3 August 2016 (Mon – Wed)

Dividend (per Share)

Interim Dividend	: 15 HK cents
Paid on	: 6 January 2016 (Wed)
Final Dividend	: 34 HK cents
Payable on	: 12 August 2016 (Fri)

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31 March 2016 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 2016 will be despatched to the shareholders and available on the same websites on or about 2 June 2016.

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, 17 May 2016

Johnson Electric is one of the constituent stocks on the Hang Seng Low Volatility Index, 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.