JOHNSON ELECTRIC

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

HIGHLIGHTS

- For the financial year ended 31 March 2022, total sales amounted to US$3,446 million – an increase of 9% compared to the prior year. Excluding the effects of foreign currency movements and an acquisition, underlying sales increased by 7%
- Gross profit totalled US$702 million – a decrease of 3%
- EBITA, adjusted to exclude restructuring charges and significant non-cash items, decreased by 27% to US$244 million or 7.1% of sales (compared to 10.6% of sales in FY2020/21)
- Net profit attributable to shareholders totalled US$146 million – a decline of 31% compared to the prior year
- Underlying net profit totalled US$165 million – a decrease of 34%
- As of 31 March 2022, cash reserves amounted to US$345 million and the ratio of total debt to capital at the financial year end was 16%

Letter to Shareholders

The financial year 2021/22 has been particularly challenging for Johnson Electric as several macro-economic and industry-specific factors have placed severe pressure on global component manufacturing supply chains. Although sales growth has been robust as the world economy continued its recovery from the COVID-19 pandemic, rising input costs and externally-driven disruptions to our operations sharply reduced profit margins.

Divisional Sales Performance

The Automotive Products Group ("APG"), Johnson Electric's largest operating division, achieved sales of US$2,644 million. Excluding currency effects and an acquisition, APG's sales increased by 5%. This compares to a reduction in global light vehicle production volumes of approximately 1% over the same period.

Although the global economy was on a broadly improving trajectory for most of the 2021 calendar year, the automotive sector has remained under capacity-constrained conditions and unable to meet pent-up, underlying consumer demand – with global vehicle production volumes still more than 10% below their pre-pandemic levels. The largest constraining factor has been the persistent shortage of semiconductors necessary for manufacturing a large number of auto components and subsystems. As a result, OEMs have continued to make almost constant amendments to production schedules and focused their attention on a smaller number of vehicle models.

Additional factors hampering the auto industry's supply chain and disrupting production over the past year have included shortages of other specialist raw materials and components, disruptions to container shipping schedules, the outbreak of war in Ukraine and the recent resurgence of COVID-19 in China that has resulted in government-mandated factory shutdowns.

This unprecedented set of operational challenges is occurring at the same time that the industry is undergoing a fundamental structural shift away from internal-combustion engine technologies and towards hybrid and fully electric vehicles.

In these difficult operating conditions, APG has continued to achieve sales growth well above the light vehicle production volumes of the industry in every major geographic region. In the Americas, APG increased sales by 10% compared to industry production volume growth of 3%. In Europe, sales grew by 3% compared to a 10% decline in the region's vehicle production (with volumes in the key market of Germany dropping by almost 14%). And in Asia, our sales increased by 4% compared to a 1% decrease in overall industry output (including a 4% decline in China's passenger vehicle production during the period under review).

APG is able to continue to deliver encouraging growth in sales due to a product portfolio that is focused on the key long-term technology trends transforming the industry. This includes innovative technologies that enable electrification, reduce emissions, enhances safety and comfort, and heats, cools or lubricates critical vehicle systems.

The Industry Products Group ("IPG") achieved sales of US$802 million, which represented 23% of total Group sales. Excluding currency effects, IPG's sales increased by 12%.

This very satisfactory sales performance by IPG reflected both the continued progress being made to position the division to serve a range of exciting, high growth market segments and the generally buoyant global demand for consumer and industrial goods. It should be noted that while semiconductor and other materials shortages have also constrained supplies to many of IPG's end-markets, these disruptions have tended to be somewhat less severe than those experienced by the automotive sector.

The changes to consumer behaviour that emerged during the pandemic, including the rise in demand for "home-centric" products, remained a strong growth driver for many of the product applications served by IPG – although a slowdown in demand in some of these segments occurred during the second half of the year. The division achieved significant growth in the lawn and garden, ventilation, beverage, heating, window automation and white goods segments due to a combination of program launches and new business wins, higher market share and increased market demand.

On a regional basis, IPG experienced strong growth in Europe and the Americas as sales in the prior year were constrained by the impact of the COVID-19 pandemic. Sales in Asia, however, declined slightly – due to the combination of the different year-on-year pattern of pandemic-related effects on demand in China (including the most recent re-imposition of lockdowns in some provinces) and customer-specific situations that have been exacerbated by materials and component shortages.

Gross Margins and Operating Profitability

The Group's gross profit amounted to US$702 million – a decrease of 3% compared to the prior year and, as a percentage of sales, a decrease from 22.9% to 20.4%. The decline in gross margins reflected the combination of higher underlying raw material costs, rising labour costs (exacerbated by the inefficiencies caused by components shortages, disruptions to customer production schedules and recent government-mandated factory shutdowns in China), the ending of pandemic-related one-off cost-saving initiatives and subsidies, higher depreciation and customer contractual price reductions. These sharp increases in input costs were only partially offset by sales volume growth, hedging contracts and product price increases where contractually feasible.

Earnings before interest, tax and amortization ("EBITA"), adjusted to exclude the effects of restructuring charges and significant non-cash items, amounted to US$244 million or 7.1% of sales. In addition to the factors negatively impacting gross margins noted above, the major factors reducing profitability at the operating level were the sharp increase in freight and logistics expenses and also higher infrastructure costs and investments in IT.

Net Profit and Financial Condition

Net profit attributable to shareholders decreased by 31% to US$146 million or 16.23 US cents per share on a fully diluted basis. Underlying net profit, excluding the effects of restructuring charges and significant non-cash items, amounted to US$165 million compared to US$251 million in the prior year.

The combination of reduced profit, higher capital investments and, in particular, a significant increase in working capital requirements in response to rising end-market demand resulted in a free cash outflow of US$132 million (compared to a free cash inflow of US$171 million in the prior year). Notwithstanding a reduction in cash reserves to US$345 million as of 31 March 2022, Johnson Electric's financial condition remains sound with a total debt to capital ratio of 16%.

Dividends

Several of the macro-economic headwinds and supply chain disruptions currently impacting Johnson Electric's operations can be considered exceptional and potentially short-term in nature. The Board nonetheless considers it prudent for the Company to conserve its cash until operating conditions and the financial performance of the business improve. It has therefore recommended a final dividend payment of 17 HK cents per share. Together with the interim dividend of 17 HK cents per share, this represents a total dividend of 34 HK cents per share (compared to a total dividend of 51 HK cents per share in the prior year), equivalent to 4.36 US cents per share.

The final dividend will be payable in cash, with a scrip alternative where a 4% discount on the subscription price will be offered to shareholders who elect to subscribe for shares. The Board has further been informed that the controlling shareholder of the Company intends to subscribe for its entire eligible allocation of shares under the scrip dividend alternative. Full details of the scrip dividend alternative will be set out in a circular to shareholders.

Business Strategy and Management Initiatives to Improve Performance

The challenging operating environment does not alter the core elements in the Group's business strategy which include:

- investing in innovative motion-related products and technology solutions that address society's long term demand trends, particularly in the areas of electrification, emissions reduction, automation, mobility, safety and healthcare
- offering a highly responsive and low-cost manufacturing fulfilment model that effectively serves customers on a global and regional basis
- accelerating the transformation of our business processes and data management through the deployment of the latest digital platforms and tools

However, it has become increasingly evident that the effects of both the recent series of shocks to "just-in-time" manufacturing supply chains and the global inflationary surge in input costs are not likely to abate in a meaningful way in the short term. This is requiring an immediate and far-reaching response from management that extends to every part of our business.

All business groups and functional areas have been set aggressive cost reduction goals for the new financial year that regrettably requires targeted reductions in labour and staffing levels in order to maintain our competitiveness. Part of these headcount savings will be enabled by our investments in high-speed manufacturing automation and the ongoing optimization of our operating footprint. Raw material and other components procurement contracts are being scrutinized for rationalization and cost saving opportunities. Within our functional areas, business processes are being streamlined and new digital tools adopted to reduce cost and improve productivity.

Management is also engaged in a product-line by product-line review to reaffirm which areas should be the focus for future growth and which should be de-selected from being eligible for further investment. To the extent that there may be some parts of our business portfolio that no longer represent the best fit with our longer-term objectives, we will also be open to selective divestments.

Supplementing the internal transformation of Johnson Electric's business model, we are continuing to pursue external opportunities to leverage our existing capabilities, improve our business mix and create new growth options.

In May 2021, we completed the acquisition of E. Zimmermann GmbH, a specialist machining business based in Germany. The combination of Zimmermann's know-how in machining automotive differential housings with Stackpole's powder metal expertise is set to open a new opportunity for the Group to expand its presence in power transmission systems in new energy vehicles.

In October 2021, IPG formed a new joint venture company with Cortica Ltd., an Israel-based leader in the field of autonomous artificial intelligence. Leveraging Johnson Electric's experience across a wide range of manufacturing processes with Cortica's unique self-learning technology, this new business enterprise is focused on developing and marketing AI-driven quality assurance software for industrial automation processes.

Outlook

The Group's positive sales performance in the past year, despite the significant disruptions to global manufacturing supply chains, is testament to sound underlying demand for Johnson Electric's products and technology solutions.

Within the automotive sector, the uptake of new energy vehicles (NEVs) – both hybrid and fully-electric – is accelerating. In Europe, for example, electrically-chargeable cars now account for almost one in every five new vehicles sold. Although the NEV sector is still highly reliant on support measures such as purchase incentives and the availability of charging infrastructure, few can doubt that the greatest opportunities for future growth lie in this segment of the industry. Johnson Electric is strongly positioned to leverage its long-standing electro-mechanical expertise and global manufacturing footprint to continue to grow our share of content in NEVs, particularly in the areas of thermal management, electric driveline, braking and power steering.

Technology advancements and evolving consumer preferences are presenting similarly exciting growth opportunities for the IPG division. Across a wide range of end-market applications, the demand for new products that feature increased levels of automation, energy efficiency, controllability and precision play directly to Johnson Electric's core strengths and capabilities. And, as exemplified by our new venture in AI-driven quality assurance software, IPG will not be limiting itself only to hardware components.

On the other hand, the externally-driven headwinds and disruptions that hampered our operations and pressured our financial performance in the past year look set to continue in the near term.

For much of the past year, a key challenge has been the shortage of semiconductors and other components that has constrained our ability to meet customer demand. These industry-wide shortages have yet to be resolved, but an emerging risk is that the sharpest rise in global inflation since the early 1980s now has the potential to crimp consumer demand in some end markets. Added to this, it is difficult to overstate the risks stemming from Russia's invasion of Ukraine (the largest military conflict in Europe since World War II) and the resurgence of COVID-19 in China.

Faced with such daunting macro-economic and geopolitical uncertainties, we remain focused on those aspects of our business that we can directly influence and taking actions, wherever possible, to mitigate the risk of things outside of our control. It is at such times that I continue to be humbled by the exceptional efforts of our people to go that extra mile to serve our customers and assist their colleagues.

On behalf of our Board, I would therefore like to thank all of our employees, along with our other key stakeholders, for their continued support and commitment.

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

Hong Kong, 12 May 2022

Management's Discussion and Analysis

Financial Performance

US$ million	FY21/22	FY20/21
Sales	3,446.1	3,156.2
Gross profit	701.9	723.3
Gross margin	*20.4%*	*22.9%*
EBITA [1]	222.4	290.1
EBITA adjusted [2]	243.8	335.5
EBITA adjusted margin	*7.1%*	*10.6%*
Profit attributable to shareholders	146.4	212.0
Underlying net profit [2]	164.9	250.9
Diluted earnings per share (US cents)	16.23	23.60
Free cash (out) / inflow from operations	(132.4)	171.1

US$ million	31 Mar 2022	31 Mar 2021
Cash	345.4	539.5
Total debt	490.8	426.2
Net (debt) / cash [3]	(145.4)	113.3
Total equity	2,501.7	2,308.0
Market capitalization [4]	1,239.4	2,398.5
Enterprise value [5]	1,470.2	2,368.6

Key Financial Ratios	31 Mar 2022	31 Mar 2021
Total debt to capital (total equity + total debt)	16%	16%
Gross debt (including pension liabilities and leases) to EBITDA adjusted [6]	1.3	0.9
Enterprise value to EBITDA adjusted	3.0	4.3
Interest cover (adjusted EBITA to gross interest expense)	11.9	24.2

1 Earnings before interest, tax and amortization
2 Adjusted to exclude significant non-cash items as well as restructuring and other related costs (for further information see page 13)
3 Cash less total debt
4 Outstanding number of shares multiplied by the closing price (HK$10.84 per share as of 31 March 2022 and HK$20.90 per share as of 31 March 2021) converted to USD at the closing exchange rate
5 Enterprise value calculated as market capitalization plus non-controlling interests plus total debt less cash
6 Earnings before interest, tax, depreciation and amortization adjusted to exclude significant non-cash items as well as restructuring and other related costs, resulting in adjusted EBITDA of US$492.2 million (31 March 2021: US$555.0 million)

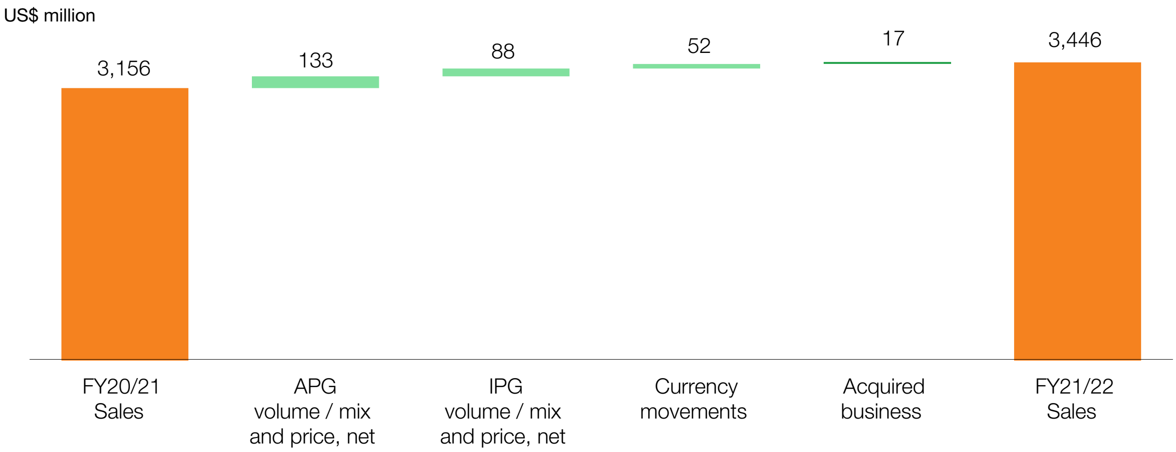
Business Review

Sales

Sales increased by US$289.9 million or 9% to US$3,446.1 million in FY21/22 (FY20/21: US$3,156.2 million). Excluding currency movements, sales increased by US$238.0 million or 8% compared to the prior financial year, as shown below:

US$ million	FY21/22		FY20/21		Increase	
Automotive Products Group ("APG") sales						
Excluding currency movements	2,576.4		2,443.5		132.9	5%
Acquired business	17.2		n/a		17.2	
Subtotal	2,593.6		2,443.5		150.1	6%
Currency movements	50.7		n/a		50.7	
APG sales, as reported	2,644.3	77%	2,443.5	77%	200.8	8%
Industry Products Group ("IPG") sales						
Excluding currency movements	800.6		712.7		87.9	12%
Currency movements	1.2		n/a		1.2	
IPG sales, as reported	801.8	23%	712.7	23%	89.1	13%
Group sales						
Excluding currency movements	3,377.0		3,156.2		220.8	7%
Acquired business	17.2		n/a		17.2	
Subtotal	3,394.2		3,156.2		238.0	8%
Currency movements	51.9		n/a		51.9	
Group sales, as reported	**3,446.1**	100%	**3,156.2**	100%	**289.9**	**9%**

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



Volume / mix and price increased sales by US$220.8 million (APG: US$132.9 million, IPG: US$87.9 million) in FY21/22, compared to FY20/21.

The underlying changes in APG and IPG's sales, are discussed on pages 9 to 11

Currency movements increased sales by US$51.9 million. This was largely due to the impact of stronger average exchange rates for the Chinese Renminbi and the Canadian Dollar, compared FY21/22 to FY20/21. The Group's sales are largely denominated in the US Dollar, the Euro, the Chinese Renminbi and the Canadian Dollar.

For further information on the Group's foreign exchange risk, see pages 21 to 23 in the Financial Management and Treasury Policy section. Also, see Note 1.3 to the consolidated financial statements ("the accounts") for the main foreign currency translation rates

Acquired business: The Group acquired E. Zimmermann GmbH ("Zimmermann"), a specialist automotive machining business based in Germany, on 31 May 2021. This acquired business added US$17.2 million to sales to FY21/22.

Automotive Products Group

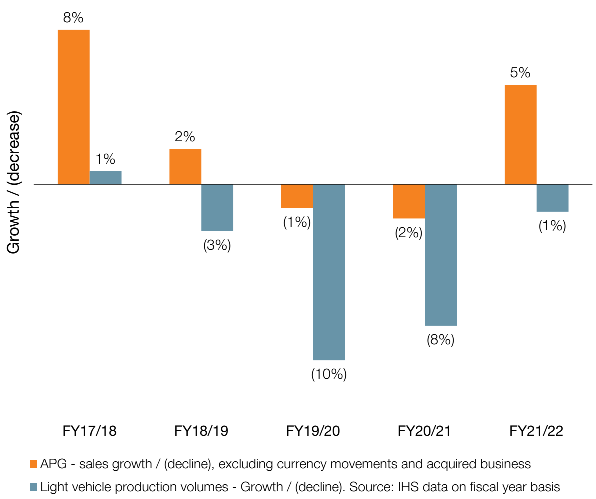
APG's sales, excluding currency movements and the acquisition of Zimmermann, increased by 5%, compared to FY20/21. In the same period, global light vehicle production volumes declined 1%.

A significant part of the increase in APG's sales relates to the fact that for part of the prior fiscal year, much of Johnson Electric's and its customers' operations in Europe and the Americas were effectively shut down due to the COVID pandemic.

However, FY21/22 was also not without difficulties as several supply chain bottlenecks severely disrupted the automotive sector. Semiconductor and raw material shortages caused major automotive OEMs to make frequent changes to production schedules, suspend production of selected vehicle models and temporarily close some of their factories entirely.

Although direct comparisons with the prior financial year are therefore somewhat difficult, APG's organic sales growth of 5% represented a substantial outperformance, compared to the 1% decline in global auto industry production. This was due to the combination of product launches and production increases to meet demand for the electrification of critical automotive functions, especially those required by the growing number of battery-electric and hybrid vehicles. The imperatives to reduce vehicle weight and improve safety, reliability and comfort also continued to be key drivers.

Changes in APG sales vs. global light vehicle production



Looked at on regional level:

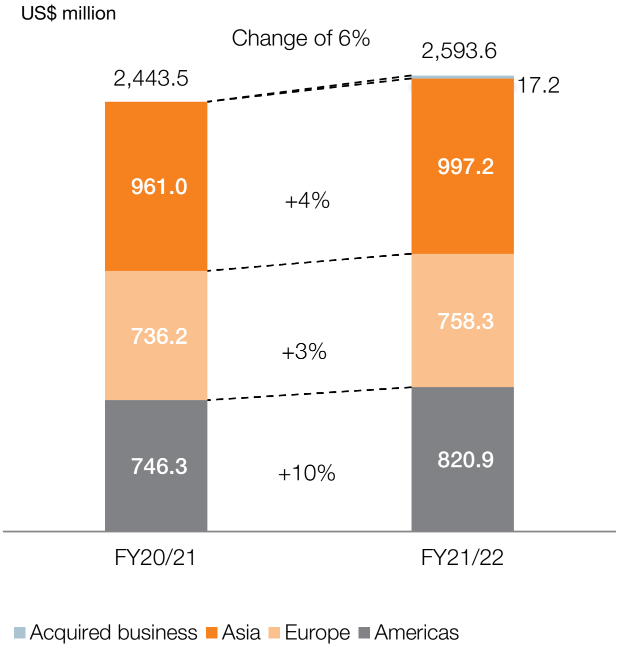
- In Asia, sales increased by 4% compared to a 1% decrease in light vehicle production in the region. Sales increased across several product segments, with higher growth noted in sales of products for closure, steering, electric driveline and thermal management applications. This was partially offset by reduced sales of oil pumps and products for engine management applications as customer production schedules were disrupted by the semiconductor shortage. Additionally, sales were impacted by government-mandated factory shutdowns caused by the resurgence of COVID-19 towards the end of the financial year

- In Europe, sales increased by 3% compared to a 10% decrease in light vehicle production in the region. Sales increased across most segments, with the highest growth noted in sales of powder metal components as well as products for steering, braking and seat applications. This was partially offset by reduced sales of cooling fan products and oil pumps as the semiconductor shortage disrupted customer production schedules
- In the Americas, sales increased by 10% while light vehicle production in the region increased by 3%. Sales increased across most segments, with the highest growth noted in sales of products for thermal management, braking and engine management applications as well as powder metal components, including parts for fuel cell applications. Sales growth was constrained by disruptions to customer production schedules caused by the semiconductor shortage

APG accounted for 77% of the Group's total sales in FY21/22 (FY20/21: 77%). Within this:

- The Stackpole business, primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components, accounted for 21% of the Group's business (FY20/21: 22%)
- The cooling fan business, including the "Gate" brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 17% of the Group's business (FY20/21: 18%)

APG sales by region [1]



1 Excluding currency movements

Growth / (decline) in APG sales [2]

Year ended	Asia	Europe	Americas	Total
31 March 2022	4%	3%	10%	5%
31 March 2021	15%	(13%)	(8%)	(2%)
31 March 2020	(9%)	(2%)	8%	(1%)
31 March 2019	2%	(3%)	8%	2%
31 March 2018	15%	2%	9%	8%

2 Excluding currency movements and acquired business

Industry Products Group

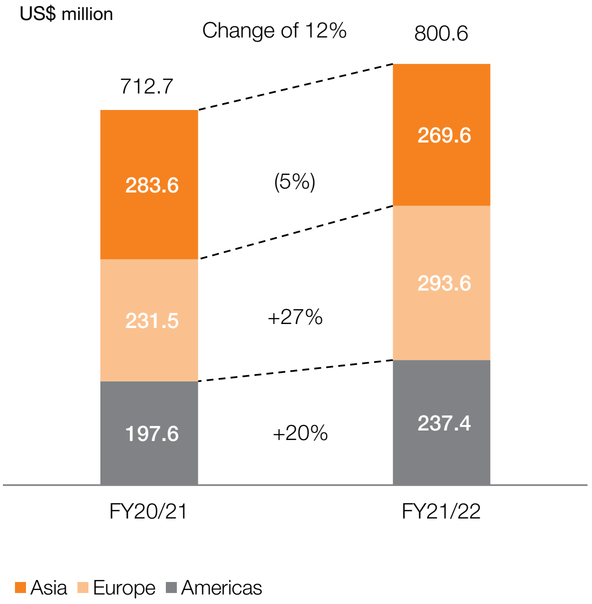
IPG's sales, excluding currency movements, grew 12% compared to FY20/21. This strong performance was achieved despite a number of disruptive factors. Supply chain constraints, including shortages of semiconductors and other materials and components, and delays to shipping schedules held back customers' production in some of IPG's end-markets.

The changes to consumer behaviour that emerged during the pandemic, including the rise in demand for "home-centric" products remained a strong growth driver. The business also benefited from new business wins, programme launches and increased market share as a result of IPG's continuous efforts to understand and address the evolution of its markets. Consequently, sales increased in the lawn and garden, ventilation, beverage, heating, window automation and white goods segments.

Sales to small- and medium-sized enterprises and distributors rebounded. In the prior financial year, these customers had been severely impacted by the pandemic. Similarly, sales of products for commercial and industrial applications increased compared to the reduced business levels noted in the prior financial year.

Sales of piezo-electric motors increased due to demand from semiconductor fabricators. IPG also experienced growth in sales of products for surgical applications, driven by the long-term imperative to reduce the labour intensity of hospital procedures.

IPG sales by region [1]



1 Excluding currency movements

Growth / (decline) in IPG sales [2]

Year ended	Asia	Europe	Americas	Total
31 March 2022	(5%)	27%	20%	12%
31 March 2021	29%	6%	(1%)	12%
31 March 2020	(18%)	(14%)	(14%)	(15%)
31 March 2019	(2%)	0%	6%	1%
31 March 2018	13%	6%	2%	7%

2 Excluding currency movements

Looked at on regional level:

- In Asia, sales decreased by 5% compared to the strong performance seen in the prior year. Some customers delayed orders as they suffered from supply chain bottlenecks. Additionally, sales were impacted by government-mandated COVID-19 lockdowns in China towards the end of the financial year
- In Europe and the Americas, sales increased by 27% and 20% due to the rebound in sales to small- and medium-sized enterprises and distributors in these regions, as well as growth in sales for home-centric applications

Profitability Review

Profit attributable to shareholders was US$146.4 million in FY21/22, a decrease of US$65.6 million from US$212.0 million in FY20/21.

US$ million	FY21/22	FY20/21	Increase / (decrease) in profit
Sales	3,446.1	3,156.2	289.9
Gross profit	701.9	723.3	(21.4)
Gross margin %	*20.4%*	*22.9%*	
Other income, net	33.3	30.0	3.3
As a % of sales	*1.0%*	*1.0%*	
Intangible assets amortization expense	(35.2)	(31.3)	(3.9)
As a % of sales	*1.0%*	*1.0%*	
Other selling and administrative expenses ("S&A")	(508.2)	(436.0)	(72.2)
As a % of sales	*14.7%*	*13.8%*	
Restructuring and other related costs	(4.3)	(27.5)	23.2
Operating profit	187.5	258.5	(71.0)
Operating profit margin %	*5.4%*	*8.2%*	
Share of (losses) / profits of associate and joint venture	(0.3)	0.3	(0.6)
Net finance costs	(17.1)	(10.4)	(6.7)
Profit before income tax	170.1	248.4	(78.3)
Income tax expense	(17.9)	(29.2)	11.3
Effective tax rate	*10.5%*	*11.8%*	
Profit for the year	152.2	219.2	(67.0)
Non-controlling interests	(5.8)	(7.2)	1.4
Profit attributable to shareholders	146.4	212.0	(65.6)
Basic earnings per share (US cents)	16.37	23.77	(7.40)
Diluted earnings per share (US cents)	16.23	23.60	(7.37)

The profit attributable to shareholders of US$146.4 million included:

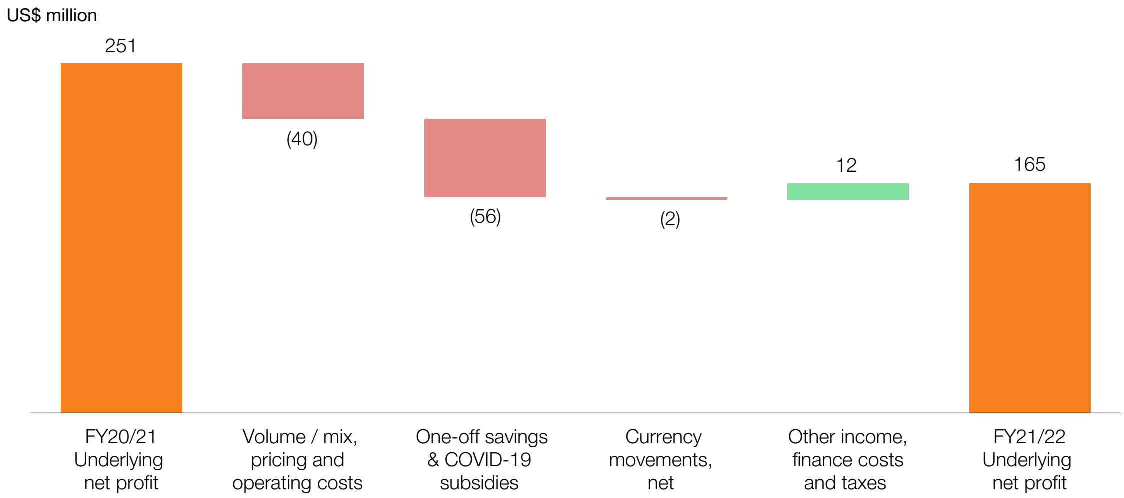
- Restructuring and other related costs of US$3.8 million, net of tax, for the Group's initiatives to optimize its global operating footprint as announced in its Annual Report 2021. This amount represents additional costs incurred for the closure of a factory in China and a factory in Hungary during FY21/22
- Unrealized currency net losses of US$14.7 million, net of tax

Excluding these items, underlying net profit decreased by US$86.0 million to US$164.9 million, as shown in the table below:

	FY20/21			FY21/22		
US$ million	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
Net profit, as reported			212.0			146.4
Unrealized net losses / (gains) on other financial assets and liabilities	23.1	(0.1)	23.0	(5.6)	(1.0)	(6.6)
Unrealized net (gains) / losses from revaluation of monetary assets and liabilities	(18.7)	(1.0)	(19.7)	29.4	(2.0)	27.4
Unrealized net losses / (gains) on structured foreign currency contracts	13.5	(1.8)	11.7	(6.7)	0.6	(6.1)
Restructuring and other related costs	27.5	(3.6)	23.9	4.3	(0.5)	3.8
Net losses of significant non-cash items, restructuring and other related costs	45.4	(6.5)	38.9	21.4	(2.9)	18.5
Underlying net profit [1]			250.9			164.9
As a % of sales			*7.9%*			*4.8%*

1 Underlying net profit excludes unrealized gains or losses relating to exchange rate movements, and restructuring and other related costs to provide an additional measure to understand the long-term performance of the business

The drivers of the movements in underlying net profit are shown below:



Volume / mix, pricing and operating costs: Profits benefited from increased volumes, cost saving activities and price increases. However, this was more than offset by the adverse impact of higher prices for raw materials, increased logistics costs, increased wage costs, increased depreciation charges, and labour inefficiencies as customers delayed shipping and production schedules due to disruption in their supply chains. Government-mandated factory shutdowns caused by the resurgence of COVID-19, continued to disrupt global supply chains and Johnson Electric's operations. The net effect of these changes decreased net profit by US$39.7 million.

The gross margin decreased to 19.4% in the second half of FY21/22, from 21.3% in the first half due to material cost inflation. The sequential change in gross margin by half-year is shown in the table below.

	Gross margin %
Second half of FY21/22	19.4%
First half of FY21/22	21.3%
Second half of FY20/21	23.2%
First half of FY20/21	22.5%

Selling and administrative expenses (excluding amortization of intangible assets) increased to 14.7% of sales (FY20/21: 13.8%) mainly due to increased logistics expenses.

COVID-19 response: The amount of COVID-19 related subsidies received by the Group and one-off cost saving measures decreased to US$7.7 million in FY21/22, US$56.3 million lower than the US$64.0 million COVID-related subsidies and one-off cost savings in FY20/21.

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. Excluding unrealized gains and losses, currency movements had a negligible effect on profits in FY21/22.

For further information on the Group's foreign exchange risk and forward foreign currency contracts, see pages 21 to 23 in the Financial Management and Treasury Policy section

Other income, finance costs and taxes increased profits for FY21/22 by US$11.8 million.

The Group benefited from fair value gains on the Group's investment in an autonomous car start-up company, partly offset by increased finance costs and lower subsidies.

Finance income and costs are further analyzed in Note 25 to the accounts

Income taxes decreased to US$17.9 million for FY21/22, from US$29.2 million of FY20/21 due to lower taxable profits. The effective tax rate was 10.5% (FY20/21: 11.8%).

Taxes are further analyzed in Note 19 to the accounts

Working Capital

US$ million	Balance sheet as of 31 Mar 2021	Currency translation	Working capital changes per cash flow	Pension, hedging and non-working capital items	Balance sheet as of 31 Mar 2022
Inventories	514.2	(3.8)	136.2	0.9	647.5
Trade and other receivables	750.5	(4.0)	79.5	8.5	834.5
Other non-current assets	53.5	0.9	(3.6)	(8.9)	41.9
Trade and other payables [1]	(868.4)	(5.0)	(1.5)	(29.4)	(904.3)
Retirement benefit obligations [1, 2]	(34.9)	2.0	(0.7)	6.6	(27.0)
Provision and other liabilities [1]	(59.4)	0.9	21.6	(0.1)	(37.0)
Other financial assets / (liabilities), net [1, 3]	179.6	(0.6)	2.2	70.7	251.9
Total working capital per balance sheet	535.1	(9.6)	233.7	48.3	807.5

1 Current and non-current
2 Net of defined benefit pension plan assets
3 Other financial assets / (liabilities), net represent the aggregate fair values of the Group's hedge contracts. Further details of the Group's hedging activities can be found on pages 21 to 24 in the Financial Management and Treasury Policy section and in Note 7 to the accounts

Inventories increased by US$133.3 million to US$647.5 million as of 31 March 2022. Inventory accumulated as the shortage of semiconductors for the automotive market disrupted customers' production, causing them to reschedule delivery times. The Group also stockpiled certain items to mitigate the impact of component shortages on its own production. Port congestion adversely affected inventory due to longer lead times for delivery to customers. Inventory also increased to support increased business orders in IPG.

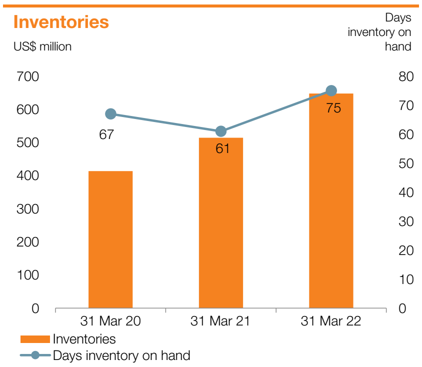
Consequently, days inventory on hand increased to 75 days as of 31 March 2022, from 61 days as of 31 March 2021.

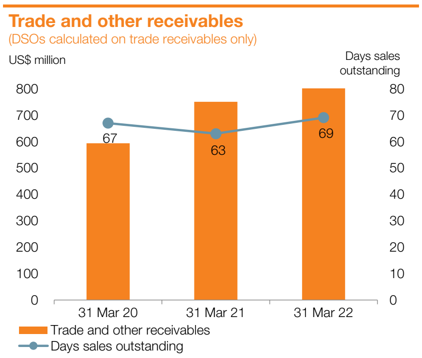
Trade and other receivables increased by US$84.0 million to US$834.5 million as of 31 March 2022 due to the growth in sales.

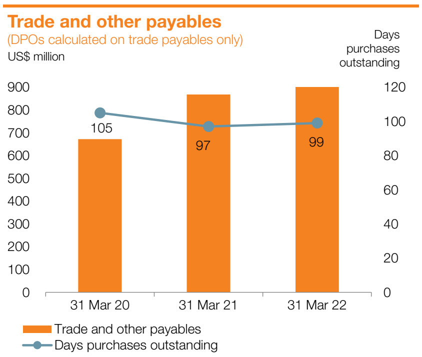
Days sales outstanding ("DSOs") increased to 69 days as of 31 March 2022, from 63 days as of 31 March 2021, returning to be broadly in line with the level of DSOs experienced before the COVID-19 pandemic.

The Group's trade receivables are of high quality. Current and overdue balances of less than 30 days were 98% of gross trade receivables.

Trade and other payables increased by US$35.9 million to US$904.3 million as of 31 March 2022. This was due to the increase in production volumes as well as purchases to build safety stock. Days purchases outstanding ("DPOs") increased slightly to 99 days as of 31 March 2022, from 97 days as of 31 March 2021.







Cash Flow

US$ million	FY21/22	FY20/21	Change
Operating profit [1]	187.5	258.6	(71.1)
Depreciation and amortization (including leases)	283.3	251.0	32.3
EBITDA	470.8	509.6	(38.8)
Other non-cash items	6.6	17.1	(10.5)
Working capital changes	(233.7)	(42.4)	(191.3)
Interest paid (including leases)	(18.7)	(12.8)	(5.9)
Interest received	2.9	3.1	(0.2)
Income taxes paid	(41.4)	(37.2)	(4.2)
Capital expenditure, net of subsidies	(316.4)	(263.6)	(52.8)
Proceeds from disposal of fixed assets	0.9	2.9	(2.0)
Capitalization of engineering development costs	(3.4)	(5.6)	2.2
Free cash (out) / inflow from operations	**(132.4)**	**171.1**	**(303.5)**
Acquisition and related costs	(28.2)	-	(28.2)
Dividends paid	(54.2)	(17.0)	(37.2)
Purchase of shares for incentive share scheme	(2.3)	(3.8)	1.5
Other investing activities	(7.0)	(1.3)	(5.7)
Dividends paid to non-controlling interests	(3.5)	(2.7)	(0.8)
Payment of lease - principal portion	(26.7)	(21.8)	(4.9)
Borrowings, net	62.7	8.2	54.5
(Decrease) / increase in cash and cash equivalents excluding currency movements	(191.6)	132.7	(324.3)
Currency translation (losses) / gains on cash and cash equivalents	(2.5)	22.4	(24.9)
Net movement in cash and cash equivalents	(194.1)	155.1	(349.2)

1 No dividend was received from associate and joint venture in FY21/22 (FY20/21 includes dividend received of US$0.1 million)

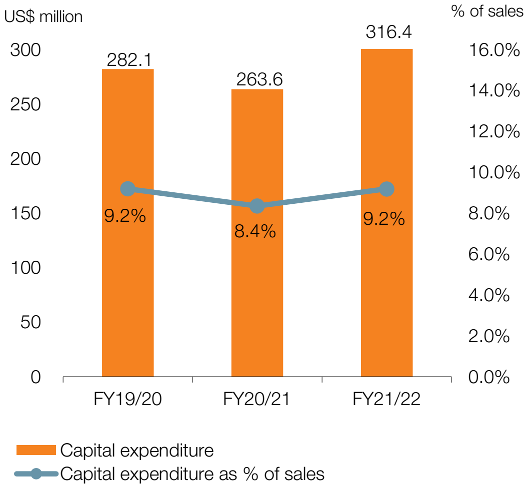
The Group's operations absorbed US$132.4 million cash in FY21/22, compared to the US$171.1 million free cash generated in FY20/21. The free cash flow for FY21/22 included the following:

- **Working capital changes** of US$233.7 million, as explained in the previous section

- **Capital expenditure** of US$316.4 million

  The Group continues to invest in new product launches and long-term technology and testing development; the expansion of its operating footprint in China and Mexico; enhanced automation to standardize operating processes, further improve product quality and reliability, and mitigate rising labour costs in China; and the ongoing replacement of assets

Capital expenditure



The net movement in cash includes the following:

- **Acquisition and related costs:** The Group utilized US$24.2 million for the acquisition of Zimmermann and its operating premises and US$4.0 million to form a joint venture ("Lean AI") with Cortica Ltd., an Israeli autonomous artificial intelligence technology company

- **Dividends and shares:** The Company utilized US$54.2 million cash for dividend payments in FY21/22, with a further US$4.3 million settled in scrip (FY20/21: the Company utilized US$17.0 million cash for dividend payments, with a further US$2.6 million settled in scrip). The Company purchased 1.0 million shares for US$2.3 million including brokerage fees for incentive share scheme (FY20/21: 1.5 million shares purchased for US$3.8 million)

  For further details of dividends and shares, including the proposed final dividend for FY21/22, see next section

- **Borrowings, net:** The Group's borrowings increased by US$62.7 million (FY20/21: increased US$8.2 million, net)

  For further details of the Group's debt, loans and other borrowings, see next section

Financial Management and Treasury Policy

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

Credit Rating

Johnson Electric subscribes to both Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") to provide independent long-term credit ratings. As of 31 March 2022, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, resilience and prudent financial leverage.

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

Liquidity

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

Cash decreased by US$194.1 million to US$345.4 million as of 31 March 2022 (31 March 2021: US$539.5 million).

Net (debt) / cash: As of 31 March 2022, the Group had US$145.4 million net debt (31 March 2021: US$113.3 million net cash).

Available credit lines: The Group had US$781.6 million available unutilized credit lines as of 31 March 2022, as follows:

- Committed revolving credit facilities provided by its principal bankers, on a bilateral basis, of which US$180.0 million remained unutilized. A US$15.0 million facility expired on 1 April 2022. The remaining facilities have staggered maturity dates ranging from September 2022 to March 2025
- US$601.6 million uncommitted credit facilities

Cash and credit lines

US$ million	31 Mar 2022	31 Mar 2021	Change
Cash	345.4	539.5	(194.1)
Unutilized committed credit lines	180.0	210.9	(30.9)
Unutilized uncommitted credit lines	601.6	689.2	(87.6)
Available unutilized credit lines	781.6	900.1	(118.5)
Combined available funds	1,127.0	1,439.6	(312.6)

Net (debt) / cash

US$ million	31 Mar 2022	31 Mar 2021	Change
Cash	345.4	539.5	(194.1)
Borrowings	(490.8)	(426.2)	(64.6)
Net (debt) / cash	(145.4)	113.3	(258.7)

Cash by currency

US$ million	31 Mar 2022	31 Mar 2021
RMB	118.4	95.0
EUR	77.5	86.4
USD	75.5	241.1
KRW	45.4	29.7
CAD	10.5	62.7
Others	18.1	24.6
Total	345.4	539.5

Borrowings increased by US$64.6 million to US$490.8 million as of 31 March 2022. The most significant changes in borrowings during FY21/22 were:

- **Loan from The Export-Import Bank of China:** As of 31 March 2022, the Group had drawn down the entire RMB500 million facility (balance as of 31 March 2021: RMB84.2 million, equivalent to US$12.8 million) and made the first scheduled repayment

The maturity dates of significant borrowings are as follows:

- **Bonds** – the Bonds mature in July 2024
- **Export Development Canada** – the loan matures in June 2023
- **The Export-Import Bank of China** – the next repayment of the loan is due in August 2022, with further repayments every six months until August 2025

Changes in borrowings

US$ million	31 Mar 2022	31 Mar 2021	Change
Bonds	300.5	299.9	0.6
Loan from Export Development Canada	99.9	99.8	0.1
Loan from The Export-Import Bank of China	76.7	12.8	63.9
Other borrowings	13.7	13.7	-
Total borrowings	490.8	426.2	64.6

Borrowings by currency, as of 31 March 2022

US$ million	Gross debt	Swap contracts	Total debt after effect of swaps	%
USD	400.4	(275.2)	125.2	26%
RMB	76.7	-	76.7	15%
CAD	13.7	-	13.7	3%
EUR	-	273.2	273.2	56%
Total	490.8	(2.0)	488.8	100%

Repayment schedule

Repayable within one year	21.6
Repayable after more than one year	469.2
Gross debt	490.8
Swap contracts (Other financial assets)	(2.0)
Total debt including swap contracts	488.8

Lease liabilities increased by US$78.9 million to US$127.5 million as of 31 March 2022. This was largely due to the renewal of leases for the Group's Shajing, China operations. The corresponding assets are shown as right-of-use assets under property, plant and equipment.

Changes in lease liabilities

US$ million	31 Mar 2022	31 Mar 2021	Change
Current	32.2	15.6	16.6
Non-current	95.3	33.0	62.3
Total lease liabilities	127.5	48.6	78.9

Financial ratios: The Group maintains a prudent level of debt and remains in full compliance with its financial covenants, including requirements for net worth and the ratios of total liabilities to net worth, net debt to EBITDA and EBITDA to interest expense.

The Group's gearing ratios as of 31 March 2022 reflected the following changes:

- Total debt to capital was 16% as of 31 March 2022, unchanged from 31 March 2021
- Gross debt to adjusted EBITDA [1] increased to 1.3 as of 31 March 2022, from 0.9 as of 31 March 2021
- Enterprise value [2] to adjusted EBITDA [1] decreased to 3.0 as of 31 March 2022, from 4.3 as of 31 March 2021
- Interest cover (defined as adjusted EBITA [1] divided by gross interest expense [3]) was 11.9 times as of 31 March 2022, compared to 24.2 times as of 31 March 2021

1 Adjusted to exclude significant non-cash items as well as restructuring and other related costs (for further information see page 13) to provide an additional measure to understand the long-term performance of the business

2 Enterprise value calculated as market capitalization plus non-controlling interests plus total debt less cash

3 Gross interest expense, adjusted to exclude notional interest on the Halla Stackpole put option and to include capitalized interest

Dividends

Final dividend: Several of the macro-economic headwinds and supply chain disruptions currently impacting Johnson Electric's operations can be considered exceptional and potentially short-term in nature. The Board nonetheless considers it prudent for the Company to conserve its cash until operating conditions and the financial performance of the business improve. It has therefore recommended a final dividend payment of 17 HK cents per share for FY21/22 equivalent to US$19.4 million (FY20/21: 34 HK cents per share), to be paid in September 2022, with an option to receive scrip in lieu of cash.

Interim dividend: The Company paid an interim dividend of 17 HK cents per share for the first half of FY21/22 (first half of FY20/21: 17 HK cents per share) equivalent to US$19.5 million. US$0.8 million of this interim dividend was settled by the issue of 0.5 million new shares under a scrip dividend option and US$18.7 million was paid in cash.

Dividend payment

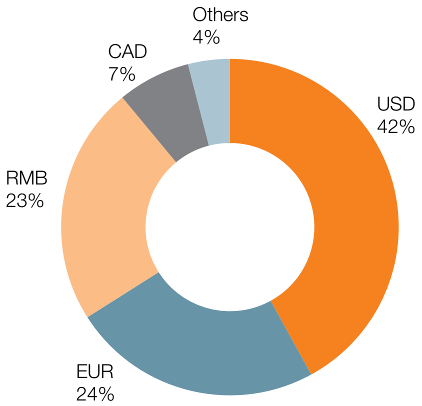
		FY21/22		FY20/21		FY19/20	
		Final	Interim	Final	Interim	Final	Interim
HK cents per share	Dividend	*17* *	17	34	17	-	17
US$ million	Cash	**	18.7	35.5	17.0	-	12.0
	New shares	**	0.8	3.5	2.6	-	7.3
	Total	19.4 **	19.5	39.0	19.6	-	19.3

* Proposed dividend
** A scrip option will be available to shareholders

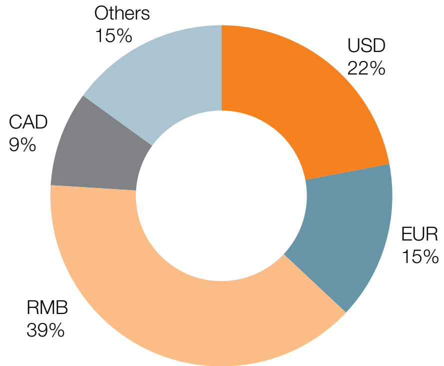
Foreign Exchange Risk

The Group is exposed to foreign exchange risk, largely from sales and costs denominated in a number of currencies. It mitigates the economic risk from this through plain vanilla forward currency contracts and structured foreign currency contracts. These contracts have varying maturity dates, ranging from 1 to 78 months after 31 March 2022, to match the underlying cash flows of the business.

Sales by currency



Costs by currency



The net fair value gains of currency contracts, including plain vanilla forward foreign currency contracts, cross-currency interest rate swaps and structured foreign currency contracts increased by US$76.1 million to US$227.3 million as of 31 March 2022. This was largely due to favourable changes in the mark-to-market value of contracts for the Chinese Renminbi and the Euro.

The mark-to-market ("MTM") rate is the current fair value for the settlement of a forward contract, as provided by the counterparties (the Group's principal bankers). The mark-to-market rates are influenced by the changes in spot rates shown in the table above right

Spot rates of significant currencies

	Spot rates as of 31 Mar 2022	Spot rates as of 31 Mar 2021	
USD per EUR	1.12	1.17	EUR weakened 4%
HUF per EUR	367.07	363.85	EUR strengthened 1%
CAD per USD	1.25	1.26	USD weakened 1%
RMB per USD	6.36	6.56	USD weakened 3%
MXN per USD	19.87	20.60	USD weakened 4%

Net fair value gains / (losses) of currency contracts

US$ million		31 Mar 2022	31 Mar 2021	Change
Euro	Plain vanilla forward contracts	112.0	103.0	9.0
	Structured contracts	37.4	30.7	6.7
	Total	149.4	133.7	15.7
Chinese Renminbi	Plain vanilla forward contracts	89.4	30.4	59.0
Others	Plain vanilla forward contracts and swaps	(11.5)	(12.9)	1.4
Net fair value gains	Plain vanilla forward contracts and swaps	189.9	120.5	69.4
	Structured contracts	37.4	30.7	6.7
	Total	227.3	151.2	76.1

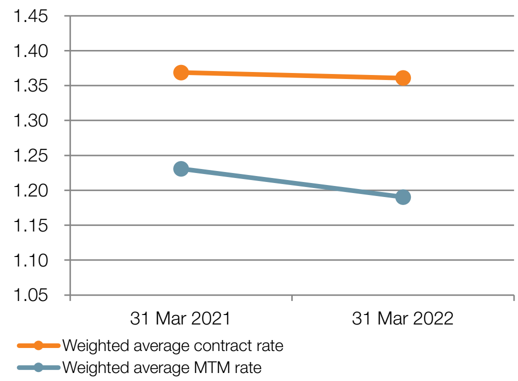
Euro contracts: The Group's plain vanilla and structured forward contracts to sell the Euro ("EUR") and buy US Dollars ("USD") create an economic hedge for Euro-denominated export sales.

Additionally, the Group hedges its net investment in its European operations to protect itself from exposure to changes in the underlying value of investments from future changes in exchange rates. It also hedges its intragroup Euro monetary balances from changes in exchange rates.

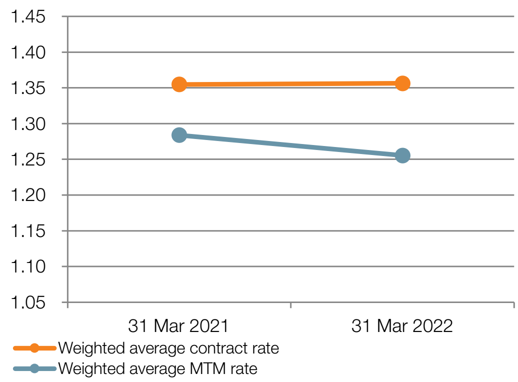
During the year, as the EUR weakened against the USD, mark-to-market gains for plain vanilla and structured forward contracts increased.

Consequently, the financial asset representing the cumulative fair value gains on plain vanilla and structured forward EUR contracts increased by US$15.7 million to US$149.4 million as of 31 March 2022 (31 March 2021: US$133.7 million financial asset).

EUR – Plain vanilla forward



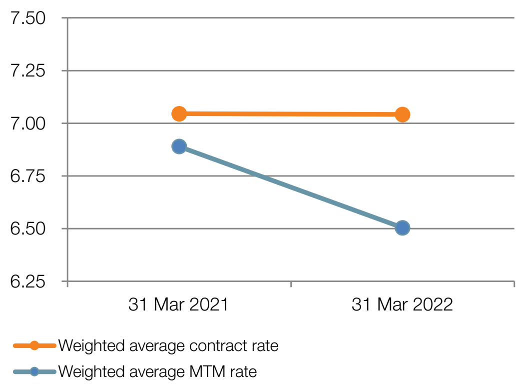
EUR – Structured forward



Renminbi contracts: The Group's plain vanilla contracts to buy the Chinese Renminbi ("RMB") create an economic hedge for production costs, other operating costs and capital expenditure denominated in RMB against the sources of revenue.

During the year, the USD weakened against the RMB. As a result, the financial asset representing cumulative mark-to-market gains for plain vanilla contracts increased by US$59.0 million to US$89.4 million as of 31 March 2022 (31 March 2021: US$30.4 million financial asset).

RMB – Plain vanilla forward



Other currency contracts: The Group's plain vanilla contracts to buy the Hungarian Forint ("HUF"), the Mexican Peso ("MXN"), the Polish Zloty ("PLN"), the Turkish Lira ("TRY") and the Serbian Dinar ("RSD") create an economic hedge for production costs, other operating costs and capital expenditure denominated in these currencies against their sources of revenue.

The Group also holds plain vanilla contracts to sell the Canadian Dollar ("CAD") and buy USD to create an economic hedge for materials purchased in USD for consumption in its operations in Canada.

Estimated future cash flow: The final realized gain or loss for each contract will crystallize based on the prevailing spot rate at the date of maturity versus the contract rate and will impact cash flow at that time. In terms of estimating future cash flow, the contracts' rates at maturity compared to the spot rates as of 31 March 2022 would result in approximately:

- US$326 million aggregate cash flow benefit from plain vanilla forward foreign currency contracts and cross-currency interest rate swaps (31 March 2021: US$268 million)
- US$45 million cash flow benefit from structured foreign currency contracts (31 March 2021: US$40 million)

Further information about the Group's forward foreign currency exchange contracts can be found in Notes 7 and 8 to the accounts

Raw Material Commodity Price Risk

Spot prices of significant raw material commodities

US$ per metric ton	Spot prices as of 31 Mar 2022	Spot prices as of 31 Mar 2021	Strengthen/ (weaken)
Copper	10,337	8,851	17%
Aluminium	3,503	2,213	58%
Iron ore	159.15	161.36	(1)%
Coking coal	521.67	117.67	343%
Silver - US$ per ounce	24.82	24.00	3%

Net fair value of commodity contracts

US$ million	31 Mar 2022	31 Mar 2021	Change
Copper	44.9	52.7	(7.8)
Other commodities	17.1	6.4	10.7
Total	62.0	59.1	2.9

Copper – Plain vanilla forward

The Group is exposed to commodity price risk, mainly from fluctuations in copper, steel, silver and aluminium prices.

Price risk from copper, silver and aluminium is reduced by hedging through cash flow hedge contracts with maturity dates ranging from 1 to 36 months after 31 March 2022.

Price risk from steel is reduced through fixed price purchase contracts for steel up to 3 months and cash flow hedge contracts for iron ore and coking coal with maturity dates ranging from 1 to 36 months after 31 March 2022.

The Group also manages commodity price risk by way of incorporating appropriate clauses in certain customer contracts to pass increases / decreases in raw material costs onto these customers.

The net fair value of commodity contracts increased by US$2.9 million as fair value gains caused by rising commodity prices more than offset the consumption of contracts.

During the year, the fair value of copper contracts decreased due to the consumption of contracts, partly offset by fair value gains as the market price of copper increased. As a result the financial asset representing cumulative mark-to-market gains for plain vanilla copper contracts decreased by US$7.8 million from US$52.7 million as of 31 March 2021 to US$44.9 million as of 31 March 2022.

Further information about the Group's raw material commodity contracts can be found in Note 7 to the accounts

Counterparty Risk

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

Enterprise Risk Management

The Group identifies, mitigates and manages its exposure to risk and uncertainty through proactive oversight and robust business processes. Management and the Group's internal audit function monitor these business processes, testing them periodically to ensure their continued effectiveness.

Existing and emerging risks are analyzed and tracked on a quarterly basis by the Group's Enterprise Risk Management Steering Committee. This is chaired by the Group's Chief Executive and includes the Chief Financial Officer, the Chief Information Officer, the Chief Human Resources Officer, the Senior Vice Presidents of Supply Chain Services, Global Operations and Corporate Engineering, and the Group's leaders from the Environment, Health and Safety departments, Legal, Intellectual Property and Internal Audit. There are additional management committees to ensure that risks are managed in timely and sufficient manners.

Principal risks and uncertainties

Strategic risks	**Commercial risks**	**Operational risks**	**Sustainability risks**	**Financial risks**
Global economic and geopolitical environment, trade issues and industry dynamics	Major customers and products	Supply chain	Environment and climate change	Liquidity
Strategy and business plans	Contract performance	Freight and logistics	Product sustainability	Interest rates
Competitive environment	Intellectual property	Business interruption	People	Foreign currency exposure
Technology changes		Human resources	Trust and transparency	Commodity prices
Exposure to developing countries		Taxation		Counterparty risk
		Warranty and product liability		
		Energy		
		Fraud		

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

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

Strategic risks	How we respond
Global economic and geopolitical environment, trade issues and industry dynamics The Group's business is sensitive to the global economic and geopolitical environment. The following factors could lead to decline in demand for the Group's products or adversely affect the Group's financial condition, results of operations, asset values and liabilities: • Severe or prolonged instability in the global economic and geopolitical environment, for example, due to a global pandemic, or international conflict • Market changes arising from changes in consumer behaviour, for example, potential changes in behaviour after the COVID-19 pandemic such as social distancing and mobility choices • The effect of global trade issues (in particular the ongoing trade dispute between the United States and the PRC) on industries in countries where the Group manufactures, sources or exports goods. Actual and threatened trade protectionism due to trade disputes between nations could disrupt global trade and manufacturing supply chains • The performance of the Group's Automotive and Industry Products Groups depends on conditions in the industries in which they operate. Production and sales in these industries are cyclical and sensitive to consumer preferences, general economic conditions and the impact of trade issues	To mitigate risks arising from the global economic and geopolitical environment, trade issues and industry dynamics, the Group continually seeks: • To establish and strengthen its global footprint to ensure that the Group is effectively positioned to respond over time to changing customer demands, production and transportation costs, as well as indirect taxes, tariffs and import duties • To grow, both organically and through acquisitions, across all regions to mitigate the impact of an economic downturn in any particular region • To diversify its customer and product portfolios through internal development, joint ventures and acquisitions to mitigate the adverse impact of an economic downturn or market changes in any particular industry • To continuously evaluate consumer behaviour and practices
Strategy and business plans The successful implementation of the Group's future business plans depends on a number of factors, some of which may be beyond the Group's control: • The Group's success requires the further expansion of production capacity and finding suitable locations for this • The growth of the Group places a significant burden on its management, operational and financial resources • Many of the Group's businesses require significant capital expenditure and continued investment to support long-term growth	To mitigate risks to the successful implementation of the Group's strategy and business plans, Johnson Electric stipulates procedures and support for: • The close oversight of the construction of new sites and expansion of existing sites • The review and approval of all capital expenditure • A comprehensive appraisal, before establishing a joint venture or acquiring a new business, 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 identify potential issues

Strategic risks	How we respond

Competitive environment

The Group faces competition in its existing markets as well as in those markets into which it is trying to expand its business. The Group is under intense competitive price pressure 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.

The Group seeks to maintain its competitiveness in its core markets and enhance its competitiveness in those markets into which it is attempting to expand its business through:

- Investing in developing cost effective solutions in order to be the definitive supplier of motion solutions to its customers
- Continuously seeking and investing in productivity and efficiency improvements
- Ensuring the suitability of the operational footprint to respond quickly and cost-effectively
- Formal, disciplined review of new business quotations
- Regular review of market trends, products and prices

Technology (and related regulatory) changes

The Group's product and manufacturing technologies and capabilities must continually demonstrate Johnson Electric's ability to innovate and be cost-effective or the Group may lose customers to competitors who adapt their businesses to such technological changes or develop and offer more suitable or technologically advanced products. Existing products and inventory may become obsolete.

Changes in regulations or standards for products and for industrial processes may necessitate the development of new or improved products and the use of new or improved manufacturing processes.

The automotive market is experiencing disruptive change due to rapidly rising demand for new energy vehicles.

Changes are also arising from disruptive digitalization including:

- Increasing automation, artificial intelligence and data exchange in manufacturing technologies to create the smart factory
- Challenges in implementation including controlling investment, resolving IT security and reliability issues
- Maintaining the integrity of production and managing disruption to the workforce as required skill-sets change and as some positions are eliminated through automation

The Group mitigates its risk from and seeks opportunities to exploit technology and related regulation changes through:

- Developing cost-effective solutions and managing technological competitiveness through innovation and creating intellectual property to be the definitive supplier of motion solutions to its customers
- Diversifying customer and product portfolios through internal development and acquisitions to mitigate the adverse impact or exploit the favourable opportunities presented by technology, business model and regulatory changes in a particular industry, including the risks and opportunities presented by new energy vehicles
- Strategic planning and risk assessment aligned to a technology roadmap that considers the converging capabilities of robot process automation and cyber-physical systems, advanced analytics, artificial intelligence and the internet of things
- Reskilling employees
- Information security protocols enabled through software and business processes including virus, malware and intrusion protection, identity and access management and building employee awareness
- Monitoring the level of threat to the Group's IT and identification of emerging security issues

Strategic risks	How we respond

Exposure to developing countries

The Group's expansion of its manufacturing and sales into emerging markets makes it susceptible to potential instability or weakness in political, regulatory, social and economic situations in a number of developing countries.

Risks from the Group's exposure to developing countries are mitigated by:

- Continued development and strengthening of its global footprint. This ensures that the Group is effectively positioned to respond over time to changing political, regulatory, social and economic situations in the countries where it operates and reduces reliance on any single country
- Core values that include a commitment to "Lead by example". The Group's code of conduct requires uncompromising standards of integrity, openness and fairness. Its global policies and practices set out a rigorous management framework for environmental, human and labour rights, and health and safety matters

Commercial risks	How we respond

Major customers and products

The Group relies on sales to certain major customers, who contribute significantly to the Group's total revenue. Additionally, the Group relies on sales of certain major product lines, including the Stackpole business and the cooling fan business. As a result, the Group could be adversely affected by declines in major customers and products and by decline in the global automotive market.

The Group mitigates the risk of relying on major customers and products by diversifying customer and product portfolios through internal development and acquisitions. Consequently, no single customer contributes 10% or more to the Group's total sales and the Group has brought a consistent stream of new products to the market.

Contract performance

Potential losses arising from failure in contract performance or onerous contract terms.

Contract risks are mitigated by 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 arising from this include the substantial cost of protecting its intellectual rights and the legal costs of defending claims of infringement.

Risks arising from intellectual property are mitigated by:

- 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 rights

Operational risks	How we respond
Supply chain If the Group was to experience a prolonged shortage of raw materials or critical components, without being able to procure replacements for these items, it would be unable to meet its production schedules and could miss customer deliver deadlines and expectations.	Supply chain risks are mitigated by: • Ensuring supply chain resilience, including supplier continuity, quality and reliability • Continuously seeking opportunities to insource the supply chain to assure supply
Freight and logistics The Group may need to ship products globally exposing it to freight and logistics risks including: • Disruption to shipping schedules • Volatility in freight costs • Cargo damage • Import / export customs compliance risks	To mitigate freight and logistics risks the Group is: • Strengthening in-region manufacturing capabilities • Increasingly localizing supply chains • Retaining safety stock within the region to mitigate the impact of potential logistics disruptions
Business interruption Inherent risks and hazards affecting the Group's operations may result in business disruption and interruption and may or may not be under the Group's control. Industrial accidents, equipment failures, fires, floods or other natural disasters, epidemics, strikes or other labour difficulties, disruption of transportation networks and markets could disrupt the Group's business. Additionally, incidents causing injury to people or damage to the Group's facilities may give rise to compensation claims and lawsuits, and adverse impact on the communities in which the Group operates.	The Group mitigates the risks of business interruption by: • Developing its footprint in each region, strengthening production facilities and the supply chain to increase the resilience of its operations and reduce reliance on any single site • Maintaining good labour relationships • Meeting or exceeding requirements for employee health and safety
Human resources The Group's business success depends on attracting and retaining qualified personnel and on maintaining an established workforce. Additionally, the Group is vulnerable to the shrinking availability of labour due to demographic changes (declining birth rates and aging populations)	The Group mitigates its exposure to human resources risks by: • Attracting and retaining high-calibre management and other key personnel • Building effective networks of employees and partners and maintaining good labour relationships • Minimizing the impact of unexpected staff turnover through succession planning and standardization of work procedures • Streamlining its operations through automation and digital technology

Operational risks	How we respond
Taxation The Group may be subject to direct and indirect tax audits by government authorities in all jurisdictions where it conducts business. These tax audits are by nature, both ongoing and uncertain as to outcome. Negative or uncertain outcomes or changes to tax laws in the various jurisdictions in which the Group operates could adversely affect the Group's business, financial condition, results of operations and deferred tax asset valuations.	The Group mitigates its exposure to tax risks by: • Complying with relevant tax laws and regulations • Seeking professional guidance where tax laws and regulations are changing or unclear
Warranty and product liability The Group manufactures complex products 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.	Warranty and product liability risks are mitigated by: • Continuously improving engineering and manufacturing processes and quality standards to reduce the likelihood of quality issues • Conducting product safety reviews to ensure that products are fail-safe and meet the highest market standards • Continuously seeking opportunities to insource the supply chain to ensure that components meet the Group's rigorous quality requirements
Energy Inflation, scarcities and disruptions in the energy market may cause an increase in the Group's energy costs. Energy scarcities and disruptions may also cause interruption to the Group's supply chain and to its operations.	The Group mitigates its exposure to energy risks by: • Seeking to reduce the purchased energy intensity of its operations. The Group has set a target for a 15% reduction in intensity by 2030 • Developing its footprint in each region, strengthening production facilities and the supply chain to increase the resilience of its operations and reduce reliance on any single site
Fraud Cyber fraud is increasing worldwide and is becoming more sophisticated. Fraudsters may impersonate suppliers, Johnson Electric employees or customers in their attempts to obtain money by deception. Additionally, in common with all businesses, the Group may be subject to attempts to commit occupational fraud by its employees.	The Group mitigates its exposure to risks of fraud by: • Taking appropriate steps to authenticate the identity of customers, employees and suppliers making such requests • Proactive oversight and robust business processes. The Group's internal control framework sets out the delegation of authority for approval of contracts, revenues and expenditures, and includes a mix of preventative and detective controls, subject to internal audit review

Sustainability risks	How we respond
Environment and climate change	
Energy and climate – The Group's operations consume energy and emit carbon in the manufacture of its products, contributing to climate change. If the Group fails to increase its use of renewable energy and reduce its carbon footprint this could result in damage to the climate and to loss of business. Waste, water and emissions – The Group's operations generate waste, consume and discharge water and cause air emissions. The Group may fail to comply with environmental regulations regarding these.	Johnson Electric promises to protect the environment for future generations. In pursuit of this, the Group: • Has targets for an absolute reduction in CO_2 from its operations, and a reduction in its energy intensity. The Group has also begun to assess the carbon footprint of supply chain • Minimizes the ecological impact of its operations, monitoring and seeking to reduce its waste generation, water consumption and discharge, and emissions
Product sustainability	
Sustainability is a key trend driving demand, especially in relation to climate change mitigation. APG's customers require products that support and enable the electrification of the vehicle to remove carbon emissions from the tailpipe. IPG's customers require energy-efficient solutions for a number of domestic and industry applications. The business must develop products that fulfil these needs. Additionally, some customers are setting stringent sustainability requirements. These include reducing each product's carbon footprint, increasing the use of recycled materials, and quality and safety requirements. If the Group fails to meet these requirements, customers may exclude it from future business.	The Group mitigates sustainability risks in its products by: • Offering products that directly target zero and low carbon applications, offer solutions for safety, health and well-being or lower barriers to equality • Designing environmentally friendly products and processes that consume less resources and energy in manufacturing and use • Implementing product carbon footprint and lifecycle assessments • Seeking to use renewable energy in its factories • Ensuring that its products are compliant with the necessary quality, and health and safety requirements
People	
The Group requires an engaged workforce. Its employees desire meaningful, sustainable work with equal employment opportunity. They seek an environment where they are respected, can develop and fulfil their potential, and where their health and safety is protected. They also seek to obtain relevant skills to protect their livelihoods, as the Group undergoes digital transformation. Breaches of employees' human and labour rights could harm workers and also lead to loss of reputation, loss of business, difficulties in recruiting and retaining workers, as well as fines and penalties.	The Group seeks to provide a suitable working environment and maintain employee engagement through: • Embedding human and labour rights in its business practices and promoting diversity and equal opportunity • Complying with relevant labour laws and regulations • Taking appropriate steps to protect employee health and safety and wellbeing • Talent attraction and retention, and training and development programmes • Regular assessment of employee engagement with follow-up actions at all sites • Seeking synergies between social impact and employing motivated and committed employees working in a culture of trust and respect

Sustainability risks	How we respond
Trust and transparency The Group may suffer reputational damage and lose potential business, if its ethics or quality is called into question, or if it does not take into account the interests of its main stakeholders. A breach of or non-compliance with relevant laws and regulations may incur fines or non-monetary penalties and cause a loss of reputation. The Group's reputation could also be harmed through its exposure to environmental, social and ethical risks in its supply chain.	To mitigate these risks the Group: • Ensures the Board and senior management team has a balance of skills, experience and diversity of perspectives appropriate to Johnson Electric's business • Ensures that its values and strategy are aligned with its culture • Sets a strong tone at the top, ensuring that this is reflected at all levels of the global organization and provides feedback channels for ethical concerns • Communicates its sustainability performance to stakeholders and involves them where applicable • Monitors its legal and regulatory environment and applies the necessary resources to ensure a timely response to changes • Maintains robust supplier qualification and monitoring procedures that give due consideration to cost, quality, safety, environmental protection, social responsibility and ethical behaviour

Financial risks	How we respond
Liquidity, interest rates, foreign currency exposure, commodity prices and counterparty risk	The Group mitigates its exposure to financial risks through a variety of measures including: • Maintaining investment grade credit ratings, with a long-term debt maturity profile and a mixture of fixed and floating interest rates for the borrowings outstanding • 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 risk from interest rates, foreign exchange rates, commodity prices, counterparty risks and customer credit and collection risks

Social Impact and Sustainability

Johnson Electric's Business Framework articulates its Vision, Purpose and Values and connects these to its Promises to customers, employees, local communities, the environment and shareholders.

Johnson Electric's "MARBLE" values are further discussed on page 35

This is underpinned by a Social Impact and Sustainability Charter that guides the Group's activities in the related areas. This takes into account the interests of Johnson Electric's main stakeholders as the Group pursues its purpose to improve the quality of life.

The Group's Global Social Impact and Sustainability Committee is chaired by an Executive Director and includes the Chief Financial Officer, the Chief Human Resources Officer, the Senior Vice Presidents of Global Operations, Supply Chain Services, Corporate Engineering, and the Automotive Products Group. The Committee's activities are supported by a Sustainability Department.

The Committee's responsibilities include:

- Developing and implementing social impact and sustainability strategies
- Defining environmental, social and governance targets and key performance indicators
- Providing a global framework to cultivate a social impact and sustainability culture that empowers and enables teams and individuals to make a positive impact in their day-to-day roles while encouraging leaders to develop a socially conscious and sustainable mindset
- Overseeing social impact and sustainability activities and communication

Sustainability is also deeply integrated into Johnson Electric's global organization. All business units and functions incorporate and align sustainability strategies, key performance indicators and goals into their strategic plans to meet the Group's overall sustainability direction and commitments. Performance targets based on social impact and sustainability goals form an element in determining all individual annual incentive pay, including the executive management team.

Sustainability Ratings

In 2021, MSCI upgraded Johnson Electric's ESG Rating to BBB (previously BB), EcoVadis awarded the Group a Bronze Medal for sustainability, and CDP awarded a score of B- for both climate change and water security. Johnson Electric has an A+ rating for sustainability from the Hong Kong Quality Assurance Agency and is a constituent of the Hang Seng Corporate Sustainability Benchmark Index.

Trust and Transparency

Johnson Electric strives to conduct its business with honesty and integrity, both within the Group and in its dealings with its business partners, customers, suppliers, competitors and the communities in which the Group operates. To this end, the Johnson Electric Code of Ethics and Business Conduct * (the "Code") sets out the principles that define such behaviour. This guides employees to use good judgment and ethical decision making in their business conduct and practices. A whistle-blower hotline enables the anonymous reporting of breaches of the Code. The Code is available in the local language of each Johnson Electric site.

There were no significant instances of non-compliance with laws and regulations in FY21/22 and up to the date of approval of the Annual Report.

* Johnson Electric's Code of Ethics and Business Conduct is available for download from www.johnsonelectric.com

Relationships with Customers

Johnson Electric promises to make customers successful with motion solutions that deliver more comfortable, safer and healthier products for end users. This commitment is reflected in the Group's vision, in its purpose and in its MARBLE values.

The Group fulfils this promise by creating solutions that delight the end-user of a product and that meet the business needs of its direct customers. An intensive dialogue between the Group's sales and engineering departments 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. Johnson Electric aims to be the "safe choice" solution.

A vertically integrated, global-local manufacturing footprint brings the Group close to customers and enables it to respond with speed and agility to changes in demand. In support of this, the Group is further strengthening "in-region" production capabilities, introducing advanced resource- and energy-efficient manufacturing technologies and increasingly localizing internal and external supply chains.

The Code contains strict requirements to ensure fair competition. The Group does not sign or enter into agreements with competitors that harm customers, nor does it abuse a dominant position in the market to prevent others from competing.

Relationships with Suppliers

The Group's engagement with suppliers is driven by its focus on "Innovation" and "Safe Choice".

Robust supplier qualification procedures before ordering regular supplies from any new supplier ensure that the Group has the right supplier to source the right item. These procedures give due consideration to cost, quality, safety, environmental protection, ethical behaviour and social responsibility.

The Group's suppliers are:

- Contractually required to be certified under relevant international quality and environmental management standards. Additionally, the Group supports suppliers to strive for continuous improvement and better performance
- Required to provide information on the presence of certain minerals including tin, tantalum, tungsten, gold and cobalt in their products, and to provide data on the smelters and refiners in their respective supply chains. The Group uses this information to publish a Conflict Minerals Report and a Cobalt Report, consistent with industry standards for supply chain transparency. Suppliers are encouraged to also adopt similar due diligence processes to identify, mitigate and, where appropriate, remediate conflict mineral risks in their supply chains
- Required to acknowledge and comply with Johnson Electric's Supplier Code of Conduct (the "Supplier Code"). This Supplier Code includes requirements for the protection of human and labour rights, responsible materials sourcing, environmental stewardship, emergency response, and business integrity. It specifically prohibits offering of gifts, certificates, loans, hospitality, service or favour in an improper manner. A whistle-blower hotline enables the anonymous reporting of breaches of the Supplier Code. Suppliers are also required to comply with the US Foreign Corrupt Practices Act, the UK Bribery Act 2010 and the criminal law in their country of operations
- Required by the Group's Purchase Terms and Conditions to adhere to directives set by the International Labour Organization'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". These set out principles of the freedom of association, right of collective bargaining, abolition of child labour and the elimination of forced or compulsory labour or discrimination at work

Johnson Electric's Purchase Terms and Conditions, Responsible Minerals Policy and Supplier Code of Conduct are available for download from www.johnsonelectric.com.

The Group continuously gauges and calibrates suppliers' ability to meet the above requirements through its Supplier Performance Rating System. This includes annual risk assessments, supplier self-declarations, evaluated sustainability questionnaires, site visits and supplier audits *. The Group will review future business and sourcing decisions with suppliers who do not engage with it in these efforts.

* In FY21/22, as part of the Group's response to COVID, supplier audits were limited to quality aspects only

Investing in people

Johnson Electric's business framework includes a promise to inspire its employees to grow, act with ownership and find fulfilment and meaning in the work they do. The Group's **"MARBLE"** values provide the foundation of the "One Johnson" culture that provides a common identity for employees to operate as a global team both at times of growth and in times of adversity.

The Group recognizes that the talent and diversity of its people drives business results. Close to 20 nationalities are present in its headquarters in Hong Kong. Global collaboration is the norm for how work is done in the Group's functions and business units.

Attracting and developing the Right People, putting them in the Right Jobs and providing them with the Right Environment to excel at what they do are the pillars that underlie Johnson Electric's people strategy and talent management processes. Our ultimate vision is to become "One Johnson around the world, a great company and a great place to work!"

The **MARBLE** values

Make customers successful and end users delighted	Delivering what our customers need to delight their end users is the primary goal of Johnson Electric. We are committed to making our customers successful in *their* business, as the basis for long-term success in *our* business.
Attract and empower great people	Johnson Electric aims to offer its people career development that rewards results, enterprise, mentorship and teamwork. We achieve business results by empowering our people. We have employees all around the world and recognize that our business thrives on the diversity of our people and their ideas.
Reach higher	Johnson Electric people set stretch goals for themselves to drive business growth and personal career fulfilment. We know from experience that bold thinking and bold action will bring about extraordinary results.
Be sustainable	Our business model must take into account long term social and environmental impacts of our own operations as well as the operations of our partners and suppliers. Our products should also contribute to the sustainability of the planet. We will reduce greenhouse gas emissions and energy consumption in our own business operations.
Lead by example	Johnson Electric believes that good corporate citizenship requires uncompromising standards of integrity, openness and fairness. We are committed to demonstrating leadership wherever we do business through the promotion of a safe, healthy and fair environment for our people.
Excel in execution with practical solutions	Johnson Electric's customers expect the highest standards of quality and performance. We work not only to meet those expectations but also to exceed them through continuous cycles of learning, shop-floor practicality and a "can do" mindset. We aim to put innovative ideas into practice quickly as a team and refuse to be stalled by complexity.

One Johnson Around the World, A Great Company and a Great Place to Work!

We are a truly global team bound together by our shared values. We recognize that the talent and diversity of our people drive business results.

We thrive on innovation and excel in execution. We are committed to making our customers successful and our world a better place.

We are highly selective. We believe that hiring the right people and putting them in the right jobs maximizes the success of our people and the business.

Talent Management Processes

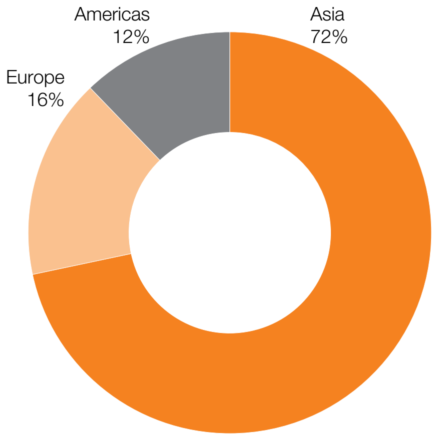
The Group's Executive Committee is committed to fulfilling the Group's promise to "inspire our employees to grow, act with ownership and find fulfilment and meaning in the work they do".

The Group's Human Capital Committee ("HCC") meets monthly with the most senior executives. Its mission is to drive the talent pipeline and continuously improve organizational effectiveness. The agenda for these meetings includes:

- Talent management strategies and initiatives
- Appointments to senior roles
- Succession planning for key positions
- Development of senior high-potential individuals through job rotation, job expansion, promotion, transfer and executive coaching
- Other key people initiatives

Global Workforce

As of 31 March 2022, the Group's total global headcount stood at over 35,000 across Asia, Europe and the Americas.



Annual succession planning workshops for Senior Vice Presidents and mission critical positions aim to build the Group's bench strength for long-term success.

Regular talent calibration is used to assess employees' growth potential and identify high potential employees who are then targeted for additional development opportunities. The Group has been involving additional levels of management in this process, with the aim of identifying high potential employees much deeper in our organization. All identified high potential employees are then vetted by the Executive Committee to qualify for inclusion in Johnson Electric's talent pool. This talent pool is regularly reviewed when considering key appointments in organizational reviews.

Managers are empowered to drive talent development and are expected to create individual development plans for their identified talent. Corporate Talent Management supports this by offering psychometric assessments for development, 360 feedback, executive coaching and formal executive education programmes.

The 360 feedback program has been extended to include identified early talent, i.e. individuals with the potential to become part of the Group's management team. 360 feedback from supervisors, peers and other colleagues will be used to help shape early talents' individual development plans.

A Performance Management process for all staff, aims to deliver fairness, equity and the alignment of performance standards globally. This emphasizes development planning and behaviors in the annual goal setting and performance review process. The Group emphasizes the importance of performance discussions to ensure employees are provided with recognition and constructive feedback to support their growth. Furthermore, the Group places emphasis on making data-driven people decisions. Key demographic and people analytics are built into easy-to-navigate data visualizations for Executive Committee members.

"Feedback requests" allows staff and managers to request feedback from anyone in the organization on themselves or their subordinates. This is aligned with the Group's promise to employees, and allows them to proactively collect recognition and constructive feedback from those they work closely with. Feedback tied to strategic goals has allowed tighter alignment across functional teams and cross-functional recognition of staff achievements in town hall meetings.

Additionally, the Group's "My Career in Motion" programme enables employees to take greater accountability for their career growth and development, working in partnership with their managers and other employees. At the heart of this programme is a formal self-nomination process that encourages employees to apply for open positions for which they are qualified. To enhance and broaden career opportunities for Johnson Electric people, we foster a culture of "promoting from within".

A "JE Career Paths" resource is available to business unit and engineering employees. This gives a better understanding of available career pathways and the areas that they may need to build upon when driving their own career development.

The Group is conscious of the need to develop its pipeline of technical experts. Engineering talent has always been a key priority, but as Johnson Electric transforms, digital know-how is now also crucial to the Group's future. The Group is recruiting new talent with the necessary future skillsets. It is also upskilling its current workforce through internships, job rotations, technical seminars and peer-learning collaborative projects. Through these actions, the Group will strengthen its engineering centres of excellence and enhance business units' engineering and digital capabilities.

As part of this, the Group has launched a JEDi (JE's Digital Transformation Champions) program to encourage all employees to gain expertise in relevant digital applications, regardless of their role and function. Through active learning and application of the knowledge to their day-to-day work, employees joining this program will become a key driving force in JE's digital transformation. They will receive on-the-job learning as well as sponsorship for training and exam costs as they develop valued skills to access better career opportunities. They will also be able to mentor future JEDis.

The Group thrives on innovation and never stops investing in the next generation of engineers. It is Johnson Electric's ambition to become the employer of choice for engineers. The Group partners with technical colleges and renowned universities worldwide to recruit top engineering students each year. Through these partnerships, the Group offers scholarships and cooperative education programmes including capstone projects, doctoral research assignments, design competitions, trainee programmes and internships. For example:

- In Niš, Serbia, we welcomed ten Master's Degree students to a paid internship scheme – five students from the Faculty of Mechanical Engineering and five from the Faculty of Engineering. Over a nine-month programme these students will gain workplace knowledge and skills through comprehensive onboarding, mentorship and practical acquaintance with the Group's operating units, processes and distinct culture, to help them understand what it is like to Johnson Electric and to give them a successful start to their careers
- In France, youth unemployment is relatively high (OECD, July 2020: approximately 20% of people under 24 years of age are unemployed). The Group's factory in Hirson, France addresses this social need through a robust apprenticeship programme and hosted 11 apprentices in FY21/22. This scheme offers experience and knowledge that helps these youths develop their employability. This scheme has been highly successful in enabling a majority of the apprentices to find a job within a few months of completing the programme
- In Murten, Switzerland, an AI Summer Internship Programme is available for students pursuing Engineering, Data and Technology undergraduate or postgraduate studies. The interns take part in projects related to Robotics and Industry 4.0, Smart Manufacturing, Artificial Intelligence and Big Data Analytics, and Digital Twin (virtual representations of our products and processes)

Providing the Right Environment

Johnson Electric is committed to respecting the labour and human rights of all its employees and to providing a safe workplace in which the dignity of every individual is respected. The Group's subsidiaries around the world set their labour standards in line with Group policy and with local labour laws and regulations so that employment conditions fully comply with Johnson Electric's commitments and with applicable labour laws and regulations.

Johnson Electric employment standards	
Labour and human rights	The Group adheres to the directives set by the International Labour Organization's "ILO Declaration on Fundamental Principles and Right at Work" and the United Nations' "UN Guiding Principles on Business and Human Rights". These set out principles on freedom of association, right of collective bargaining, the abolition of child labour and the elimination of all forms of forced or compulsory labour or discrimination in the workplace.
Equal employment opportunity	Johnson Electric is committed to treating all applicants and employees in a fair and non-discriminatory manner without regard to age, disability, marital status, race or colour, national origin, veteran status, religion, gender, sexual orientation, or any other legal protected status.
Open communication	Johnson Electric is committed to maintaining open two-way communication throughout the Group, keeping employees informed of current happenings and fostering an environment where employees are comfortable voicing their opinions, ideas, suggestions and concerns.
Harassment free workplace	Johnson Electric is committed to providing a workplace in which the dignity of every individual is respected.
Workplace violence and weapons	Johnson Electric's objective is to provide a safe work environment that is free from acts and threats of violence.

As part of its corporate governance, Johnson Electric monitors its compliance with these Human Resources policies and relevant labour laws and regulations. As part of this:

At any time

- Employees may report any breach of our labour standards. Reports may be submitted anonymously via the Group's whistle-blower hotline, accessible globally at any time by phone or email. All such reports are investigated promptly and confidentially. If it is determined that there has been a violation, prompt action is taken to prevent reoccurrence, if necessary including appropriate disciplinary action

Every year

- The Group's regional and country Human Resources teams acknowledge and certify their full compliance to the Human Resources policies and to relevant labour laws and regulations
- All managers and above, as well as other employees in sensitive positions, must certify that they have read and comply with the Johnson Electric Code of Ethics and Business Conduct (the "Code"). The Code guides every employee in the use of good judgment and ethical decision-making, ensuring employees uphold Johnson Electric's belief in conducting our business lawfully and ethically. In relation to labour and human rights, the Code includes specific requirements on preventing child labour and forced labour, ensuring equal employment opportunity, keeping open communication, ensuring a harassment free workplace and preventing workplace violence and weapons

Every two years

- All managers and above, as well as other employees in sensitive positions, must undergo refresher training on the Code and its application in the workplace, including the protection of labour and human rights. On completing this training, they must pass a test on the Code. Only then are they allowed to certify that they have read and comply with the Code

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 revenue, profitability, liquidity and sustainability goals and is an important component of compensation for more than 80% 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

Johnson Electric's internal brand for its training and development activities is "Learning in Motion"

Continuous learning is a key attribute required in every Johnson Electric employee. The Johnson Electric Learning Institute ("JELI") provides global direction for all employee learning, development and reskilling activities in the Group. A Steering Committee, comprising representatives from all regions, meets once a month to guide and shape policies and practices, and focal learning and development programmes. A strong network of learning and development teams in each location supports this, delivering local learning programs in response to business priorities and the organization's talent needs. Additionally, the Group organizes a Learning Month every year to cultivate learning cultures.

The Group offers just-in-time classroom, webinar and eLearning programs to grow employees' soft and technical skills. A "JE Baccalaureate" programme provides a structured three-year internal course to upskill technical workers to support the Group's digital transformation. A leadership curriculum provides training for managers utilizing a variety of formats. Stretch assignments and international secondments provide employees opportunities to gain global exposure and broaden their horizons.

Learning and development activities are facilitated by the "Learning In Motion" hub, a global learning platform provides over 360 internal courses to employees, covering key business compliance and soft-skill areas and allowing employees to learn anytime, anywhere, on any device, at their own pace. The Group has also partnered with LinkedIn Learning – an on demand platform providing employees with access to thousands of on-line courses taught by industry experts.

The Group's various sites also offer apprenticeship programmes giving youth a route to gain technical training and work experience.

Employee Engagement

Johnson Electric pledges to maintain open and honest communication with employees through a variety of channels, as a foundation for building a high performance engagement culture across the Group. The Group's employee communication includes:

- **One Johnson Global Celebration**, an annual event, for all Johnson Electric employees around the globe
- **JE in Motion**, a digital platform for sharing multimedia content with all global employees or specific employee groups, facilitating knowledge sharing and team collaboration
- Regular **all-staff meetings** held in every Johnson Electric location to provide updates on business performance and developments on key projects. Throughout the pandemic, these meetings have taken place virtually, through the Group's video conferencing facilities

Above: [Serbia] "MARBLE Cube" distributed to all employees to communicate Johnson Electric's updated corporate values

Below: [Canada] Stackpole International named one of Hamilton-Niagara's Top Employers for 2022

- **MARBLE Snapshot**, a regular survey to measure the organization's engagement level. This provides a confidential route for employee feedback. Follow up actions ensure that employees' voices are heard and responded to at both corporate and team levels
- **Employee recognition awards** reward individual and team performance and boost engagement. JEwel, launched in 2021, rewards employees for sharing best practices across the Group. In particular, in the areas of safety, productivity, automation, artificial intelligence, quality and capability improvements, solutions innovation, technology advancement as well as social impact and community outreach. Living MARBLE recognizes employees living Johnson Electric's core values. The annual Chairman's Awards, reward outstanding performance
- **Local initiatives** such as recreational and team building activities, held throughout the year to boost engagement, build social skills and promote recognition. Local teams organized festive celebrations, outings, cultural excursions, appreciation days, parent-child activities and other events

[Brazil] Coffee chat with Plant Manager

Other means to ensure employees' alignment with Johnson Electric's strategy and direction include newsflashes, open forums and global and local employee contests.

Employee Health and Wellbeing

Johnson Electric stands strong in its commitment to protect employees' good health and wellbeing wherever it operates around the world. The Group maintains a safety culture with unceasing emphasis on safety matters in the workforce and continuous improvement to eliminate potential causes of incidents. Activities to promote health and safety awareness, during the year included:

- Safety Month: Every June is Safety Month across the entire Group. Activities are organized at both the global and site level to raise plant and office workers' awareness of safety risks. In 2021, the theme of the month was "Back to Basics. Safety First" to reinforce the need for a self-checking approach with safety at the top of employees mind in everything they do
- Safety Moment: All-staff meetings begin with a Safety Moment. This regular practice draws employees' attention to prevailing safety topics, both within and outside of Johnson Electric
- Local initiatives: Throughout the year, local teams organize activities to promote safety awareness, employee health and wellbeing. Activities in FY21/22 included COVID vaccination programmes health-checks, healthy-activity programmes, first aid training, and hazard awareness training amongst others

Protecting Employees' Health during the COVID-19 Pandemic

The Group established a Corporate Health Committee soon after the outbreak of COVID-19 to provide directions and enact timely measures to protect Johnson Electric employees around the world. The safety protocols announced as a result were positively received by the Group's employees and acknowledged as models of good corporate citizenship by several local governments. Actions included:

- Manufacturing facemasks in-house as well as externally sourcing facemasks to supply all of the Group's employees worldwide
- Making special arrangements for working from home, flexible working hours and reducing non-essential work
- Introducing social distancing protocols to reduce the risk of transmission in workplace, canteen and hostel spaces
- Installing automated temperature monitoring equipment in most of the Group's locations
- Establishing robust cleaning and disinfection requirements for dormitories, offices and workshops
- Reviewing and upgrading ventilation in facilities to improve airflow and prevent cross-contamination
- Providing each facility with rapid test kits for use in case any employee showed COVID symptoms
- Encouraging employees to be vaccinated coupled with the weekly reporting of vaccination rates globally

The Group also strongly encouraged conscious efforts of colleagues to be considerate and maintain high standards of hygiene. This in turn has contributed to protecting employees' families, local healthcare professionals and the local communities where the Group operates.

Covid-19 vaccinations were arranged for employees in Johnson Electric's locations, worldwide (picture: a Polish employee being vaccinated)

Social Impact

Johnson Electric's business framework includes a promise to enrich its local communities.

The flagship theme of Johnson Electric's community engagement is "technical education". This comprises two main initiatives:

- **Johnson Electric Technical College ("JETC")**: The JETC serves a dual purpose. It provides the Group with a stream of well-educated future employees. It also gives back to society by supporting underprivileged youngsters in China and Mexico by providing a quality general and technical education. In Serbia, using similar concepts to JETC, the Group works in partnership with a local technical high school providing access to Johnson Electric's facilities and staff to assist students in receiving a quality technical education
- **Junior Engineer**: This global community outreach programme is a simple but effective way to encourage early interest in science, technology, engineering and mathematics ("STEM") subjects. Participating children, from 6 to 12 years old, build a toy powered by a Johnson Electric motor. In FY21/22, this was held as an internal activity for employees' children, allowing them the same opportunity to become interested in STEM subjects

Technical Education is also a recurring theme in the Group's local social impact activities. Local teams collaborate with educational institutions in their neighbourhoods to provide internship opportunities for students, reward outstanding performers and organize open house events for students.

Additionally, around the world, Johnson Electric's "JEnerations" social impact programme empowers local employees to select themes and identify targets that will benefit from the Group's contribution. Activities that may be given more focus include those that benefit children, the elderly, underprivileged groups, diversity and inclusion, and the environment. Volunteering activities organized by local teams can be held inside or outside working hours. Where such events take place outside working hours, all full-time employees may apply for up to eight hours paid time per year to volunteer.

The Group is motivated and excited to work with like-minded organizations including local charities and international non-governmental organizations to enrich local communities. Such cooperation may include jointly providing services to the target groups, organizing donation drives, or free services provided by Johnson Electric's employees to improve the efficiency and effectiveness of the organization.

The Group does not support employee efforts that discriminate nor does it fund any groups with illegal purpose or activities as defined by local laws, any political causes or candidates, any religious activities relating to denominational or religious purposes (but may support the charitable activities of religious groups), or any activities that go against Johnson Electric's Code of Ethics and Business Conduct.

Above: [Hungary] Tree planting at a local school

Below: [Poland] Participation in Business Run to raise fund for charity

Environmental responsibility

Johnson Electric promises to protect the environment for future generations.

The Group is committed to responsible manufacturing and takes practical steps to protect the environment wherever it operates around the world. The Group believes that excellent environmental performance will contribute to the sustainable growth of the Group for generations to come.

Environmental management: Johnson Electric takes a proactive approach to addressing environmental issues. The Group has established a progressive structure to monitor, manage and control environmental risks and track environmental performance, worldwide. All Johnson Electric manufacturing locations are required to apply this system and to track their performance in reaching specific environmental objectives and targets. Compliance with the Group's environmental management system and standards and local environmental regulations, is subject to verification through internal audit programmes and by accredited external auditors. The Group's leadership receives regular reports on key environmental performance indicators.

Energy consumption and greenhouse gases:
In 2021, the Group received a B- score for climate change from the Carbon Disclosure Project ("CDP").

CDP DISCLOSURE INSIGHT ACTION

Climate Change 2021

B-

The Group has set a target for a 25% absolute reduction in CO_2 by 2030 from our operations, using our emissions in the FY20/21 as a baseline. This replaces the Group's original target to reduce the carbon intensity of its operations by 30% by 2030. This move from an intensity target to a tougher absolute target better aligns with the goal of curbing global temperature rises to well-below 2°C above pre-industrial levels. The Group's target to reduce the intensity of its purchased energy consumption in its operations by 15% by 2030 remains unchanged. In pursuit of this, Johnson Electric's sites in France, Germany, Hungary, Italy, Poland, Serbia, Switzerland and Brazil are already obtaining energy from 100% renewable sources. The Group is seeking actively to extend this initiative to its other facilities.

Additionally, the Group has implemented a number of solar projects including the installation of photovoltaic cells in some sites and the use of solar water heating for dormitories, and is conducting feasibility studies for more.

The Group is also seeking to reduce carbon emissions and energy intensity through energy-saving technology and facility improvement projects. For example, the Group's investment in high-speed automation lines will give a significant reduction in energy intensity compared to the manual lines they are replacing. Additionally, several of the Group's sites, including its two largest sites, have obtained ISO 50001 certification for energy management systems requiring them to follow a systematic approach to achieve continuous improvement in their energy management.

Johnson Electric's Shanghai site received the "Low carbon vitality" Award from Qingpu industrial park on June 5, 2021

Pollution prevention and management: The Group seeks to prevent pollution from its operations. It assesses the environmental risk before building new facilities, expanding sites, or changing its processes. In the event that emissions or wastewater generation occur, appropriate treatment facilities are installed to mitigate possible pollution risks.

Johnson Electric's non-CO_2 emissions are mainly volatile organic compounds ("VOCs"). These come from glues used in product assembly, solvents used for parts cleaning, injection moulding and ink printing. The Group is taking steps to reduce its VOC emissions, by eliminating the use of VOCs in some processes, substituting inks and cleaning solutions with alternatives with lower VOC levels, and exhaust gas emission controls.

The Group purchased several hydrocarbon cleaning machines, and banned the use of ozone-depleting hydrochlorofluorocarbon solvents previously used for cleaning in its Shajing and Jiangmen, China factories

The Group also has some particulate matter emissions from various powder processes. The Group has previously implemented process improvements to capture and reuse epoxy particulate matter. This year, the Group has carried out a project to capture and reuse copper powder from its copper bushing process.

Materials consumption: The Group consumes raw materials such as steel, copper, aluminium and plastic resins. It addresses the environmental challenges posed by this by applying the concept of reduce, recycle and reuse.

Johnson Electric seeks to reduce its consumption by:

- Designing compact lightweight products that weigh less while delivering the same output. In its sales literature, the Group describes this as high power density
- Minimizing waste from production processes
- Minimizing packaging and using returnable packaging where feasible
- Ensuring that its products deliver long life and reliability

Grinding machines were added to production lines in Asti, Italy to recycle plastic sprues for reuse in production. Installed in September 2021, by the end of March 2022, these machines had already recovered 20 tonnes of material

The Group recycles scrap from production processes to recover as much of these valuable resources as possible. Where economically and technically feasible, waste (including aluminium, copper, plastic and epoxy powder) recovered from our manufacturing lines is reused in the Group's production processes. If scrap cannot be reused directly in the Group, it is sold for further recycling.

Waste management: The Group seeks to prevent or minimize general and hazardous waste produced by its operations. This is a key goal in its environmental management system. All of the Group's manufacturing facilities are required to develop and continuously improve site-specific programs to prevent or minimize solid or hazardous waste generation.

Water stewardship: The Group's operations do not consume a significant amount of water. The Group takes a responsible approach to water stewardship, seeking to maximize efficiency, minimize waste and prevent poor quality wastewater. In 2021, the Group received a B- score for water security from CDP.

CDP DISCLOSURE INSIGHT ACTION

Water Security 2021

B-

Bio-diversity: The Group has established a policy of planting only native species of flora. This in turn will provide an environment that is hospitable to native wildlife. This policy applies to landscaping for new or extended facilities and to the maintenance of landscaping around the Group's existing facilities. Through this, the Group aims to contribute to the preservation of bio-diversity where it operates.

Employee involvement: The Group seeks to encourage employees to take an active role in improving the Group's environmental performance, through identifying opportunities to save energy, reduce materials consumption, prevent or reduce waste, and taking part in recycling programmes and other environmental projects.

Collecting litter in Hirson, France

Sustainability Report

For further information about Johnson Electric's sustainability policies, performance and activities, please refer to the Group's Sustainability Report which is available on the Group's website: *www.johnsonelectric.com*.

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 formalizing best practices of corporate governance.

Board of Directors

The board of directors of the Company ("Board") currently consists of two executive directors and nine non-executive directors (of whom six 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 subsequent to the date of the Interim Report 2021. Mrs. Mak Wang Wing-Yee Winnie was re-designated as a Non-Executive Director of the Company on 1 January 2022. Subsequent to her re-designation, she remains as the Vice Chairman of the Company, a member of the Remuneration Committee and a director of two subsidiaries of the Company. Mrs. Mak is entitled to a director's fee of HK$526,500 per annum. Mrs. Catherine Annick Caroline Bradley was appointed as a non-executive director of abrdn plc on 4 January 2022. Mr. Christopher Dale Pratt resigned as a non-executive director of Grosvenor Group Limited in March 2022. Mr. Patrick Blackwell Paul retired as an independent non-executive director of Pacific Basin Shipping Limited on 19 April 2022.

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, environment, social and governance reporting, 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 recognizes 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 analyzed 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, environment, social and governance assessments and compliance with relevant statutory requirements and rules and regulations.

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 for 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 FY21/22 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
Austin Jesse Wang				M
Non-Executive Directors				
Mak Wang Wing-Yee Winnie		M		
Peter Kin-Chung Wang	M			
Independent Non-Executive Directors				
Peter Stuart Allenby Edwards			C	
Patrick Blackwell Paul	C		M	
Michael John Enright	M	M		
Joseph Chi-Kwong Yam		M		
Christopher Dale Pratt	M	C		
Catherine Annick Caroline Bradley		M		

C – Chairman
M – Member

Notes:
1. Mr. Austin Jesse Wang was appointed as a member of the Board Committee with effect from 1 June 2021.
2. Mrs. Mak Wang Wing-Yee Winnie was re-designated from an Executive Director to a Non-Executive Director and ceased as a member of the Board Committee, with effect from 1 January 2022.

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 Global Head of Internal Audit 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 HKEXnews.

Four committee meetings were held in FY21/22 to discuss and review relevant matters together with senior management and the independent auditor, including the following:

1. The FY20/21 annual results and interim results for FY21/22, 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 Internal Audit 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. Update on base erosion and profit shifting;
10. The status of litigation;
11. Update on information technology strategy and cybersecurity controls;
12. The Group's Sustainability Report, and recommendation to the Board for its approval; and
13. The Terms of Reference of the Committee.

Remuneration Committee

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

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 HKEXnews.

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 and Group 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 Johnson Electric 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 maximize long term shareholder value.

In determining the level of remuneration and fees paid to non-executive directors for the Board approval, a review of current practices in comparable companies is regularly conducted with the aid of an independent consultant. Board remuneration consists of an annual retainer with additional fees payable for committee memberships. Executive directors are not eligible for any remuneration or fees for board activities.

The Remuneration Committee reviews the overall remuneration program of the Group 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 member of senior management team approves his or her own remuneration.

Three committee meetings were held in FY21/22. During the year, the Committee addressed the following:

1. Review of the executive directors and senior executive compensation and benefits;
2. Long-Term Incentive Share Scheme awards;
3. Annual incentive plan measurement;
4. Review of succession planning; and
5. Consideration and recommendation of the compensation in respect of the re-designation of a director.

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 HKEXnews.

The Board has formalized its existing practices into a Nomination Policy and adopted it in 2018. The Nomination Policy (which is available on the website of the Group), as administered by the Nomination and Corporate Governance Committee, sets out the criteria and procedures for identifying and nominating suitably qualified candidates for appointment to the Board. The selection criteria specified in the Policy include:

- The highest personal and professional ethics and integrity;
- Contribution to the Board in terms of qualifications, skills, business experience, independence and such other factors as the Committee may consider relevant;
- Commitment in respect of available time and relevant interests;
- Board succession planning considerations;
- Consideration of the requirement of the minimum number of independent non-executive directors; and
- Diversity in all its aspects as set out in the Board Diversity Policy (incorporating relevant provisions of the Listing Rules) adopted by the Board in 2013.

In respect of the Board Diversity Policy, the Board is cognisant of the benefits of diversity and the Committee monitors implementation of this policy as part of the process of selecting and nominating candidates for appointment to the Board. Candidates are considered against the broad and diverse range of aspects specified in the Nomination Policy, which among other aspects also include gender, ethnicity and cultural background.

In reviewing Board composition, the Committee considers 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 FY21/22. The following is a summary of work performed by the Committee during the year:

1. Consideration and recommendation of the retiring directors and those who offered for re-election at the Annual General Meeting;
2. Consideration of the independence of all independent non-executive directors;
3. Consideration and recommendation of the re-designation of a director and change of members of the Board Committee;
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. Review of the continuous professional development of Directors and senior management;
7. Review of the structure, size and composition of the Board;
8. Consideration of suitable independent non-executive director candidates for joining the Company; and
9. Review of the new corporate governance requirement under the Listing Rules and the appropriate compliance measures.

Board Committee

The Board Committee comprises two executive directors, Dr. Patrick Shui-Chung Wang and Mr. Austin Jesse 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 five board meetings in FY21/22 and the average attendance rate was 92.7%. Details of the attendance of individual directors at board meetings, committee meetings and the annual general meeting during FY21/22 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	Continuous Professional Development *
Executive Directors						
Patrick Shui-Chung Wang *(Chairman and Chief Executive)*	5/5	-	-	2/2	1/1	√
Austin Jesse Wang	5/5	-	-	-	1/1	√
Non-Executive Directors						
Wang Koo Yik-Chun *(Honorary Chairman)*	1/5	-	-	-	0/1	√
Mak Wang Wing-Yee Winnie *(Vice-Chairman)*	5/5	-	3/3	-	1/1	√
Peter Kin-Chung Wang	5/5	4/4	-	-	0/1	√
Independent Non-Executive Directors						
Peter Stuart Allenby Edwards	5/5	-	-	2/2	0/1	√
Patrick Blackwell Paul	5/5	4/4	-	2/2	1/1	√
Michael John Enright	5/5	4/4	3/3	-	0/1	√
Joseph Chi-Kwong Yam	5/5	-	3/3	-	1/1	√
Christopher Dale Pratt	5/5	3/4	3/3	-	0/1	√
Catherine Annick Caroline Bradley	5/5	-	3/3	-	0/1	√
Average attendance rate	92.7%	93.8%	100%	100%	45.5%	
Date of meetings	12/05/2021 03/09/2021 11/11/2021 09/03/2022 10/03/2022	10/05/2021 19/07/2021 08/11/2021 17/01/2022	11/05/2021 09/11/2021 08/03/2022	12/05/2021 09/03/2022	14/07/2021	

* This includes (i) continuous professional development through attending expert briefings / seminars / conferences relevant to the Company's business or directors' duties arranged by external organizations and (ii) reading regulatory / corporate governance or industry related updates.

Continuous Professional Development

On appointment to the Board, each Director receives an induction package covering the Group's businesses and operations, and the 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. The Company continuously updates the 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.

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, including environmental, social and governance risks.

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.

Following a risk-based approach, the Group's Internal Audit Department independently reviews and tests the 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 Internal Audit Department, accounting and financial reporting function and their training programs and budgets.

To supplement the above, under the Code of Ethics and Business Conduct, employees can report any ethical misconduct, impropriety or fraud cases within the Group to the Johnson Electric Whistle Blower Hotline anonymously, or in writing in confidence without the fear of recrimination.

Details of the enterprise risk management are set out on pages 25 to 32 of this announcement.

Based on the results of evaluations and representations made by the management, the Group's Internal Audit Department and the external auditor in FY21/22, 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 FY21/22 and up to the date of approval of the Annual Report.

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 services performed by the external auditor for the Group. In particular, the Committee will consider whether such non-audit services could lead to any potential material conflict of interest.

During FY21/22 and FY20/21, the services and associated remuneration provided to the Group by PricewaterhouseCoopers were as follows:

US$ million	FY21/22	FY20/21
Audit	2.92	2.81
Tax services	0.97	1.20
Other advisory services	0.21	0.29

Corporate Governance Code

During the year ended 31 March 2022, 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:

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 Provisions A.4.1 and A.4.2

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

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

The independent non-executive directors are appointed for a specific term while the non-executive directors do not have a specific term of appointment. However, under Section 3(e) of The Johnson Electric Holdings Limited Company Act, 1988 and the Company's Bye-law 109(A), one-third of the Directors who have served longest on the Board since their last election shall retire and be eligible for re-election at each annual general meeting. Accordingly, no director has a term of appointment longer than three years except the Chairman and Chief Executive. 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.

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 FY21/22.

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 2022.

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 audited consolidated financial statements for the year ended 31 March 2022.

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 2022 are provided in the Letter to Shareholders and Management's Discussion and Analysis sections respectively from pages 2 to 6 and pages 7 to 46 of this announcement.

Results and Dividends

The results of the Group for the year ended 31 March 2022 are set out in the consolidated income statement on page 72 of this announcement.

Several of the macro-economic headwinds and supply chain disruptions currently impacting Johnson Electric's operations can be considered exceptional and potentially short-term in nature. The Board nonetheless considers it prudent for the Company to conserve its cash until operating conditions and the financial performance of the business improve. It has therefore recommended a final dividend payment of 17 HK cents per share. Together with the interim dividend of 17 HK cents per share, this represents a total dividend of 34 HK cents per share (compared to a total dividend of 51 HK cents per share in the prior year), equivalent to 4.36 US cents per share.

The final dividend will be payable on 7 September 2022. A scrip dividend alternative will be offered to allow shareholders to elect to receive the final dividend wholly or partly in the form of new shares in lieu of cash.

Distributable Reserves

As of 31 March 2022, the distributable reserves of the Company available for distribution as dividends amounted to US$1,868.4 million, comprising retained earnings of US$1,810.2 million and contributed surplus of US$58.2 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 realizable value of the Company's assets would thereby be less than its liabilities.

Directors

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

Executive Directors
Patrick Shui-Chung Wang *JP*
Austin Jesse Wang

Non-Executive Directors
Wang Koo Yik-Chun
Mak Wang Wing-Yee Winnie (re-designated as a Non-Executive Director on 1 January 2022)
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* *
Catherine Annick Caroline Bradley *CBE* *

* *Independent Non-Executive Director*

In accordance with Bye-law 109(A) of the Company's Bye-laws, Madam Wang Koo Yik-Chun, Prof. Michael John Enright and Mrs. Catherine Annick Caroline Bradley shall retire from office by rotation and being eligible, offer themselves for re-election. Mr. Peter Stuart Allenby Edwards shall retire but will not stand 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.

Directors' Interests in Transactions, Arrangements and Contracts

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 Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Donations

During the year, the Group made donations of US$0.2 million (FY20/21: US$0.3 million).

Share Capital

Details of the movements in share capital of the Company during FY21/22 are set out in Note 20 to the accounts. Shares of the Company were issued during the year on election of scrip in lieu of cash dividend for the 2021 final dividend and 2021 interim dividend pursuant to the Company's scrip dividend scheme. Details are set out in the Note 28 to the accounts.

Bonds

Details of the Company's US$300 million 4.125% p.a. Bonds due 2024 are set out in Note 14 to the accounts.

Disclosure of Interests

Directors

As of 31 March 2022, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Shares of HK$0.05 each of the Company			
Name	Personal Interests	Other Interests		Approximate % of shareholding
Wang Koo Yik-Chun	-	517,426,527	(Notes 1 & 2)	57.110
Patrick Shui-Chung Wang	3,329,718	-	(Note 3)	0.367
Mak Wang Wing-Yee Winnie	1,092,259	-	(Note 4)	0.120
Austin Jesse Wang	818,765	-	(Note 5)	0.090
Peter Kin-Chung Wang	-	27,218,144	(Notes 6 & 7)	3.004
Peter Stuart Allenby Edwards	-	43,564	(Note 8)	0.004
Patrick Blackwell Paul	32,750	-		0.003
Michael John Enright	15,250	-		0.001
Joseph Chi-Kwong Yam	11,750	-		0.001
Christopher Dale Pratt	56,000	-		0.006
Catherine Annick Caroline Bradley	6,500	-		0.000

Notes:
1. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
2. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
3. The interest comprises 1,793,106 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
4. The interest comprises 597,702 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
5. The interest comprises 597,702 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
6. 27,097,894 shares were held under a trust of which Peter Kin-Chung Wang was a beneficiary.
7. 120,250 shares were held beneficially by Peter Kin-Chung Wang's spouse.
8. These shares were held under a trust of which Peter Stuart Allenby Edwards was one of the beneficiaries.

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

Apart from the shares awarded pursuant to the Stock Unit Plan as described in the Report of the Directors, none of 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 2022, the shareholders' interests being 5% or more of the Company's issued share capital as shown in the register of substantial shareholders maintained under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Capacity	Numbers of shares held	Approximate % of shareholding
Wang Koo Yik-Chun	Beneficiary of family trusts	517,426,527 (Notes 1 & 2)	57.11
Ansbacher (Bahamas) Limited	Trustee	221,760,000 (Note 1)	24.47
HSBC International Trustee Limited	Trustee	207,808,131 (Note 1)	22.93
Winibest Company Limited	Beneficial owner	206,898,647 (Note 3)	22.83
Federal Trust Company Limited	Trustee	115,865,774 (Note 1)	12.78
Schroders Plc	Investment manager	72,490,959	8.00
Merriland Overseas Limited	Interest of controlled corporation	57,278,280 (Note 4)	6.32

Notes:

1. The shares in which Ansbacher (Bahamas) Limited was interested, 206,898,647 of the shares in which HSBC International Trustee Limited was interested and 88,767,880 of the shares in which Federal Trust Company Limited was interested were held, directly or indirectly, by them as trustees of various trusts associated with the Wang family and were included in the shares in which Wang Koo Yik-Chun was interested as referred to above under Directors' Disclosure of Interests.
2. The shares in which Wang Koo Yik-Chun was interested as referred to above formed part of the shares referred to in Note 1.
3. The interests of Winibest Company Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.
4. 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 2022, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other persons had any interests or short positions in the shares and underlying shares of the Company.

Incentive Share Scheme

The Restricted and Performance Stock Unit Plan (“Stock Unit Plan”) was approved by the shareholders on 9 July 2015. The long-term incentive share scheme which was adopted on 24 August 2009 was terminated by the shareholders on 9 July 2015. 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 Stock Unit Plan.

The purpose of the Stock Unit Plan is to align management with ownership. The Stock Unit Plan helps to attract skilled and experienced personnel, incentivize 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, 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 a 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 transferable. 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 2022, the Company purchased 1,025,000 shares of the Company at a cost of HK$17.86 million in connection with the Stock Unit Plan for eligible employees and directors. The highest and the lowest purchase price paid per share were HK$19.30 and HK$16.36, respectively.

Movements in the number of unvested units granted as of the date of this report under the Stock Unit Plan on a combined basis are as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31 March 2021	10,528	5,906	16,434
Units granted to Directors and employees during the year	2,461	1,987	4,448
Shares vested to Directors and employees during the year	(1,778)	(371)	(2,149)
Forfeited during the year	(756)	(1,447)	(2,203)
Unvested units granted, as of 31 March 2022 and as of the date of this report	10,455	6,075	16,530

As of the date of this report, the number of unvested units granted under the Stock Unit Plan are as follows:

Vesting period	Number of unvested units granted (thousands) Restricted Stock Units	Performance Stock Units	Total
FY22/23	3,887	2,336	6,223
FY23/24	4,311	1,797	6,108
FY24/25	2,135	1,942	4,077
FY25/26	122	–	122
Unvested units granted, as of the date of this report	10,455	6,075	16,530

Apart from 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 Listed Securities

Save as disclosed in Note 20 to the accounts and other than for satisfying the shares granted under the Company's employee incentive scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2022.

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 147 to 148.

Pre-emptive Rights

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

Major Suppliers and Customers

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

Management Contracts

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

Equity-Linked Agreements

Other than the Incentive Share Scheme of the Company as disclosed, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Particulars of the Incentive Share Scheme are set out in Note 20 to the accounts.

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 47 to 58.

Auditor

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

Dividend

Dividend Policy

Johnson Electric seeks to provide shareholders with stable and sustainable dividends that form a meaningful contribution to long-term “total shareholder return”. Among the factors that the Board considers in determining the amount of dividends paid in any financial year are current and projected net profits, current and projected free cash flow (net of capital expenditure), and the maintenance of a prudent capital structure to fund organic growth. The Company offers a scrip dividend alternative to shareholders.

Final Dividend

The Board will recommend at the Annual General Meeting to be held on 14 July 2022 (Thursday) a final dividend of 17 HK cents equivalent to 2.18 US cents per share (2021: 34 HK cents or 4.36 US cents) payable on 7 September 2022 (Wednesday) to persons who are registered shareholders of the Company on 25 July 2022 (Monday).

The Company intends to offer a scrip dividend option to shareholders, which will allow them to receive new shares in lieu of cash, retaining cash within the Group to fund growth. Participation in the scrip dividend scheme will be optional. The scrip dividend scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. The Board has further been informed that the controlling shareholder of the Company intends to subscribe for its entire eligible allocation of shares under the scrip dividend alternative. A circular containing details of this scrip dividend scheme will be dispatched to shareholders.

Closing Register of Shareholders

Attending Annual General Meeting

The Register of Shareholders of the Company will be closed from 11 July 2022 (Monday) to 14 July 2022 (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 share 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 share registrar in Bermuda) for registration, not later than 4:30 p.m. on 8 July 2022 (Friday).

Final Dividend

The Register of Shareholders of the Company will be closed from 21 July 2022 (Thursday) to 25 July 2022 (Monday) 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 share 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 share registrar in Bermuda) for registration, not later than 4:30 p.m. on 20 July 2022 (Wednesday). Shares of the Company will be traded ex-dividend as from 19 July 2022 (Tuesday).

Consolidated Balance Sheet

As of 31 March 2022

	Note	2022 US$'000	2021 US$'000
Non-current assets			
Property, plant and equipment	3	**1,755,785**	1,512,762
Investment property	4	**18,999**	35,772
Intangible assets	5	**229,882**	244,967
Investments in associate and joint venture	6	**6,310**	2,495
Other financial assets	7	**189,474**	138,058
Financial assets at fair value through profit and loss	8	**59,936**	46,901
Defined benefit pension plan assets	16	**19,195**	19,872
Deferred income tax assets	19	**61,862**	60,527
Other non-current assets	3	**41,893**	53,470
Government Green Bonds at amortized cost		**5,506**	-
		2,388,842	2,114,824
Current assets			
Inventories	9	**647,466**	514,197
Trade and other receivables	10	**834,460**	750,535
Other financial assets	7	**91,702**	81,448
Financial assets at fair value through profit and loss	8	**14,107**	4,781
Income tax recoverable		**16,795**	13,188
Cash and cash equivalents	11	**345,404**	539,467
		1,949,934	1,903,616
Current liabilities			
Trade and other payables	12	**872,005**	833,583
Current income tax liabilities		**32,989**	40,388
Other financial liabilities	7	**6,695**	10,533
Borrowings	14	**21,566**	13,987
Lease liabilities	15	**32,233**	15,559
Retirement benefit obligations	16	**428**	465
Provision and other liabilities	17	**28,552**	44,769
Put option written to a non-controlling interest	18	**61,360**	-
		1,055,828	959,284
Net current assets		**894,106**	944,332
Total assets less current liabilities		**3,282,948**	3,059,156

	Note	2022 US$'000	2021 US$'000
Non-current liabilities			
Trade and other payables	12	**32,269**	34,843
Other financial liabilities	7	**22,570**	29,380
Borrowings	14	**469,241**	412,203
Lease liabilities	15	**95,294**	32,984
Deferred income tax liabilities	19	**107,620**	101,093
Retirement benefit obligations	16	**45,795**	54,256
Provision and other liabilities	17	**8,445**	14,676
Put option written to a non-controlling interest	18	**-**	71,688
		781,234	751,123
NET ASSETS		**2,501,714**	2,308,033
Equity			
Share capital - Ordinary shares (at par value)	20	**5,844**	5,830
Shares held for incentive share scheme (at purchase cost)	20	**(30,733)**	(34,012)
Share premium	20	**49,630**	45,729
Reserves	21	**2,391,544**	2,207,054
		2,416,285	2,224,601
Non-controlling interests		**85,429**	83,432
TOTAL EQUITY		**2,501,714**	2,308,033

Consolidated Income Statement

For the year ended 31 March 2022

	Note	2022 US$'000	2021 US$'000
Sales	2	**3,446,055**	3,156,163
Cost of goods sold		**(2,744,148)**	(2,432,869)
Gross profit		**701,907**	723,294
Other income, net	22	**33,271**	29,965
Selling and administrative expenses	23	**(543,403)**	(467,260)
Restructuring and other related costs	24	**(4,291)**	(27,507)
Operating profit		**187,484**	258,492
Share of (losses) / profits of associate and joint venture	6	**(246)**	318
Finance income	25	**2,937**	3,087
Finance costs	25	**(20,063)**	(13,516)
Profit before income tax		**170,112**	248,381
Income tax expense	19	**(17,917)**	(29,188)
Profit for the year		**152,195**	219,193
Profit attributable to non-controlling interests		**(5,843)**	(7,158)
Profit attributable to shareholders		**146,352**	212,035
Basic earnings per share for profit attributable to the shareholders for the year (expressed in US cents per share)	27	**16.37**	23.77
Diluted earnings per share for profit attributable to the shareholders for the year (expressed in US cents per share)	27	**16.23**	23.60

Please see Note 28 for details of dividend.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 US$'000	2021 US$'000
Profit for the year		**152,195**	219,193
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	16 & 21	**6,689**	11,296
– deferred income tax effect	19 & 21	**(1,531)**	(1,555)
Long service payment			
– remeasurements	16 & 21	**(109)**	13
– deferred income tax effect	19 & 21	**1**	(11)
Hedging instruments for transactions resulting in the recognition in inventories and subsequently recognized in the income statement upon consumption			
– raw material commodity contracts			
– fair value gains, net	21	**51,004**	92,988
– transferred to inventory and subsequently recognized in the income statement	7(e) & 21	**(45,172)**	(4,748)
– deferred income tax effect	21	**(962)**	(14,560)
Total items that will not be recycled to profit and loss directly		**9,920**	83,423
Items that will be recycled to profit and loss:			
Hedging instruments			
– forward foreign currency exchange contracts			
– fair value gains, net	21	**113,574**	67,140
– transferred to the income statement	21	**(53,519)**	(30,227)
– deferred income tax effect	21	**(10,543)**	(6,839)
– net investment hedge			
– fair value gains / (losses), net	21	**4,788**	(28,250)
Currency translations of subsidiaries		**30,451**	116,463
Currency translations of associate and joint venture	21	**83**	160
Total items that will be recycled to profit and loss directly		**84,834**	118,447
Other comprehensive income for the year, net of tax		**94,754**	201,870
Total comprehensive income for the year, net of tax		**246,949**	421,063
Total comprehensive income attributable to:			
Shareholders		**241,495**	408,438
Non-controlling interests			
Share of profits for the year		**5,843**	7,158
Currency translations		**(389)**	5,467
		246,949	421,063

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Attributable to shareholders of the Company				Non-controlling interests US$'000	Total equity US$'000
		Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000		
As of 31 March 2021		17,547	76,275	2,130,779	2,224,601	83,432	2,308,033
Profit for the year		-	-	146,352	146,352	5,843	152,195
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value gains, net	21	-	51,004	-	51,004	-	51,004
– transferred to inventory and subsequently recognized in the income statement	7(e) & 21	-	(45,172)	-	(45,172)	-	(45,172)
– deferred income tax effect	21	-	(962)	-	(962)	-	(962)
– forward foreign currency exchange contracts							
– fair value gains, net	21	-	113,574	-	113,574	-	113,574
– transferred to the income statement	21	-	(53,519)	-	(53,519)	-	(53,519)
– deferred income tax effect	21	-	(10,543)	-	(10,543)	-	(10,543)
– net investment hedge							
– fair value gains, net	21	-	4,788	-	4,788	-	4,788
Defined benefit plans							
– remeasurements	16 & 21	-	-	6,689	6,689	-	6,689
– deferred income tax effect	19 & 21	-	-	(1,531)	(1,531)	-	(1,531)
Long service payment							
– remeasurements	16 & 21	-	-	(109)	(109)	-	(109)
– deferred income tax effect	19 & 21	-	-	1	1	-	1
Investment property							
– release of revaluation surplus on transfer of investment property to property, plant and equipment	21	-	(9,376)	9,376	-	-	-
– deferred income tax effect	21	-	1,547	(1,547)	-	-	-
Currency translations of subsidiaries	21	-	30,840	-	30,840	(389)	30,451
Currency translations of associate and joint venture	21	-	83	-	83	-	83
Total comprehensive income for FY21/22		-	82,264	159,231	241,495	5,454	246,949
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	21	-	1,205	(1,205)	-	-	-
Incentive share scheme							
– shares vested	21	5,075	(5,075)	-	-	-	-
– vested by cash settlement	21	83	(1,028)	-	(945)	-	(945)
– value of employee services	21	-	7,632	-	7,632	-	7,632
– purchase of shares	20	(2,305)	-	-	(2,305)	-	(2,305)
Dividends paid to non-controlling interests		-	-	-	-	(3,457)	(3,457)
FY20/21 final dividend paid							
– cash paid	21	-	-	(35,508)	(35,508)	-	(35,508)
– shares issued in respect of scrip dividend	21	3,971	-	(3,971)	-	-	-
– scrip dividend for shares held for incentive share scheme	21	(440)	-	440	-	-	-
FY21/22 interim dividend paid							
– cash paid	21	-	-	(18,685)	(18,685)	-	(18,685)
– shares issued in respect of scrip dividend	21	1,051	-	(1,051)	-	-	-
– scrip dividend for shares held for incentive share scheme	21	(241)	-	241	-	-	-
Total transactions with shareholders		7,194	2,734	(59,739)	(49,811)	(3,457)	(53,268)
As of 31 March 2022		**24,741** **	**161,273**	**2,230,271**	**2,416,285**	**85,429**	**2,501,714**

* Other reserves mainly represent capital reserve, exchange reserve, share-based employee compensation reserve, hedging reserve, property revaluation reserve, statutory reserve, reserve arising from put option written to a non-controlling interest and goodwill on consolidation

** The total of US$24.7 million is comprised of share capital of US$5.8 million, share premium of US$49.6 million and shares held for incentive share scheme of US$(30.7) million

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

		Attributable to shareholders of the Company					
	Note	Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2020		11,504	(113,721)	1,930,426	1,828,209	73,507	1,901,716
Profit for the year		-	-	212,035	212,035	7,158	219,193
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value gains, net	21	-	92,988	-	92,988	-	92,988
– transferred to inventory and subsequently recognized in the income statement	7(e) & 21	-	(4,748)	-	(4,748)	-	(4,748)
– deferred income tax effect	21	-	(14,560)	-	(14,560)	-	(14,560)
– forward foreign currency exchange contracts							
– fair value gains, net	21	-	67,140	-	67,140	-	67,140
– transferred to the income statement	21	-	(30,227)	-	(30,227)	-	(30,227)
– deferred income tax effect	21	-	(6,839)	-	(6,839)	-	(6,839)
– net investment hedge							
– fair value (losses), net	21	-	(28,250)	-	(28,250)	-	(28,250)
Defined benefit plans							
– remeasurements	16 & 21	-	-	11,296	11,296	-	11,296
– deferred income tax effect	19 & 21	-	-	(1,555)	(1,555)	-	(1,555)
Long service payment							
– remeasurements	16 & 21	-	-	13	13	-	13
– deferred income tax effect	19 & 21	-	-	(11)	(11)	-	(11)
Currency translations of subsidiaries	21	-	110,996	-	110,996	5,467	116,463
Currency translations of associate	21	-	160	-	160	-	160
Total comprehensive income for FY20/21		-	186,660	221,778	408,438	12,625	421,063
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	21	-	1,867	(1,867)	-	-	-
Incentive share scheme							
– shares vested	21	6,552	(6,552)	-	-	-	-
– vested by cash settlement	21	750	(1,515)	-	(765)	-	(765)
– value of employee services	21	-	9,536	-	9,536	-	9,536
– purchase of shares	20	(3,783)	-	-	(3,783)	-	(3,783)
Dividends paid to non-controlling interests		-	-	-	-	(2,700)	(2,700)
FY20/21 interim dividend paid							
– cash paid	21	-	-	(17,034)	(17,034)	-	(17,034)
– shares issued in respect of scrip dividend	21	2,760	-	(2,760)	-	-	-
– scrip dividend for shares held for incentive share scheme	21	(236)	-	236	-	-	-
Total transactions with shareholders		6,043	3,336	(21,425)	(12,046)	(2,700)	(14,746)
As of 31 March 2021		17,547	76,275	2,130,779	2,224,601	83,432	2,308,033

* Other reserves mainly represent capital reserve, exchange reserve, share-based employee compensation reserve, hedging reserve, property revaluation reserve, statutory reserve, reserve arising from put option written to a non-controlling interest and goodwill on consolidation

Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortization	30	**470,769**	509,635
Other non-cash items	30	**6,594**	17,135
Change in working capital	30	**(233,698)**	(42,431)
Cash generated from operations	30	**243,665**	484,339
Interest paid		**(18,696)**	(12,753)
Income taxes paid		**(41,380)**	(37,203)
Net cash generated from operating activities		**183,589**	434,383
Investing activities			
Purchase of property, plant and equipment, net of subsidies		**(316,440)**	(263,573)
Proceeds from disposal of property, plant and equipment	30	**948**	2,850
Capitalized expenditure of engineering development	5 & 26	**(3,402)**	(5,642)
Finance income received		**2,937**	3,087
		(315,957)	(263,278)
Business combination	31	**(24,234)**	-
Investment in joint venture		**(4,000)**	-
Investment in Government Green Bonds at amortized cost		**(5,506)**	-
Purchase of financial assets at fair value through profit and loss		**(1,530)**	(1,410)
Proceeds from sale of financial assets at fair value through profit and loss		**30**	61
Net cash used in investing activities		**(351,197)**	(264,627)

	Note	2022 US$'000	2021 US$'000
Financing activities			
Principal elements of lease payments	15	**(26,715)**	(21,842)
Proceeds from borrowings		**92,400**	40,489
Repayments of borrowings		**(29,683)**	(32,275)
Dividends paid to shareholders		**(54,193)**	(17,034)
Purchase of shares for incentive share scheme		**(2,305)**	(3,783)
Dividends paid to non-controlling interests		**(3,457)**	(2,700)
Net cash used in financing activities		**(23,953)**	(37,145)
Net (decrease) / increase in cash and cash equivalents		**(191,561)**	132,611
Cash and cash equivalents at beginning of the year		**539,467**	384,369
Currency translations on cash and cash equivalents		**(2,502)**	22,487
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**345,404**	539,467

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

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Lease liabilities US$'000	Total US$'000
As of 31 March 2021	13,987	412,203	48,543	474,733
Currency translations	226	964	1,179	2,369
Business combination	-	-	1,393	1,393
Cash flows				
– inflow from financing activities	27,628	64,772	-	92,400
– outflow from financing activities	(27,735)	(1,948)	(26,715)	(56,398)
– outflow from operating activities	-	(12,375)	(5,240)	(17,615)
Non-cash changes				
– new leases / extensions / modifications, net of terminations	-	-	102,130	102,130
– finance costs	-	13,085	6,237	19,322
– reclassification	7,460	(7,460)	-	-
As of 31 March 2022	21,566	469,241	127,527	618,334

Notes to the Consolidated Financial Statements

1. General Information and Basis of Preparation

1.1 General information

The principal operations of Johnson Electric Holdings Limited (the “Company”) 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.

Johnson Electric Holdings Limited, the parent holding company, is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The shares of the Company are listed on the Stock Exchange of Hong Kong.

These consolidated financial statements are presented in US Dollars, unless otherwise stated and have been approved for issue by the Board of Directors on 12 May 2022. 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.

1.2 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in corresponding notes. In FY21/22, the Group adopted new, revised standards and interpretations of HKFRS effective for the first time in FY21/22.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

1. General Information and Basis of Preparation *(Cont'd)*

1.3 Exchange rates

The following table summarizes the exchange rates which are frequently used in the consolidated financial statements.

		Closing rate		Average rate for the year	
		2022	2021	**2022**	2021
1 foreign currency unit to USD:					
Swiss Franc	CHF	**1.083**	1.061	**1.089**	1.084
Euro	EUR	**1.116**	1.172	**1.163**	1.167
British Pound	GBP	**1.314**	1.374	**1.367**	1.308
1 USD to foreign currency:					
Brazilian Real	BRL	**4.771**	5.747	**5.325**	5.400
Canadian Dollar	CAD	**1.248**	1.263	**1.253**	1.320
Chinese Renminbi	RMB	**6.356**	6.564	**6.420**	6.781
Hong Kong Dollar	HKD	**7.827**	7.775	**7.785**	7.753
Hungarian Forint	HUF	**328.947**	310.559	**308.642**	305.810
Israeli Shekel	ILS	**3.177**	3.335	**3.210**	3.381
Indian Rupee	INR	**75.930**	73.368	**74.516**	74.239
Japanese Yen	JPY	**121.803**	110.375	**112.233**	106.045
South Korean Won	KRW	**1,204.819**	1,136.364	**1,162.791**	1,162.791
Mexican Peso	MXN	**19.865**	20.602	**20.325**	21.580
Polish Zloty	PLN	**4.158**	3.976	**3.940**	3.854
Serbian Dinar	RSD	**105.263**	100.000	**101.010**	101.010
Turkish Lira	TRY	**14.654**	8.358	**9.980**	7.316

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. Given the integrated nature of our business model, the Group has a single 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 rental income, fair value gains / (losses) on investment property, gains / (losses) on disposals of fixed assets and investments, fair value gains / (losses) on put option written to a non-controlling interest, unrealized gains / (losses) on currency hedges, monetary assets and liabilities and structured foreign currency contracts and subsidies and other income.

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

	2022 US$'000	2021 US$'000
Operating profit presented to management	**154,213**	228,527
Other income, net (Note 22)	**33,271**	29,965
Operating profit per consolidated income statement	**187,484**	258,492

Sales

The Group recognizes sales when control of product is transferred at a point in time on delivery of product to the customer and the transfer of the title and the risks of loss under the standard international commercial terms applicable to the contract.

Johnson Electric is one of the world's largest providers of motors, solenoids, micro-switches, flexible printed circuits and microelectronics. The Group has the following business units aligned with the broad markets they serve: Automotive Products Group ("APG") and Industry Products Group ("IPG").

APG provides custom motors, actuators, switches, and motion sub-system solutions for all critical automotive motion related functions. IPG provides motion products and customized solutions for various commercial and industrial applications.

Sales from external customers by business unit were as follows:

	2022 US$'000	2021 US$'000
Automotive Products Group	**2,644,233**	2,443,444
Industry Products Group	**801,822**	712,719
	3,446,055	3,156,163

2. Segment Information *(Cont'd)*

The Stackpole business, under APG, primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components, accounted for 21% of the Group's sales for FY21/22 (FY20/21: 22%).

The cooling fan business including the "Gate" brand, under APG, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 17% of the Group's sales for FY21/22 (FY20/21: 18%).

Sales by geography

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

	2022 US$'000	2021 US$'000
Europe *	**1,043,740**	946,195
North America **	**1,026,482**	909,134
People's Republic of China ("PRC")	**965,735**	904,930
Asia (excluding PRC)	**341,206**	337,778
South America	**44,978**	34,827
Others	**23,914**	23,299
	3,446,055	3,156,163

* Included in Europe were sales to external customers in Germany of US$203.1 million, Czech Republic of US$157.8 million and France of US$136.9 million for FY21/22 (FY20/21: US$167.1 million, US$133.9 million and US$132.1 million respectively)

** Included in North America were sales to external customers in the USA of US$848.9 million for FY21/22 (FY20/21: US$731.6 million)

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

Segment assets

For FY21/22, excluding the additions from acquisition, the additions to non-current segment assets were US$455.0 million (FY20/21: US$307.0 million).

	2022 US$'000	2021 US$'000
Additions to property, plant and equipment – owned assets	**356,414**	271,082
Additions / extensions / modifications to property, plant and equipment – right-of-use assets	**102,736**	6,539
Additions to intangible assets	**3,402**	5,642
Addition to investment in joint venture	**4,000**	-
(Reduction) / additions to other non-current assets	**(11,577)**	23,770
Additions to non-current segment assets	**454,975**	307,033

2. Segment Information *(Cont'd)*

The non-current segment assets (representing property, plant and equipment, investment property, intangible assets, investments in associate and joint venture, other non-current assets) by geographic location as of 31 March 2022 and 31 March 2021 were as follows:

	2022	2021
	US$'000	US$'000
Hong Kong ("HK") / PRC	**1,104,389**	857,044
Canada	**409,351**	431,843
Switzerland	**123,676**	124,672
Serbia	**93,495**	87,028
Others	**321,958**	348,879
	2,052,869	1,849,466

Accounting policy

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue from the sales of goods is recognized when performance obligations under the terms of a contract are satisfied, which generally occurs with the transfer of control of the Group's products.

Customers are invoiced according to the agreed billing schedule set out in the customer contracts. If consideration is received from customers in advance of transferring goods promised in a contract, a contract liability is recognized, see Note 13.

No significant financing component exists as the period between payments for goods by the customers and transfer of goods is within 1 year.

The Group's obligation to warranty and claims is recognized as a provision.

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$'000	Right-of-use assets US$'000	Total US$'000
FY21/22							
As of 31 March 2021							
Cost	509,168	1,678,889	265,686	514,134	192,947	127,432	3,288,256
Accumulated depreciation and impairment	(180,325)	(996,771)	-	(402,999)	(149,199)	(46,200)	(1,775,494)
Net book amount, as of 31 March 2021	328,843	682,118	265,686	111,135	43,748	81,232	1,512,762
Currency translations	2,336	6,253	1,376	1,153	85	1,977	13,180
Business combination (Note 31)	6,652	1,937	-	315	121	1,393	10,418
Additions – owned assets	17,148	83,438	220,264	27,239	8,325	-	356,414
Additions – right-of-use assets	-	-	-	-	-	4,280	4,280
Extension / modification of leases	-	-	-	-	-	98,456	98,456
Transfer	59,724	121,991	(209,659)	21,411	6,533	-	-
Transfer from investment property (Note 4)	18,320	-	-	-	-	-	18,320
Disposals / termination of leases	-	(694)	-	(126)	(48)	(526)	(1,394)
Impairment charges (Note 26 & 30)	(193)	(6,605)	-	(316)	-	-	(7,114)
Depreciation (Note 26)	(17,796)	(133,318)	-	(53,756)	(12,520)	(32,147)	(249,537)
As of 31 March 2022	**415,034** *	**755,120**	**277,667**	**107,055**	**46,244**	**154,665**	**1,755,785**
As of 31 March 2022							
Cost	605,817	1,869,209	277,667	555,857	202,981	230,165	3,741,696
Accumulated depreciation and impairment	(190,783)	(1,114,089)	-	(448,802)	(156,737)	(75,500)	(1,985,911)
Net book amount	**415,034**	**755,120**	**277,667**	**107,055**	**46,244**	**154,665**	**1,755,785**

* As of 31 March 2022, freehold land, leasehold land and buildings included US$4.2 million for the leasehold land portion of buildings located in Hong Kong

** Other assets comprise computers, furniture and fixtures, motor vehicles and aircraft. Where such assets require some degree of assembly or installation, they are first recorded in assets under construction and are then transferred to other assets once they are ready for use

In FY21/22, impairment charges of US$7.1 million was mainly due to termination of customer projects and assets obsolescence (FY20/21: US$13.1 million was related to restructuring activities, termination of customer projects and assets obsolescence).

In FY21/22, the increase in right-of-use assets was largely due to the renewal of the leases for the Group's Shajing, China operations.

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$'000	Right-of-use assets US$'000	Total US$'000
FY20/21							
As of 31 March 2020							
Cost	390,734	1,445,797	262,145	446,790	179,558	114,155	2,839,179
Accumulated depreciation and impairment	(154,373)	(820,900)	-	(336,045)	(133,306)	(22,553)	(1,467,177)
Net book amount, as of 31 March 2020	236,361	624,897	262,145	110,745	46,252	91,602	1,372,002
Currency translations	19,143	47,347	17,615	7,128	1,554	5,541	98,328
Additions – owned assets	45,931	37,603	164,577	16,989	5,982	-	271,082
Additions – right-of-use assets	-	-	-	-	-	6,539	6,539
Transfer	45,824	100,390	(178,651)	28,694	2,756	987	-
Disposals / termination of leases	(431)	(497)	-	(58)	(17)	(119)	(1,122)
Impairment charges (Note 26 & 30)	(3,117)	(9,095)	-	(684)	(127)	(36)	(13,059)
Depreciation (Note 26)	(14,868)	(118,527)	-	(51,679)	(12,652)	(23,282)	(221,008)
As of 31 March 2021	328,843 *	682,118	265,686	111,135	43,748	81,232	1,512,762

* As of 31 March 2021, freehold land, leasehold land and buildings included US$4.3 million for the leasehold land portion of buildings located in Hong Kong

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

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

3. Property, Plant and Equipment *(Cont'd)*

Right-of-use assets

Property, plant and equipment includes the following amounts relating to right-of-use assets:

	Land use rights US$'000	Leasehold buildings US$'000	Machinery and equipment US$'000	Other assets * US$'000	Total US$'000
FY21/22					
As of 31 March 2021	36,189	39,451	2,063	3,529	81,232
Currency translations	1,053	1,120	(98)	(98)	1,977
Business combination	-	-	1,393	-	1,393
Additions – right-of-use assets	-	3,242	132	906	4,280
Extension / modification of leases	-	98,166	280	10	98,456
Termination of leases	-	(457)	-	(69)	(526)
Depreciation	(979)	(28,112)	(1,191)	(1,865)	(32,147)
As of 31 March 2022	**36,263**	**113,410**	**2,579**	**2,413**	**154,665**
FY20/21					
As of 31 March 2020	33,770	51,321	2,508	4,003	91,602
Currency translations	2,386	2,736	221	198	5,541
Additions – right-of-use assets	-	4,825	405	1,309	6,539
Transfer from assets under construction	987	-	-	-	987
Termination of leases	-	-	(38)	(81)	(119)
Impairment charges	-	-	-	(36)	(36)
Depreciation	(954)	(19,431)	(1,033)	(1,864)	(23,282)
As of 31 March 2021	36,189	39,451	2,063	3,529	81,232

* Other assets comprise office equipment and motor vehicles

Purchase deposits for machinery and construction of factory included in **other non-current assets** in the balance sheet amounted to US$32.1 million (31 March 2021: US$41.0 million). The amount will be transferred to property, plant and equipment on receipt of the assets. The other non-current assets by nature as of 31 March 2022 and 31 March 2021 were as follows:

	2022 US$'000	2021 US$'000
Purchase deposits for machinery and construction of factory	**32,100**	40,980
Deferred contract costs (Note 13)	**5,906**	8,378
Other deposits and prepayments	**3,887**	4,112
Total other non-current assets	**41,893**	53,470

3. Property, Plant and Equipment *(Cont'd)*

Accounting policy

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not amortized. No depreciation is provided for assets under construction.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if this is lower.

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	18 years

* 50 years for buildings in Hungary and Germany

Interest expense directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, is capitalized until the assets are ready for their intended use.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. Investment Property

	2022 US$'000	2021 US$'000
At beginning of the year	**35,772**	32,985
Currency translations	**319**	595
Fair value gains	**1,228**	2,192
Transfer to property, plant and equipment (Note 3)	**(18,320)**	-
At end of the year	**18,999**	35,772

The Group's investment property portfolio in HK/PRC was valued on an open market basis as of 31 March 2022. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

For the year ended 31 March 2022, the Group's investment properties generated rental income of US$1.4 million (31 March 2021: US$1.9 million) and incurred direct operating expenses of US$0.3 million (31 March 2021: US$0.4 million).

As of 31 March 2022, the Group's investment property portfolio has tenancies expiring in the period from October 2022 to June 2027 (31 March 2021: from October 2021 to June 2027).

Accounting policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually determined by external appraisers. Changes in fair values are recognized in the income statement within "Other income, net".

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity. If a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. Any balance of the decrease is recognized as an expense in the income statement.

5. Intangible Assets

	Technology, patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Total US$'000
FY21/22				
As of 31 March 2021				
Cost	254,049	106,611	334,628	695,288
Accumulated amortization and impairment	(207,933)	(68,842)	(173,546)	(450,321)
Net book amount, as of 31 March 2021	46,116	37,769	161,082	244,967
Currency translations	(998)	430	(1,481)	(2,049)
Business combination (Note 31)	2,361	-	16,390	18,751
Capitalization of engineering development costs (Note 26)	3,402	-	-	3,402
Amortization (Note 26 & 30)	(13,256)	(4,228)	(17,705)	(35,189)
As of 31 March 2022	**37,625**	**33,971**	**158,286**	**229,882**
As of 31 March 2022				
Cost	256,971	108,394	351,370	716,735
Accumulated amortization and impairment	(219,346)	(74,423)	(193,084)	(486,853)
Net book amount	**37,625**	**33,971**	**158,286**	**229,882**
FY20/21				
As of 31 March 2020				
Cost	239,113	100,991	309,827	649,931
Accumulated amortization and impairment	(190,336)	(63,562)	(149,916)	(403,814)
Net book amount, as of 31 March 2020	48,777	37,429	159,911	246,117
Currency translations	3,026	4,354	17,155	24,535
Capitalization of engineering development costs (Note 26)	5,642	-	-	5,642
Amortization (Note 26 & 30)	(11,329)	(4,014)	(15,984)	(31,327)
As of 31 March 2021	46,116	37,769	161,082	244,967

5. Intangible Assets *(Cont'd)*

Total intangible assets as of 31 March 2022 and 31 March 2021 were denominated in the following underlying currencies:

	2022 US$'000	2021 US$'000
In CAD	**160,635**	180,410
In EUR	**42,538**	31,176
In KRW	**16,868**	19,538
In USD	**6,674**	9,682
In GBP	**3,167**	4,161
Total intangible assets	**229,882**	244,967

As of 31 March 2022, all the intangible assets have a definite useful life.

Impairment tests for intangible assets

In accordance with the Group's accounting policy on asset impairment, intangible assets with a definite life are tested if there are indicators of potential impairment. In FY21/22, the Group considered there is no indicator of potential impairment.

5. Intangible Assets *(Cont'd)*

Accounting policy

(a) Research and development costs

Research and development costs are expensed as incurred and are only recognized as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable, can be reliably measured and there is an ability to sell or use the asset that will generate probable future economic benefits. Research and development costs that do not meet the above criteria are expensed as incurred.

(b) Other intangible assets

Patents, technology, brands and client relationships that are acquired by the Group are stated in the balance sheet at fair value at the date of acquisition less accumulated amortization and impairment losses.

Amortization is calculated using the straight-line method to allocate the cost over the estimated useful life. The amortization charge was included in "Selling and administrative expenses" in the consolidated income statement. The estimated useful life for amortization purpose is:

Technology, patents and engineering development	4 to 15 years
Brands	10 years
Client relationships	15 years

6. Investments in Associate and Joint Venture

	2022 US$'000	2021 US$'000
At beginning of the year	**2,495**	2,129
Currency translations	**83**	160
Investment in joint venture	**4,000**	-
Share of (losses) / profits of associate and joint venture	**(246)**	318
Share of tax expense of associate and joint venture	**(22)**	-
Dividends received	**-**	(112)
At end of the year	**6,310**	2,495

The Group's investment in associate represents the 49% equity interest in Shenzhen SMART Micromotor Co Ltd ("SMART").

The Group's investment in joint venture represents the 50% equity interest in Lean AI Technologies Ltd ("Lean AI"). Lean AI was formed by the Group and Cortica Ltd., an Israeli autonomous artificial intelligence ("AI") technology company in Oct 2021. Lean AI will focus on providing AI-driven unsupervised quality assurance software in the manufacturing automation process. The Group has committed US$8.5 million to the investment, of which the first tranche of US$4.0 million has already been invested.

Set out below are the summarized financial information for the Group's associate and joint venture which are accounted for using the equity method.

	2022			2021	
	(Associate) SMART US$'000	(Joint venture) Lean AI US$'000	Group US$'000	(Associate) SMART US$'000	Group US$'000
Summarized balance sheet					
Non-current assets	1,195	35	**1,230**	762	762
Current assets	6,804	3,702	**10,506**	5,583	5,583
Current liabilities	(2,469)	(536)	**(3,005)**	(1,253)	(1,253)
Net assets	5,530	3,201	**8,731**	5,092	5,092
Equity interest (%)	49%	50%		49%	
Group's share of net assets	2,710	1,600	**4,310**	2,495	2,495
Other intangible assets	-	2,000 *	**2,000**	-	-
Investment carrying amount	2,710	3,600	**6,310**	2,495	2,495

* Other intangible assets represent contributions from Cortica Ltd. in the form of know-how and algorithms

6. Investments in Associate and Joint Venture *(Cont'd)*

	2022			2021	
	(Associate) SMART US$'000	(Joint venture) Lean AI US$'000	**Group US$'000**	(Associate) SMART US$'000	Group US$'000
Summarized income statement					
Sales	8,270	-	**8,270**	11,845	11,845
Expenses	(7,955)	(800)	**(8,755)**	(11,197)	(11,197)
Profit / (loss) before income tax	315	(800)	**(485)**	648	648
Income tax expense	(47)	-	**(47)**	-	-
Total comprehensive income	268	(800)	**(532)**	648	648
Dividends received from associate	-	-	**-**	112	112

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associate are accounted for using the equity method of accounting.

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The investment in joint arrangement of the Group is a joint venture. Interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit and loss of the investee after the date of acquisition less dividends received. The Group's investment in associates and joint ventures includes goodwill identified on acquisition.

If the ownership interest in an associate and joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit and loss where appropriate.

The Group's share of post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other long-term unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate and joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

7. Other Financial Assets and Liabilities

	2022 Assets US$'000	2022 (Liabilities) US$'000	2022 Net US$'000	2021 Assets US$'000	2021 (Liabilities) US$'000	2021 Net US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	**62,042**	**-**	**62,042**	59,800	(658)	59,142
– forward foreign currency exchange contracts (Note a (ii))	**168,344**	**(17,912)**	**150,432**	117,239	(27,045)	90,194
Net investment hedge (Note b)						
– forward foreign currency exchange contracts and cross currency interest rate swaps	**13,958**	**(3,299)**	**10,659**	12,697	(6,379)	6,318
Fair value hedge (Note c)						
– forward foreign currency exchange contracts	**36,798**	**(120)**	**36,678**	29,270	-	29,270
Held for trading (Note d)	**34**	**(7,934)**	**(7,900)**	500	(5,831)	(5,331)
Total (Note f)	**281,176**	**(29,265)**	**251,911**	219,506	(39,913)	179,593
Current portion	**91,702**	**(6,695)**	**85,007**	81,448	(10,533)	70,915
Non-current portion	**189,474**	**(22,570)**	**166,904**	138,058	(29,380)	108,678
Total	**281,176**	**(29,265)**	**251,911**	219,506	(39,913)	179,593

Note:

(a) Cash flow hedge

(i) Raw material commodity contracts

Copper, silver, aluminium, iron ore and coking coal forward commodity contracts as per the table on the following page are designated as cash flow hedges. Gains and losses initially recognized in the hedging reserve will be transferred to the balance sheet within inventories and subsequently recognized in the income statement in the period or periods in which the underlying hedged copper, silver, aluminium and steel (by iron ore and coking coal contracts) volumes are consumed and sold.

7. Other Financial Assets and Liabilities *(Cont'd)*

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

(i) Raw material commodity contracts *(Cont'd)*

As of 31 March 2022, the Group had the following outstanding contracts:

	Notional amount	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market price (US$)	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Cash flow hedge contracts								
Copper commodity	10,850 metric ton	6,112	10,337	10,249	1 – 36	66.3	45.8	44,892
Silver commodity	290,000 oz	21.00	24.82	25.17	1 – 19	6.1	1.1	1,207
Aluminium commodity	575 metric ton	2,554	3,503	3,473	1 – 12	1.5	0.6	528
Iron ore commodity	160,000 metric ton	87.67	159.15	142.17	1 – 36	14.0	11.4	8,720
Coking coal commodity	26,000 metric ton	143.85	521.67	401.33	1 – 12	3.7	9.8	6,695
Total						91.6	68.7	62,042

The weighted average contract price is a ratio defined as notional amount / settlement value.

The mark-to-market rate is the current fair value for the settlement of a forward contract, as provided by the counterparties (the Group's principal bankers).

Estimated future cash flow is calculated based on the contracts' rate at maturity compared to the spot rate for the agreements as of 31 March 2022.

(ii) Forward foreign currency exchange contracts

The RMB, EUR, MXN, RSD, CAD, TRY, PLN and HUF forward foreign currency exchange contracts as per the table on the following page are designated as cash flow hedges, to match the underlying cash flows of the business and comprised:

- Sell EUR contracts to create an economic hedge for EUR denominated export sales into USD
- Sell CAD contracts to create an economic hedge for material purchased in USD for its operations in Canada
- Buy RMB, MXN, RSD, EUR, TRY, PLN and HUF contracts to create an economic hedge for production conversion costs, other operating costs and capital expenditure denominated in these currencies against their sources of revenue

Gains and losses initially recognized in the hedging reserve will be recognized in the income statement in the period or periods in which the underlying hedged transactions occur (cash realization).

7. Other Financial Assets and Liabilities *(Cont'd)*

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

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

As of 31 March 2022, 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)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts									
Buy RMB forward	USD	RMB 7,602.3	7.04	6.36	6.50	1 – 67	1,079.6	116.4	89,386
Sell EUR forward *	USD	EUR 392.9	1.36	1.12	1.19	1 – 78	536.0	97.5	67,664
Buy MXN forward	USD	MXN 2,402.0	26.08	19.86	23.41	1 – 68	92.1	28.8	10,531
Buy RSD forward	EUR	RSD 2,580.8	119.84	117.46	118.61	1 – 23	24.0	0.5	249
Sell CAD forward	USD	CAD 1.5	1.24	1.25	1.25	1	1.2	-	15
Buy EUR forward *	USD	EUR 8.0	1.13	1.12	1.11	1 – 4	9.0	(0.1)	(142)
Buy TRY forward	EUR	TRY 52.1	12.24	16.35	18.81	1 – 23	4.8	(1.2)	(1,661)
Buy PLN forward	EUR	PLN 473.6	4.88	4.64	5.09	1 – 55	108.4	5.5	(4,496)
Buy HUF forward	EUR	HUF 21,713.5	347.37	367.07	413.21	1 – 50	69.8	(3.7)	(11,114)
Total							1,924.9	243.7	150,432

* The EUR to USD is stated in the inverse order

(b) Net investment hedge

The Group hedges its net investment in its European, Canadian and Brazilian operations to protect itself from exposure to future changes in currency exchange rates. The EUR, CAD and BRL forward foreign currency exchange contracts and EUR cross currency interest rate swaps as per the table below are designated as net investment hedges. Gains and losses recognized in the exchange reserve will be released from equity to profit and loss on the disposal or partial disposal of the foreign operations.

As of 31 March 2022, 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)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Net investment hedge contracts									
Sell EUR forward *	USD	EUR 50.0	1.32	1.12	1.16	9 – 33	66.0	10.2	7,826
Cross currency interest rate swaps * (pay EUR, receive USD)	USD	EUR 242.6	1.13	1.12	1.13	28	275.2	21.1	2,005
Sell CAD forward	USD	CAD 46.9	1.22	1.25	1.25	1 – 13	38.4	0.8	937
Sell BRL forward	USD	BRL 13.0	5.08	4.77	4.87	1 – 3	2.6	(0.2)	(109)
Total							382.2	31.9	10,659

* The EUR to USD is stated in the inverse order

7. Other Financial Assets and Liabilities *(Cont'd)*

(c) Fair value hedge

The EUR forward foreign currency exchange contracts as per the table below are designated as fair value hedges to hedge the currency risk from EUR of intragroup monetary balances and results in exchange gains or losses which are not fully eliminated on consolidation. Gains and losses are recognized in the income statement.

As of 31 March 2022, 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)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Fair value hedge contracts									
Sell EUR forward *	USD	EUR 201.9	1.38	1.12	1.20	1 – 73	278.5	53.2	36,778
Buy EUR forward *	USD	EUR 12.9	1.12	1.12	1.12	1	14.5	(0.1)	(100)
Total							293.0	53.1	36,678

* The EUR and USD is stated in the inverse order

(d) Held for trading

Ineffective portion of HUF forward foreign currency exchange contracts resulted from restructuring activities and INR forward foreign currency exchange contracts that the hedged items no longer exist are designated as held for trading. Fair value gains and losses on the forward contracts are immediately recognized in the income statement.

As of 31 March 2022, 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)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Held for trading contracts									
Buy INR forward	USD	INR 309.5	77.38	75.93	76.88	1 – 8	4.0	0.1	26
Buy HUF forward	EUR	HUF 15,450.3	343.46	367.07	407.86	1 – 50	50.2	(3.2)	(7,926)
Total							54.2	(3.1)	(7,900)

7. Other Financial Assets and Liabilities *(Cont'd)*

(e) The income statement effect from raw material commodity and foreign currency exchange contracts (excluding structured contracts, see Note 8) and the cross currency interest rate swaps recognized in FY21/22 was a net gain of US$115.0 million (FY20/21: net gain of US$17.1 million).

Benefit / (expense)	**2022 US$'000**	2021 US$'000
Cost of goods sold includes:		
Effect of raw material commodity contracts	**45,172**	4,748
Effect of forward foreign currency exchange contracts	**31,392**	(5,227)
Effect on cost of goods sold	**76,564**	(479)
Other income, net includes:		
Effect of unrealized forward foreign currency exchange contracts (Note 22)	**5,601**	(23,137)
Selling and administrative expenses includes:		
Effect of forward foreign currency exchange contracts (Note 23)	**25,456**	39,158
Restructuring and other related costs:		
Ineffective portion of forward foreign currency exchange contracts resulted from restructuring activities	**-**	(5,761)
Finance costs includes:		
Cross currency interest rate swaps	**7,353**	7,355
Effect of other financial assets and liabilities in consolidated income statement, net gain	**114,974**	17,136

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

(g) Net cash generated from operating activities due to the realized hedge contracts was US$112.8 million (FY20/21: US$56.9 million).

(h) Estimate of future cash flow
In terms of estimating future cash flow, the contracts' rate at maturity compared to the spot rate for the currency and commodity agreements as of 31 March 2022 would result in approximately US$394 million cash flow benefit (31 March 2021: US$332 million).

(i) As of 31 March 2022, the balance in the exchange reserve for continuing hedges that are accounted for as a net investment hedge was US$62.6 million (31 March 2021: US$57.9 million).

7. Other Financial Assets and Liabilities *(Cont'd)*

(j) The Group applies an approximate hedge ratio of 1:1 and determines the existence of economic relationship between the hedged items and the hedging instruments by reviewing their critical terms. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficient aligned. Certain ineffectiveness can arise during the hedging process. The main source of ineffectiveness in these hedging relationships are changes in the timing of the forecast transactions.

Accounting policy

(a) Other financial assets and liabilities related to hedging activities

Other financial assets and liabilities are forward and swap contracts related to hedging activities.

Hedging instruments are initially recognized at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on the nature of the item being hedged:

- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge); or
- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and so a qualitative assessment of effectiveness is performed.

(i) Cash flow hedge

A cash flow hedge of the Group hedges a particular risk associated with a highly probable forecast transaction. The effective portion of changes in the fair value of financial instruments designated and qualified as cash flow hedges are recognized in hedging reserve within equity.

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

7. Other Financial Assets and Liabilities *(Cont'd)*

Accounting policy *(Cont'd)*

(a) Other financial assets and liabilities related to hedging activities *(Cont'd)*

(i) Cash flow hedge *(Cont'd)*

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the amount that has been accumulated in the cash flow hedge reserve,

- shall remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur;
- shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment if the hedged future cash flows are no longer expected to occur.

(ii) Net investment hedge

A net investment hedge of the Group hedges net investments in foreign operations. Any unrealized and realized gain or loss of the hedging instrument is recognized in other comprehensive income within exchange reserve.

Gains and losses accumulated in equity are recycled to income statement when the foreign operation is partially disposed of or sold.

(iii) Fair value hedge

A fair value hedge of the Group hedges the intercompany loan balances. Unrealized and realized gain or loss of the hedging instrument is recognized in the income statement to offset the loss or gain on the revaluation of loans attributable to the risk being hedged.

(b) Financial instruments held for trading that do not qualify for hedge accounting

Financial instruments designated as held for trading do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these financial instruments are recognized immediately in the income statement.

The full fair value of a hedging financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months and is classified as a current asset or liability when the remaining maturing of the hedge item is less than 12 months.

8. Financial Assets at Fair Value through Profit and Loss

	2022 US$'000	2021 US$'000
Call option related to the acquisition of Halla Stackpole (Note a)	**2,217**	2,351
Unlisted preference shares (Note b)	**28,111**	15,789
Structured foreign currency contracts (Note c)	**37,354**	30,692
Other investment (Note d)	**6,361**	2,850
Total (Note e)	**74,043**	51,682
Current portion	**14,107**	4,781
Non-current portion	**59,936**	46,901
Total	**74,043**	51,682

Note:

(a) Call option related to the acquisition of Halla Stackpole
The Group has been granted a call option in which the Group shall have the right to require Halla Holdings Corporation to sell all of its rights to the Group, exercisable at any time from May 2026 to May 2030 (following the expiry of the Put Exercise Period from May 2022 to May 2026) (see Note 18).

(b) Unlisted preference shares
On 8 September 2018, the Group invested US$8.0 million in an autonomous driving start-up company focusing on the China market. During the year, the fair value increased by US$12.3 million to US$28.1 million as of 31 March 2022 (balance as of 31 March 2021: US$15.8 million). This fair value gain is based on recent transaction prices, and is reflected in Note 22, Other Income, net.

(c) Structured foreign currency contracts (economic hedge)
The Group assesses its hedging position requirements based on the estimated future exposures of the underlying transactions and the potential fluctuation of the foreign currencies.

In FY17/18, the Group entered into structured foreign currency contracts for economic hedging purposes, for mitigating potential future risks from changes in currency exchange rates. These structured contracts achieved exchange rates that were not available at the time using plain vanilla contracts. These contracts have option features written to the counterparty banks, which potentially reduce the notional value to be delivered. Therefore, they do not qualify for hedge accounting under HKFRS 9. Consequently, the unrealized mark-to-market adjustments flow through the income statement in each accounting year and will eventually reverse on settlement at the various option expiration dates. The final realized gain or loss for each contract will crystallize based on the prevailing spot rate at the date of maturity versus the contract rate. The weighted average contract rates are shown on the next page.

8. Financial Assets at Fair Value through Profit and Loss *(Cont'd)*

(c) Structured foreign currency contracts (economic hedge) *(Cont'd)*

The Group considers these contracts as economic hedges, since the contracts are able to mitigate the risk of foreign exchange movements in underlying transactions and assets. The maximum deliverable amounts of the structured foreign currency contracts are not expected to exceed the Group's future needs.

As of 31 March 2022, the Group only had EUR structured foreign currency contracts. The Group's exposure to EUR cash flows over the remaining maturity periods is summarized below:

	Sell EUR (EUR million)
Hedged amount – by plain vanilla contracts	392.9
Economic hedge – by structured forward contracts	
– minimum possible hedge	136.5
– maximum possible hedge	270.0
Percentage of currency exposure hedged *	
– by plain vanilla contracts	39%
– by plain vanilla and structured forward – minimum	52%
– by plain vanilla and structured forward – maximum	65%

* The percentage of currency exposure hedged is calculated as the hedged amount over the currency exposure in the respective periods

In FY21/22, gains on structured foreign currency contracts increased net profit by US$6.1 million, net of tax (pre-tax US$6.7 million) (FY20/21: losses decreased net profit by US$11.7 million, pre-tax US$13.5 million). Please see Note 22.

As of 31 March 2022, the Group had the following structured foreign currency contracts:

	Settlement currency	Notional value - minimum (million)	Notional value - maximum (million)	Range of contract rates	Weighted average contract rate	Mark-to-market rate	Remaining maturities range (months)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Structured foreign currency contracts (With option features: Reduction of notional amount)									
Sell EUR (for sales) *	USD	EUR 136.5	EUR 270.0	1.30 – 1.39	1.35	1.25	1 – 29	31.6	26,920
Sell EUR (for net investment) *	USD	EUR 50.0	EUR 100.0	1.36 – 1.40	1.38	1.28	9 – 33	13.3	10,434
Total								44.9	37,354

* The EUR to USD is stated in the inverse order

8. Financial Assets at Fair Value through Profit and Loss *(Cont'd)*

(c) Structured foreign currency contracts (economic hedge) *(Cont'd)*

Sensitivity

As of 31 March 2022, a 1% change in the exchange rate for EUR against USD will have the following impact to the Group's income statement:

EUR contracts	Profit before income tax increase / (decrease)
Increase by 1%	US$(2.1) million
Decrease by 1%	US$2.1 million

Due to the non-linear characteristics of these structured foreign exchange contracts, the incremental fair value change due to the fluctuation of the foreign currency will decrease (i.e. the fair value change of a 2% change in exchange rate is less than twice of 1% change in exchange rate).

Estimate of future cash flow

In terms of estimating future cash flow, the structured contract rates at maturity compared to spot rates as of 31 March 2022 would give rise to a cash flow benefit of approximately US$45 million (assuming minimum delivery for EUR contracts depending on the contract delivery rate) (31 March 2021: US$40 million).

(d) Other investment

During the year, the Group invested US$1.5 million in a venture capital fund comprised of a diversified portfolio, including, but not limited to, life sciences, hardware and food start-up companies. This brought the total cash investment to US$4.4 million as of 31 March 2022, out of a total investment commitment of US$6.0 million. In addition, the Group recognized a fair value gain of US$2.0 million, resulting in a US$6.4 million carrying value of the investment as of 31 March 2022 (carrying value as of 31 March 2021: US$2.9 million). The change in fair value is reflected in Note 22, Other Income, net.

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

9. Inventories

	2022 US$'000	2021 US$'000
Raw materials	**400,384**	291,061
Finished goods	**247,082**	223,136
	647,466	514,197

Accounting policy

Inventories are stated at the lower of actual cost on first-in-first-out basis (FIFO) or net realizable value. Cost comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. The value calculated approximates the weighted-average actual cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

10. Trade and Other Receivables

	2022 US$'000	2021 US$'000
Trade receivables – gross *	**707,538**	643,643
Less: impairment of trade receivables	**(2,441)**	(2,601)
Trade receivables – net	**705,097**	641,042
Prepayments and other receivables	**129,363**	109,493
	834,460	750,535

* The balance included bank acceptance drafts from customers amounting to US$37.6 million (31 March 2021: US$22.6 million). The maturity dates of the drafts all fall within 6 months of the balance sheet date

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

10. Trade and Other Receivables *(Cont'd)*

Customer credit risk, aging and impairment of gross trade receivables

(a) The Group normally grants credit terms ranging from 30 to 120 days to its trade customers. No significant element of financing is deemed present as the sales are made with a credit term which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see Note 17. It has a policy in place to evaluate customer credit risk by considering their current financial position, past payment history, common credit-risk characteristics, and the macroeconomic factor and economic environment in which the customers operate. Management monitors overdue amounts to identify and resolve collection issues. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include the failure of a debtor to commit to a repayment plan.

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 more than 10% or more of trade receivables.

(b) The impairment of trade receivables is estimated using the forward-looking expected credit loss method and considering the aging of gross trade receivables based on due date.

The aging of gross trade receivables and estimated impairment by due date was as follows:

	Gross carrying amount US$'000	Impairment of trade receivables US$'000	Trade receivables - net US$'000
As of 31 March 2022			
Current	659,622	(91)	**659,531**
1 – 30 days overdue	31,865	(34)	**31,831**
31 – 90 days overdue	11,740	(87)	**11,653**
Over 90 days overdue	4,311	(2,229)	**2,082**
Total	707,538	(2,441)	**705,097**
As of 31 March 2021			
Current	608,053	(72)	607,981
1 – 30 days overdue	24,644	(27)	24,617
31 – 90 days overdue	7,436	(53)	7,383
Over 90 days overdue	3,510	(2,449)	1,061
Total	643,643	(2,601)	641,042

No significant changes to estimation techniques or assumptions on expected credit losses were made during the year.

10. Trade and Other Receivables *(Cont'd)*

(c) The aging of gross trade receivables based on invoice date was as follows:

	2022 US$'000	2021 US$'000
0 – 30 days	**366,536**	334,452
31 – 90 days	**308,001**	280,971
Over 90 days	**33,001**	28,220
Total	**707,538**	643,643

The carrying amount of the Group's gross trade receivables was denominated in the following currencies:

	2022 US$'000	2021 US$'000
USD	**264,687**	239,431
RMB	**217,151**	171,538
EUR	**157,639**	162,876
CAD	**46,096**	42,227
Others	**21,965**	27,571
Total	**707,538**	643,643

Movements on the impairment of trade receivables were as follows:

	2022 US$'000	2021 US$'000
At beginning of the year	**2,601**	2,025
Currency translations	**20**	41
Receivables written off during the year as uncollectible	**(274)**	(803)
Impairment of trade receivables / bad debt expense (Note 26)	**94**	1,338
At end of the year	**2,441**	2,601

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

10. Trade and Other Receivables *(Cont'd)*

Accounting policy

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The Group applies the simplified approach permitted by HKFRS 9, which requires the recognition of lifetime expected losses for trade receivables and contract assets from initial recognition of such assets. The expected loss rates are based on the sales over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. At every reporting date, the Group reviews and adjusts its historically observed default rates based on current conditions and changes in the future forecasts. A provision for impairment of trade and other receivables is determined using the forward-looking expected credit loss method; that is, the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The impairment charge is recognized within "Selling and administrative expenses" in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries are credited in the income statement.

11. Cash and Cash Equivalents

	2022 US$'000	2021 US$'000
Cash at bank and in hand	**230,757**	419,831
Short term bank deposits	**114,647**	119,636
Total cash and cash equivalents	**345,404**	539,467

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

	2022 US$'000	2021 US$'000
RMB	**118,400**	94,954
EUR	**77,484**	86,417
USD	**75,473**	241,093
KRW	**45,364**	29,698
CAD	**10,462**	62,726
Others	**18,221**	24,579
Total	**345,404**	539,467

Accounting policy

Cash and cash equivalents comprise cash in hand and demand deposits with banks that are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, with original maturities of three months or less.

12. Trade and Other Payables

	2022 US$'000	2021 US$'000
Trade payables	**480,196**	454,370
Accrual for property, plant and equipment and other production consumables	**181,929**	148,364
Accrued payroll and other staff related costs	**107,413**	133,131
Contract liabilities (Note 13)	**31,948**	42,557
Deferred income *	**23,983**	21,206
Other creditors and accrued charges	**78,805**	68,798
	904,274	868,426
Current portion	**872,005**	833,583
Non-current portion	**32,269**	34,843

* Mainly comprised government grants

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

	2022 US$'000	2021 US$'000
0 – 60 days	**306,266**	299,269
61 – 90 days	**96,105**	91,240
Over 90 days	**77,825**	63,861
Total	**480,196**	454,370

The carrying amount of the Group's trade payables was denominated in the following currencies:

	2022 US$'000	2021 US$'000
RMB	**210,867**	197,386
USD	**136,192**	135,631
EUR	**85,585**	76,801
HKD	**22,077**	22,811
CAD	**8,480**	8,010
Others	**16,995**	13,731
Total	**480,196**	454,370

12. Trade and Other Payables *(Cont'd)*

Accounting policy

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Trade and other payables with obligations to pay within 12 months are classified as current liabilities. Trade and other payables with obligations to pay for at least 12 months after the end of reporting period are classified as non-current liabilities.

The Group recognize charges for profit sharing and bonus plans due wholly within twelve months after balance sheet date when it has a legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Judgemental accruals and provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

13. Contract Balances

Contract assets relate to the deferred contract costs incurred to obtain the customer contract. These costs are subsequently amortized in the consolidated income statement on a systematic basis over the expected contract period. The Group assesses the carrying value of each contract asset annually and recognizes an expected credit loss if the carrying value exceeds the amounts of consideration that the Group expects to receive from the contract.

Contract liabilities primarily relate to consideration received from customers in advance of transferring goods promised in a contract. Recognition of this income is therefore deferred until the contractual performance obligation is satisfied.

The total contract assets and liabilities are included in various non-current and current balance sheet accounts as shown below:

	2022 **US$'000**	2021 US$'000
Deferred contract costs included in:		
Trade and other receivables	**2,263**	2,356
Other non-current assets (Note 3)	**5,906**	8,378
Total deferred contract costs	**8,169**	10,734
Contract liabilities balances included in:		
Trade and other payables - current	**(19,939)**	(25,596)
Trade and other payables - non-current	**(12,009)**	(16,961)
Total contract liabilities (Note 12)	**(31,948)**	(42,557)

In FY21/22, US$23.3 million (FY20/21: US$17.2 million) included in the contract liability balance at the previous year end date was recognized in profit and loss.

14. Borrowings

	2022			2021		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Bonds (Note a)	**-**	**300,525**	**300,525**	-	299,912	299,912
Loan from Export Development Canada ("EDC") (Note b)	**-**	**99,888**	**99,888**	-	99,792	99,792
Loan from The Export-Import Bank of China (Note c)	**7,866**	**68,828**	**76,694**	321	12,499	12,820
Other borrowings	**13,700**	**-**	**13,700**	13,666	-	13,666
Total borrowings	**21,566**	**469,241**	**490,807**	13,987	412,203	426,190

Note:

(a) Bonds (US$300 million, 4.125% due July 2024)

On 30 January 2019, the Company issued bonds in an aggregate principal amount of US$300 million. The bonds are listed on the Stock Exchange of Hong Kong by way of debt issues to professional investors under Chapter 37 of the Listing Rules. The bonds bear a fixed interest rate of 4.125% per annum, payable semi-annually. The issue price of the bonds was 99.402% of the principal amount of the bonds and they mature on 30 July 2024. The effective interest rate of the bonds is 4.36% including all transaction costs.

The Company used the net proceeds from the issue for general corporate purposes, refinancing and to extend its debt maturity profile.

The market value of the bonds was 100.7% of the face value of the bonds as of 31 March 2022 (31 March 2021: 106.7% of the face value of the bonds).

(b) Loan from EDC

US$99.9 million (principal US$100.0 million less US$0.1 million transaction costs) was drawn down in June 2018. This is a 5-year loan for the Group's general operating and capital expenditure purposes and the loan will be fully repaid at the maturity date of 6 June 2023. The loan interest rate is fixed at 3.89%.

(c) Loan from The Export-Import Bank of China

The Group has a facility from The Export-Import Bank of China which was used to partially fund capital expenditure for the Group's new Jiangmen factory. As of 31 March 2022, the Group had drawn down the entire RMB500 million facility, and made the first scheduled repayment, bringing the balance of the loan to RMB487.5 million, equivalent to US$76.7 million (31 March 2021: RMB84.2 million, equivalent to US$12.8 million). The next repayment of the loan is due in August 2022, with further repayments every six months until August 2025.

14. Borrowings *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Bonds and other borrowings	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Less than 1 year	**7,866**	321	**13,700**	13,666
1 – 2 years	**13,766**	1,282	**99,888**	-
2 – 5 years	**55,062**	11,217	**300,525**	399,704
	76,694	12,820	**414,113**	413,370

As of 31 March 2022, the interest rate charged on outstanding balances ranged from 3.4% to 4.1% per annum (31 March 2021: 3.4% to 4.1% per annum) and the weighted average effective interest rate of the borrowings including the impact of interest rate swaps (see Note 7(b)) was approximately 2.5% (31 March 2021: 2.3%). Interest expense is disclosed in Note 25.

Johnson Electric subscribes to both Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") to provide independent long-term credit ratings. As of 31 March 2022, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, resilience and prudent financial leverage.

The fair value of borrowings, other than the bonds due July 2024, approximately equals their carrying amount.

The carrying amounts of the borrowings were denominated in the following currencies:

	2022 US$'000	2021 US$'000
USD	**400,413**	399,704
RMB	**76,694**	12,820
CAD	**13,700**	13,666
Total borrowings	**490,807**	426,190

Accounting policy

Borrowings / bonds are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings / bonds using the effective interest method.

Borrowings / bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of reporting period.

15. Lease Liabilities

	2022 **US$'000**	2021 US$'000
At beginning of the year	**48,543**	60,189
Currency translations	**1,179**	3,295
Business combination (Note 31)	**1,393**	-
New leases / extensions / modifications	**102,736**	6,539
Termination of leases	**(606)**	(57)
Finance costs	**6,237**	2,594
Principal elements of lease payments	**(26,715)**	(21,842)
Interest elements of lease payments	**(5,240)**	(2,175)
At end of the year	**127,527**	48,543
Current portion	**32,233**	15,559
Non-current portion	**95,294**	32,984

The remaining contractual undiscounted cash outflow of the Group's lease liabilities as of 31 March 2022 and 31 March 2021 was as follows:

	2022 **US$'000**	2021 US$'000
Less than 1 year	**29,336**	15,559
1 – 2 years	**23,676**	11,610
2 – 5 years	**40,791**	15,720
Over 5 years	**40,817**	9,896
	134,620	52,785

The income statement shows the following amounts included in cost of goods sold and selling and administrative expenses relating to leases which are not shown above as leases are as follows:

	2022 **US$'000**	2021 US$'000
Expense relating to short-term leases	**1,857**	1,656
Expense relating to leases of low-value assets	**82**	71
Expense relating to variable lease payments	**1,124**	1,655
	3,063	3,382

15. Lease Liabilities *(Cont'd)*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination of options held are exercisable only by the Group and not by the respective lessor.

Accounting policy

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, and
- leases payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Leases of low-value assets are leases with total lease payments lower than US$5,000.

16. Retirement Benefit Obligations

	Defined benefit pension plans US$'000	Defined contribution pension plans and long service payment US$'000	Total US$'000
FY21/22			
As of 31 March 2021	30,650	4,199	34,849
Currency translations	(1,480)	(462)	(1,942)
Charges	6,260	9,625	15,885
Utilizations	(5,243)	(9,941)	(15,184)
Remeasurements (Note 21) *	(6,689)	109	(6,580)
As of 31 March 2022	**23,498** **	**3,530**	**27,028**
Retirement benefit obligations:			
Current portion	-	428	428
Non-current portion	42,693	3,102	45,795
Defined benefit pension plan assets:			
Non-current portion	(19,195)	-	(19,195)
As of 31 March 2022	**23,498**	**3,530**	**27,028**
FY20/21			
As of 31 March 2020	39,913	3,834	43,747
Currency translations	2,107	-	2,107
Charges	7,093	9,288	16,381
Utilizations	(7,167)	(8,910)	(16,077)
Remeasurements (Note 21) *	(11,296)	(13)	(11,309)
As of 31 March 2021	30,650	4,199	34,849
Retirement benefit obligations:			
Current portion	-	465	465
Non-current portion	50,522	3,734	54,256
Defined benefit pension plan assets:			
Non-current portion	(19,872)	-	(19,872)
As of 31 March 2021	30,650	4,199	34,849

* Remeasurements represent actuarial (gains) and losses

** The retirement benefit plans are located in the United Kingdom, Canada, Switzerland, Israel, South Korea, Germany, Italy and France. Net obligations of US$23.5 million (31 March 2021: US$30.6 million) were comprised of the gross present value of obligations of US$231.0 million (31 March 2021: US$244.7 million) less the fair value of plan assets of US$207.5 million (31 March 2021: US$214.1 million)

16. Retirement Benefit Obligations *(Cont'd)*

16.1 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 main actuaries are listed below and the latest actuarial valuation was completed as of 31 March 2022.

Country of pension plan	Firm	Qualifications of valuers
United Kingdom	Quantum Actuarial LLP	Fellow of the Institute and Faculty of Actuaries
Canada	Towers Watson Canada Inc	Fellow, Canadian Institute of Actuaries
Switzerland	Mercer Schweiz AG	Members of the Swiss Association of Actuaries
Israel	Alan Dubin F.S.A. Ltd.	Fellow, Israel Association of Actuaries
South Korea	Hyundai Motor Securities	Fellow, the Institute of Actuaries of Korea
Germany	Mercer Deutschland GmbH	Fellow, The German Association of Actuaries
Italy	Deloitte	Fellow of the Italian Register of Actuaries
France	QUATREM	Fellow, The French Actuarial Profession

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

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

	2022 US$'000	2021 US$'000
Present value of obligations that are funded	**209,989**	222,218
Present value of obligations that are unfunded	**21,051**	22,482
Gross present value of obligations	**231,040**	244,700
Less : Fair value of plan (assets)	**(207,542)**	(214,050)
Total retirement benefit obligations - net liability	**23,498**	30,650
Represented by:		
Defined benefit pension plan (assets)	**(19,195)**	(19,872)
Retirement benefit obligations	**42,693**	50,522

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

The movement of the retirement benefit obligations was as follows:

	Present value of obligations US$'000	Fair value of plan (assets) US$'000	Total net liability US$'000
FY21/22			
As of 31 March 2021	244,700	(214,050)	30,650
Current service cost	5,619	-	5,619
Interest cost / (income)	2,983	(2,342) *	641
Net cost / (income) to the income statement (Note 26)	8,602	(2,342)	6,260
Remeasurements:			
– (gains) from change in demographic assumptions	(130)	-	(130)
– (gains) from change in financial assumptions	(16,713)	-	(16,713)
– experience losses / (gains)	6,597	(40)	6,557
– return on plan assets, excluding amounts included in interest income	-	3,597	3,597
(Gains) / losses recognized in equity (Note 21)	(10,246)	3,557	(6,689)
Currency translations	(836)	(644)	(1,480)
Contributions by plan participants	3,146	(3,146)	-
Contributions by employer	-	(3,234)	(3,234)
Benefits paid	(14,326)	12,317	(2,009)
As of 31 March 2022	**231,040**	**(207,542)**	**23,498**
FY20/21			
As of 31 March 2020	231,929	(192,016)	39,913
Current service cost	6,759	-	6,759
Interest cost / (income)	2,878	(2,544) *	334
Net cost / (income) to the income statement (Note 26)	9,637	(2,544)	7,093
Remeasurements:			
– (gains) from change in demographic assumptions	(11,128)	-	(11,128)
– losses from change in financial assumptions	12,018	-	12,018
– experience losses / (gains)	2,601	(27)	2,574
– return on plan assets, excluding amounts included in interest income	-	(14,760)	(14,760)
Losses / (gains) recognized in equity (Note 21)	3,491	(14,787)	(11,296)
Currency translations	11,241	(9,134)	2,107
Contributions by plan participants	2,960	(2,960)	-
Contributions by employer	-	(3,169)	(3,169)
Benefits paid	(14,558)	10,560	(3,998)
As of 31 March 2021	244,700	(214,050)	30,650

* The interest income on plan assets was calculated at discount rates shown on the next page

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

Through its defined benefit pension plans, the Group is exposed to a number of risks: asset volatility, inflation risks and life expectancy risk. As the plan liabilities are calculated using a discount rate set with reference to corporate bond yields, if plan assets underperform this yield, this will create a deficit. Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The principal actuarial assumptions used were as follows:

	2022 Percentage	2021 Percentage
Discount rate	**1.2% – 4.4%**	0.4% – 3.5%
Inflation rate	**1.9% – 4.1%**	0.8% – 3.6%

Sensitivity analysis

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

	Impact on defined benefit obligations	
	Increase in assumption	Decrease in assumption
Discount rate – change by 0.5%	Decrease by 5.7%	Increase by 6.3%
Inflation rate – change by 0.5%	Increase by 3.7%	Decrease by 3.8%

This is 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 recognized in the balance sheet.

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

The discount rates of major pension plans were as follows:

	2022 Percentage	2021 Percentage
United Kingdom	**2.6%**	1.9%
Canada	**3.9%**	3.3%
Switzerland	**1.2%**	0.4%
South Korea	**4.4%**	3.5%

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

The weighted average duration of the defined benefit obligations is 14.1 years (31 March 2021: 16.1 years).

The expected maturity of undiscounted pension benefits as of 31 March 2022 and 31 March 2021 was:

	2022 US$'000	2021 US$'000
Less than 1 year	**12,159**	10,746
1 – 2 years	**12,242**	12,562
2 – 5 years	**32,992**	32,536
Over 5 years	**250,682**	246,617
	308,075	302,461

Plan assets

Plan assets comprised the following:

	2022		2021	
	US$'000	**Percentage**	US$'000	Percentage
Quoted				
Equities				
Europe	**13,204**	**6%**	12,665	6%
Global	**34,087**	**16%**	34,744	16%
Bonds				
Asia	**2,271**	**1%**	2,369	1%
Europe	**13,666**	**7%**	55,897	26%
Americas	**20,379**	**10%**	24,641	12%
Global	**18,724**	**9%**	39,772	19%
Others				
Europe	**27,220**	**13%**	20,274	9%
	129,551	**62%**	190,362	89%
Unquoted				
Property investment – Europe	**24,982**	**12%**	22,737	11%
Others – Europe	**53,009**	**26%**	951	0%
	77,991	**38%**	23,688	11%
	207,542	**100%**	214,050	100%

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

Plan assets *(Cont'd)*

The Group's defined benefit pension plans had total assets of US$207.5 million and total obligations of US$231.0 million as of 31 March 2022 (31 March 2021: US$214.1 million and US$244.7 million respectively). This represents a funding level of 90% in aggregate as of 31 March 2022 (31 March 2021: 87%).

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.

The Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's asset-liability matching objective is to match assets to the pension obligations with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group's main defined benefit pension plans are in the United Kingdom, Canada and Switzerland, which accounted for 98% of the pension assets and 89% of the pension liabilities respectively (31 March 2021: 98% of the plan assets and 89% of the pension liabilities). The Group also operates defined benefit schemes in Israel, South Korea, Germany, Italy and France. The funding levels of the Group's pension schemes as of 31 March 2022 are set out below.

The Group's defined benefit pension plans in the United Kingdom and Canada reported funding levels of 142% and 114% respectively. The surplus is mainly due to favourable investment performance. The Swiss and Israeli schemes had a funding level of 85% and 82% respectively. The deficit arises in part as a result of local funding rules, according to which funding obligations with respect to active employees are satisfied through regular contributions.

The schemes in South Korea and Germany are immaterial to the Group and have a lower funding level of 21% and 13% respectively as benefits to certain employees are funded whilst benefits to other employees enrolled in the schemes are unfunded, as allowed under local regulations.

The defined benefit plans in Italy and France are unfunded, as allowed under local regulations.

The Group expects to make contributions of US$4.4 million to post-employment benefit plans for FY22/23 (FY21/22: US$3.8 million).

16. Retirement Benefit Obligations *(Cont'd)*

16.2 Defined contribution pension plans

The charge to the income statement for all defined contribution plans for FY21/22 was US$8.9 million (FY20/21: US$8.5 million). All forfeited contributions can be used to reduce employer's contributions.

The Group's Hong Kong and Canadian schemes accounted for 83% of total contributions in FY21/22 (FY20/21: 84%).

- 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. No forfeited contributions were available in FY21/22 and FY20/21 to reduce the employer's contributions. There were no forfeited contributions as of 31 March 2022 (31 March 2021: nil).

- In Canada, employees are eligible for defined contribution plan after one year of service, governed by the Income Tax Act (Canada) and Pension Benefits Act (Ontario). The employer's base contribution is 3% of employee's earnings. The employer can match additional contributions from the employee up to 3% of their earnings, for a total of 6%. No forfeited contributions were available in FY21/22 and FY20/21 to reduce the employer's contributions. There were no forfeited contributions as of 31 March 2022 (31 March 2021: nil).

The Group also operates other defined contribution pension schemes, available to certain employees in the United States, the United Kingdom, the Netherlands, Turkey, and Singapore.

- In the United States, contributions to the defined contribution plan are made in accordance with Subsection 401(k) of the Internal Revenue Code. The employer's contribution matches 100% of the first 1% and 50% of the next 5% of employee's contribution. Matched contributions are capped at 6% of the employee's contribution, giving an employer maximum contribution of 3.5%. The employer's contribution is fully vested with the employee after two years of service. During the year, forfeited contributions of US$0.02 million (FY20/21: US$0.2 million) under the plans were used to reduce the employer's contributions. As of 31 March 2022, the employer has US$0.1 million forfeited contributions available to reduce its contributions in future years (31 March 2021: US$0.1 million).

- For the United Kingdom, both the employer and employee must make at least 4% contributions, which are fully vested. In the Netherlands, contributions are age based and range from 3.2% to 18.84% of annual salary. In the Turkish plan, the employer contributes a base of TRY127.5 (US$12.8) per employee per month and then matches employee contributions up to a maximum of 1.5% of monthly gross salary. Singapore Central Provident Fund employer contributions are 17% of salary, but lower after age 55. No forfeited contributions were available in FY21/22 (FY20/21: nil) and no forfeited contributions as of 31 March 2022 (31 March 2021: nil) to reduce the employer's contributions in any of these schemes.

16. Retirement Benefit Obligations *(Cont'd)*

Accounting policy

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

(a) Defined benefit plan

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's long service payment is a kind of defined benefit plan.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the income statement.

(b) Defined contribution plan

For defined contribution plans, the Group and the employees pay fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee compensation when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

17. Provision and Other Liabilities

	Legal and warranty US$'000	Restructuring and severance US$'000	Reinstatement cost of right-of-use assets US$'000	Total US$'000
FY21/22				
As of 31 March 2021	45,070	13,257	1,118	59,445
Currency translations	(799)	(12)	(46)	(857)
Business combination (Note 31)	29	-	-	29
Charged / (credited) to income statement				
– additional provisions	17,272	4,208	-	21,480
– unused amounts reversed	(4,610)	(319)	-	(4,929)
– finance costs	-	-	18	18
Utilizations	(25,553)	(12,636)	-	(38,189)
As of 31 March 2022	**31,409**	**4,498**	**1,090**	**36,997**
Current portion	24,054	4,498	-	28,552
Non-current portion	7,355	-	1,090	8,445
As of 31 March 2022	**31,409**	**4,498**	**1,090**	**36,997**
FY20/21				
As of 31 March 2020	35,957	785	1,054	37,796
Currency translations	1,697	361	52	2,110
Charged / (credited) to income statement				
– additional provisions	20,267	13,415	-	33,682
– unused amounts reversed	(1,834)	-	-	(1,834)
– finance costs	-	-	12	12
Utilizations	(11,017)	(1,304)	-	(12,321)
As of 31 March 2021	45,070	13,257	1,118	59,445
Current portion	31,512	13,257	-	44,769
Non-current portion	13,558	-	1,118	14,676
As of 31 March 2021	45,070	13,257	1,118	59,445

18. Put Option Written to a Non-Controlling Interest

On 16 May 2017, the Group acquired an additional 50% equity interest in Halla Stackpole Corporation ("HSC"), a 30% associate previously held by the Group, from Halla Holdings Corporation (the "Seller") for consideration of US$83.2 million (KRW93.9 billion). The Group's attributable interest in HSC increased from 30% to 80%.

Pursuant to the Share Purchase Agreement in relation to the acquisition of a 50% equity interest in HSC, the Seller was granted a put option under which the Seller has the right to require the Group to acquire all of its rights in HSC. The put option is exercisable at any time from May 2022 to May 2026 following the expiration of a 5-year period from the closing date of the acquisition ("Put Exercise Period").

The exercise price of the option shall be based on EBITDA multiples, net of the net debt of HSC for the fiscal year immediately preceding the fiscal year when the option is exercised.

The movement on the carrying amount of expected cash outflows arising from the written put option was as follows:

	2022 **US$'000**	2021 US$'000
At beginning of the year	**71,688**	69,680
Currency translation	**(2,867)**	7,161
Accrued interest (Note 25)	**1,191**	1,242
Fair value gains * (Note 22)	**(8,652)**	(6,395)
At end of the year	**61,360**	71,688
Current portion	**61,360**	-
Non-current portion	**-**	71,688

* The fair value gains represent the estimated reduction in the put option liability as well as the revaluation of this monetary liability from South Korean Won to the British Pound, the functional currency of the company that holds the put option

The fair value of the Group's put option written to a non-controlling interest was approximately equal to the carrying value.

19. Taxation

19.1 Income tax expense

The amount of taxation in the consolidated income statement represents:

	2022 US$'000	2021 US$'000
Current income tax		
Charges for the year	**30,016**	49,127
Additions / (reductions) of tax for prior years	**123**	(4,652)
	30,139	44,475
Deferred income tax (Note 19.2)	**(12,222)**	(15,287)
Total income tax expense	**17,917**	29,188
Effective tax rate	**10.5%**	11.8%

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 FY21/22 was 10.5% (FY20/21: 11.8%). The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% (FY20/21: 16.5%) as follows:

	2022		2021	
		US$'000		US$'000
Profit before income tax		**170,112**		248,381
Tax charged at Hong Kong profits tax rate	**16.5%**	**28,068**	16.5%	40,983
Effect of different tax rates in other countries				
– countries with taxable profit	**2.1%**	**3,533**	2.1%	5,260
– countries with taxable loss	**(0.5)%**	**(918)**	(0.7)%	(1,710)
(Reductions) of tax for prior years – current and deferred	**(0.2)%**	**(381)**	(1.9)%	(4,782)
Withholding tax	**2.1%**	**3,655**	3.3%	8,164
Effect of permanent and temporary differences, tax losses and other taxes	**(9.5)%**	**(16,040)**	(7.5)%	(18,727)
Total income tax expense	**10.5%**	**17,917**	11.8%	29,188

19. Taxation *(Cont'd)*

19.2 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 19.1.

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

	2022 US$'000	2021 US$'000
Deferred income tax assets	**61,862**	60,527
Deferred income tax liabilities	**(107,620)**	(101,093)
Deferred income tax liabilities, net	**(45,758)**	(40,566)

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

	2022 US$'000	2021 US$'000
Gross deferred income tax assets	**98,166**	91,867
Gross deferred income tax liabilities	**(143,924)**	(132,433)
Deferred income tax liabilities, net	**(45,758)**	(40,566)

19. Taxation *(Cont'd)*

19.2 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:

	Provisions US$'000	Tax depreciation US$'000	Tax losses US$'000	Fair value (gains) / losses US$'000	Others US$'000	Total US$'000
FY21/22						
Deferred income tax assets						
As of 31 March 2021	29,537	24,009	12,476	2,637	23,208	91,867
Currency translations	(25)	378	(60)	(29)	(274)	(10)
Credited / (charged) to income statement	(3,121)	9,648	4,783	(654)	(2,459)	8,197
(Charged) to equity	-	-	-	(1,139)	(749)	(1,888)
Assets as of 31 March 2022	26,391	34,035	17,199	815	19,726	98,166
Deferred income tax (liabilities)						
As of 31 March 2021	(591)	(9,257)	-	(87,802)	(34,783)	(132,433)
Currency translations	(16)	89	-	630	718	1,421
Business combination (Note 31)	-	(251)	-	(5,539)	-	(5,790)
Credited / (charged) to income statement	(77)	237	-	4,824	(959)	4,025
(Charged) to equity	-	-	-	(10,366)	(781)	(11,147)
(Liabilities) as of 31 March 2022	(684)	(9,182)	-	(98,253)	(35,805)	(143,924)
Deferred income tax assets / (liabilities), net as of 31 March 2022	**25,707**	**24,853**	**17,199**	**(97,438)**	**(16,079)**	**(45,758)**
FY20/21						
Deferred income tax assets						
As of 31 March 2020	23,711	17,131	10,726	19,187	22,750	93,505
Currency translations	818	1,525	1,657	22	1,105	5,127
Credited / (charged) to income statement	5,008	5,353	93	(4,083)	1,609	7,980
(Charged) to equity	-	-	-	(12,489)	(2,256)	(14,745)
Assets as of 31 March 2021	29,537	24,009	12,476	2,637	23,208	91,867
Deferred income tax (liabilities)						
As of 31 March 2020	(2,447)	(8,885)	-	(83,629)	(29,100)	(124,061)
Currency translations	(135)	(332)	-	(5,974)	(1,018)	(7,459)
Credited / (charged) to income statement	1,991	(40)	-	10,711	(5,355)	7,307
Credited / (charged) to equity	-	-	-	(8,910)	690	(8,220)
(Liabilities) as of 31 March 2021	(591)	(9,257)	-	(87,802)	(34,783)	(132,433)
Deferred income tax assets / (liabilities), net as of 31 March 2021	28,946	14,752	12,476	(85,165)	(11,575)	(40,566)

Deferred income tax liabilities of US$2.0 million (FY20/21: US$1.8 million) have not been recognized in respect of the withholding or other tax payable on the unremitted profits of certain subsidiaries where the Company controls the dividend policy and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

19. Taxation *(Cont'd)*

19.2 Deferred income tax *(Cont'd)*

The movement table on the previous page describes the component parts of the deferred income tax assets and liabilities shown on the balance sheet.

Provisions:
Certain tax authorities do not allow provisions as deductions against current taxable profit until utilized, which gives rise to a different basis for calculating accounting and taxable profit.

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 2022, the Group's subsidiaries in HK/PRC, Switzerland and Canada had accumulated net operating losses carried forward of US$112.1 million (31 March 2021: HK/PRC and Canada of US$45.9 million) 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 until realized.

Others:
This mainly represents other temporary differences arising from taxation on profit distribution from foreign subsidiaries, unrealized profits on unsold inventory from intragroup sales, tax credits available to offset future tax payments, temporary differences arising from deduction of expenses and adjustments from past reorganizations and the capitalization of engineering development costs.

19. Taxation *(Cont'd)*

19.2 Deferred income tax *(Cont'd)*

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

	2022 US$'000	2021 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	**75,344**	64,226
Deferred income tax assets to be recovered within twelve months	**22,822**	27,641
Deferred income tax assets	**98,166**	91,867
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than twelve months	**(117,834)**	(109,806)
Deferred income tax liabilities to be settled within twelve months	**(26,090)**	(22,627)
Deferred income tax liabilities	**(143,924)**	(132,433)
Deferred income tax liabilities, net	**(45,758)**	(40,566)

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

	2022 US$'000	2021 US$'000
At beginning of the year, net (liability)	**(40,566)**	(30,556)
Currency translations	**1,411**	(2,332)
Business combination (Note 31)	**(5,790)**	-
Credited to income statement (Note 19.1)	**12,222**	15,287
(Charged) to equity	**(13,035)**	(22,965)
At end of the year, net (liability)	**(45,758)**	(40,566)

19. Taxation *(Cont'd)*

19.2 Deferred income tax *(Cont'd)*

The deferred income tax (charged) / credited to equity in FY21/22 and FY20/21 was as follows:

	2022 US$'000	2021 US$'000
Fair value change of hedging instruments	**(11,505)**	(21,399)
Remeasurements of defined benefit plans (Note 21)	**(1,531)**	(1,555)
Remeasurements of long service payment (Note 21)	**1**	(11)
	(13,035)	(22,965)

Deferred income tax assets are recognized 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 utilized.

The movement in the Group's unrecognized tax losses for FY21/22 and FY20/21 is presented below:

	2022 US$'000	2021 US$'000
At beginning of the year	**44,285**	51,201
Currency translations	**(420)**	58
Generated / (utilized / recognized) during the year	**69,937**	(3,616)
Addition / (reduction) for tax positions of prior years	**4,432**	(3,358)
At end of the year	**118,234**	44,285

Deferred income tax assets in respect of tax losses amounting to US$118.2 million (FY20/21: US$44.3 million) have not been recognized primarily due to the uncertainty over the availability of future profit generation to recover such losses before their expiry or temporary differences in the legal entities where such losses were incurred.

19. Taxation *(Cont'd)*

19.2 Deferred income tax *(Cont'd)*

The aging of unrecognized tax losses by expiry date is as follows:

	2022 US$'000	2021 US$'000
Less than 1 year	**344**	334
1 – 2 years	**752**	960
2 – 5 years	**59,363**	2,098
5 – 20 years	**21,641**	21,805
Unlimited	**36,134**	19,088
	118,234	44,285

Deferred income tax assets amounting to US$0.8 million (FY20/21: US$1.8 million) have not been recognized with respect to other deductible temporary differences for which no taxable profit or temporary differences will be available to offset the deductible temporary difference.

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in comprehensive income or directly in equity. In this case, the tax is also recognized in comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associate and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss at the time of such a transaction. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date or expected to be applied in future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through use.

Deferred income tax liability is recognized in respect of the undistributed profits of subsidiaries which is expected to be distributed in the foreseeable future.

20. Share Capital

	Share capital – ordinary shares (thousands)	Shares held for incentive share scheme (thousands)	Total shares (thousands)
FY21/22			
As of 31 March 2021	903,815	(11,572)	892,243
Shares purchased by trustee for incentive share scheme	-	(1,025)	(1,025)
Shares vested to Directors and employees for incentive share scheme	-	1,790	1,790
Shares issued in lieu of cash dividends	2,188	-	2,188
Scrip dividend for shares held for incentive share scheme	-	(299)	(299)
As of 31 March 2022	**906,003**	**(11,106)**	**894,897**
FY20/21			
As of 31 March 2020	902,648	(12,013)	890,635
Shares purchased by trustee for incentive share scheme	-	(1,524)	(1,524)
Shares vested to Directors and employees for incentive share scheme	-	2,065	2,065
Shares issued in lieu of cash dividends	1,167	-	1,167
Scrip dividend for shares held for incentive share scheme	-	(100)	(100)
As of 31 March 2021	903,815	(11,572)	892,243

As of 31 March 2022, the total authorized number of ordinary shares was 1,760.0 million (31 March 2021: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2021: HK$0.05 per share). All issued shares were fully paid.

20. Share Capital *(Cont'd)*

	Share capital – ordinary shares US$'000	Shares held for incentive share scheme US$'000	Share premium US$'000	Total US$'000
FY21/22				
As of 31 March 2021	5,830	(34,012)	45,729	17,547
Shares purchased by trustee for incentive share scheme	-	(2,305)	-	(2,305)
Shares vested to Directors and employees for incentive share scheme	-	6,265	(1,107)	5,158
Shares issued in lieu of cash dividends	14	-	5,008	5,022
Scrip dividend for shares held for incentive share scheme	-	(681)	-	(681)
As of 31 March 2022	**5,844**	**(30,733)**	**49,630**	**24,741**
FY20/21				
As of 31 March 2020	5,822	(36,114)	41,796	11,504
Shares purchased by trustee for incentive share scheme	-	(3,783)	-	(3,783)
Shares vested to Directors and employees for incentive share scheme	-	6,121	1,181	7,302
Shares issued in lieu of cash dividends	8	-	2,752	2,760
Scrip dividend for shares held for incentive share scheme	-	(236)	-	(236)
As of 31 March 2021	5,830	(34,012)	45,729	17,547

Scrip dividend

During the year, 2.2 million shares were issued to shareholders who elected to receive shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend of FY20/21 and interim dividend of FY21/22. For the final dividend of FY20/21, the Group's scrip price was the average closing price in the period during 19 to 23 July 2021 discounted by 4% on the average price – the actual scrip price was HK$18.18 (US$2.33). The date of allotment of the scrip shares was 2 September 2021. For the interim dividend of FY21/22, the Group's scrip price was the average closing price in the period during 26 November 2021 to 2 December 2021 discounted by 4% on the average price – the actual scrip price was HK$16.76 (US$2.15). The date of allotment of the scrip shares was 12 January 2022.

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at the Company's AGM held on 14 July 2021 empowering the Board to repurchase shares up to 10% (90.4 million shares) of the aggregate nominal amount of the issued share capital of the Company. This mandate which had also existed in the previous year was extended to the next 12 month period. No shares were purchased in FY21/22 for cancellation (FY20/21: nil).

20. Share Capital *(Cont'd)*

Incentive share scheme

The Restricted and Performance Stock Unit Plan ("Stock Unit Plan") was approved by the shareholders on 9 July 2015. The long-term incentive share scheme which was adopted on 24 August 2009 was terminated by the shareholders on 9 July 2015. The Board may grant time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs) or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the Stock Unit Plan.

Senior management of the Group receive annual grants of RSUs and PSUs. According to current granting policy, RSUs typically vest after three years. PSUs vest after three years, subject to achievement of performance conditions over a three-year performance period. The measure for grants since FY19/20 is the three-year cumulative earnings per share.

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 for the Group set at the beginning of each year of the three-year performance period. Partial vesting occurs if one or more of the one-year target for individual divisions are met.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
FY21/22			
Unvested units granted, as of 31 March 2021	10,528	5,906	16,434
Units granted to Directors and employees during the year	2,461	1,987	4,448
Units vested to Directors and employees during the year	(1,778)	(371)	(2,149)
Forfeited during the year	(756)	(1,447)	(2,203)
Unvested units granted, as of 31 March 2022	**10,455**	**6,075**	**16,530**
FY20/21			
Unvested units granted, as of 31 March 2020	7,875	5,791	13,666
Units granted to Directors and employees during the year	4,706	2,033	6,739
Units vested to Directors and employees during the year	(1,815)	(698)	(2,513)
Forfeited during the year	(238)	(1,220)	(1,458)
Unvested units granted, as of 31 March 2021	10,528	5,906	16,434

The weighted average fair value of the unvested units granted during the year was HK$20.75 (US$2.66) (FY20/21: HK$14.21 (US$1.82)).

20. Share Capital *(Cont'd)*

As of 31 March 2022, the number of unvested units outstanding under the Stock Unit Plan was as follows:

	Number of unvested units granted (thousands)		
Vesting year *	Restricted Stock Units	Performance Stock Units	Total
FY22/23	3,887	2,336	6,223
FY23/24	4,311	1,797	6,108
FY24/25	2,135	1,942	4,077
FY25/26	122	-	122
Total unvested units granted	**10,455**	**6,075**	**16,530**

* Shares are typically vested on 1 June of the year

Accounting policy

(a) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are vested, cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's shareholders.

(b) Share-based compensation

The Group operates a share-based compensation plan, settled by equity or cash, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of such employee services is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted.

For share-based compensation settled by equity, shares granted to eligible employees for their services are charged as an expense based on the share price at the grant date. For cash settled share-based transaction, at the end of each reporting period and at the date of settlement, the Group re-measures the fair value of the incentive plan payable with any changes in fair value charged as an expense.

Non-market vesting conditions are included in assumptions about the number of shares expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest. Any impact of the revision to original estimates are recognized in the income statement, with a corresponding adjustment to equity.

The grant by the Company of shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period, with a credit to equity in the parent entity accounts.

21. Reserves

	Note	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 2021		17,338	(233,885)	161,358	12,880	127,977	(9,393)	2,130,779	2,207,054
Hedging instruments									
– raw material commodity contracts									
– fair value gains, net		-	-	-	-	51,004	-	-	51,004
– transferred to inventory and subsequently recognized in the income statement	7(e)	-	-	-	-	(45,172)	-	-	(45,172)
– deferred income tax effect		-	-	-	-	(962)	-	-	(962)
– forward foreign currency exchange contracts									
– fair value gains, net		-	-	-	-	113,574	-	-	113,574
– transferred to the income statement		-	-	-	-	(53,519)	-	-	(53,519)
– deferred income tax effect		-	-	-	-	(10,543)	-	-	(10,543)
– net investment hedge									
– fair value gains, net		-	-	4,788	-	-	-	-	4,788
Defined benefit plans									
– remeasurements	16	-	-	-	-	-	-	6,689	6,689
– deferred income tax effect	19	-	-	-	-	-	-	(1,531)	(1,531)
Long service payment									
– remeasurements	16	-	-	-	-	-	-	(109)	(109)
– deferred income tax effect	19	-	-	-	-	-	-	1	1
Investment property									
– release of revaluation surplus on transfer of investment property to property, plant and equipment		-	-	-	-	-	(9,376)	9,376	-
– deferred income tax effect		-	-	-	-	-	1,547	(1,547)	-
Currency translations of subsidiaries		-	-	30,049	-	791	-	-	30,840
Currency translations of associate and joint venture		-	-	83	-	-	-	-	83
Net comprehensive income recognized directly in equity		-	-	34,920	-	55,173	(7,829)	12,879	95,143
Profit for the year		-	-	-	-	-	-	146,352	146,352
Total comprehensive income for the year		-	-	34,920	-	55,173	(7,829)	159,231	241,495
Appropriation of retained earnings to statutory reserve		-	-	-	-	-	1,205	(1,205)	-
Incentive share scheme									
– shares vested		-	-	-	(5,075)	-	-	-	(5,075)
– vested by cash settlement		-	-	-	(1,028)	-	-	-	(1,028)
– value of employee services		-	-	-	7,632	-	-	-	7,632
FY20/21 final dividend paid									
– cash paid		-	-	-	-	-	-	(35,508)	(35,508)
– shares issued in respect of scrip dividend		-	-	-	-	-	-	(3,971)	(3,971)
– scrip dividend for shares held for incentive share scheme		-	-	-	-	-	-	440	440
FY21/22 interim dividend paid									
– cash paid		-	-	-	-	-	-	(18,685)	(18,685)
– shares issued in respect of scrip dividend		-	-	-	-	-	-	(1,051)	(1,051)
– scrip dividend for shares held for incentive share scheme		-	-	-	-	-	-	241	241
		-	-	34,920	1,529	55,173	(6,624)	99,492	184,490
As of 31 March 2022		**17,338**	**(233,885)**	**196,278**	**14,409**	**183,150**	**(16,017)**	**2,230,271**	**2,391,544**
Final dividend proposed	28	-	-	-	-	-	-	19,436	19,436
Others		17,338	(233,885)	196,278	14,409	183,150	(16,017)	2,210,835	2,372,108
As of 31 March 2022		**17,338**	**(233,885)**	**196,278**	**14,409**	**183,150**	**(16,017)**	**2,230,271**	**2,391,544**

* Miscellaneous reserves mainly represent property revaluation reserve, statutory reserve and reserve arising from put option written to a non-controlling interest

21. Reserves *(Cont'd)*

	Note	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 2020		17,338	(233,885)	78,241	11,411	24,434	(11,260)	1,930,426	1,816,705
Hedging instruments									
– raw material commodity contracts									
– fair value gains, net		-	-	-	-	92,988	-	-	92,988
– transferred to inventory and subsequently recognized in the income statement	7(e)	-	-	-	-	(4,748)	-	-	(4,748)
– deferred income tax effect		-	-	-	-	(14,560)	-	-	(14,560)
– forward foreign currency exchange contracts									
– fair value gains, net		-	-	-	-	67,140	-	-	67,140
– transferred to the income statement		-	-	-	-	(30,227)	-	-	(30,227)
– deferred income tax effect		-	-	-	-	(6,839)	-	-	(6,839)
– net investment hedge									
– fair value (losses), net		-	-	(28,250)	-	-	-	-	(28,250)
Defined benefit plans									
– remeasurements	16	-	-	-	-	-	-	11,296	11,296
– deferred income tax effect	19	-	-	-	-	-	-	(1,555)	(1,555)
Long service payment									
– remeasurements	16	-	-	-	-	-	-	13	13
– deferred income tax effect	19	-	-	-	-	-	-	(11)	(11)
Currency translations of subsidiaries		-	-	111,207	-	(211)	-	-	110,996
Currency translations of associate		-	-	160	-	-	-	-	160
Net comprehensive income recognized directly in equity		-	-	83,117	-	103,543	-	9,743	196,403
Profit for the year		-	-	-	-	-	-	212,035	212,035
Total comprehensive income for the year		-	-	83,117	-	103,543	-	221,778	408,438
Appropriation of retained earnings to statutory reserve		-	-	-	-	-	1,867	(1,867)	-
Incentive share scheme									
– shares vested		-	-	-	(6,552)	-	-	-	(6,552)
– vested by cash settlement		-	-	-	(1,515)	-	-	-	(1,515)
– value of employee services		-	-	-	9,536	-	-	-	9,536
FY20/21 interim dividend paid									
– cash paid		-	-	-	-	-	-	(17,034)	(17,034)
– shares issued in respect of scrip dividend		-	-	-	-	-	-	(2,760)	(2,760)
– scrip dividend for shares held for incentive share scheme		-	-	-	-	-	-	236	236
		-	-	83,117	1,469	103,543	1,867	200,353	390,349
As of 31 March 2021		17,338	(233,885)	161,358	12,880	127,977	(9,393)	2,130,779	2,207,054
Final dividend proposed	28	-	-	-	-	-	-	39,019	39,019
Others		17,338	(233,885)	161,358	12,880	127,977	(9,393)	2,091,760	2,168,035
As of 31 March 2021		17,338	(233,885)	161,358	12,880	127,977	(9,393)	2,130,779	2,207,054

* Miscellaneous reserves mainly represent property revaluation reserve, statutory reserve and reserve arising from put option written to a non-controlling interest

22. Other Income, net

	2022 US$'000	2021 US$'000
Gross rental income from investment property	1,381	1,915
Net gains on financial assets at fair value through profit and loss	14,301	7,780
Fair value gains on put option written to a non-controlling interest (Note 18)	8,652	6,395
Gains on disposal of property, plant and equipment	160	1,786
Fair value gains on investment property	1,228	2,192
Unrealized net gains / (losses) on other financial assets and liabilities (Note 7(e))	5,601	(23,137)
Unrealized net (losses) / gains from revaluation of monetary assets and liabilities	(29,397)	18,761
Unrealized net gains / (losses) on structured foreign currency contracts	6,662	(13,458)
Subsidies and other income	24,683	27,731
Other income, net	33,271	29,965

Subsidies and other income mainly comprised government grants for the capital investments and funding for technology and economic development.

Accounting policy

(a) Rental income

Rental income is recognized on a straight-line basis over the period of the lease.

(b) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to future operating costs are recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in income statement in the period in which they become receivable.

Government grants relating to assets are included in liabilities as deferred government grants and are credited to the income statement on a straight–line basis over the expected lives of the related assets.

23. Selling and Administrative Expenses

	2022 US$'000	2021 US$'000
Selling expenses	140,970	113,416
Administrative expenses	423,586	376,130
Legal and warranty	12,662	18,433
Net (gains) on realization of other financial assets and liabilities (Note 7(e))	(25,456)	(39,158)
Net (gains) on realization of monetary assets and liabilities	(2,667)	(75)
Net (gains) on realization of structured foreign currency exchange contracts	(5,692)	(1,486)
Selling and administrative expenses	543,403	467,260

24. Restructuring and Other Related Costs

	2022 US$'000	2021 US$'000
Restructuring costs	3,692	13,076
Impairment of property, plant and equipment	402	8,331
Other related costs	197	6,100
Restructuring and other related costs	4,291	27,507

Note: The restructuring and other related costs primarily consisted of severance payments in relation to initiatives to simplify the manufacturing footprint in Asia and Europe

25. Finance Income / (Costs), net

	2022 US$'000	2021 US$'000
Interest income	**2,937**	3,087
Interest expense on:		
Borrowings	**(7,432)**	(910)
Bonds	**(12,988)**	(12,962)
	(20,420)	(13,872)
Accrued interest on put option written to a non-controlling interest * (Note 18)	**(1,191)**	(1,242)
Interest expense capitalized **	**1,548**	1,598
Total interest expense	**(20,063)**	(13,516)
Net finance (costs) (Note 30)	**(17,126)**	(10,429)

* The interest was calculated by the effective interest method over the estimated gross obligation arising from the put option written to the seller related to the acquisition of Halla Stackpole Corporation

** Interest expense has been capitalized in property, plant and equipment at major new or expanded production sites at an average interest rate of 2.5% per annum (FY20/21: 2.5% per annum)

Borrowings are discussed in Note 14.

Accounting policy

Interest income is recognized when it is earned on a time-proportion basis using the effective interest method.

26. Expenses by Nature

Operating profit was stated after crediting and charging the following:

	2022 US$'000	2021 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**249,537**	221,008
Less: amounts capitalized in assets under construction	**(1,441)**	(1,304)
Net depreciation (Note 30)	**248,096**	219,704
Engineering expenditure		
Engineering expenditure *	**188,283**	164,574
Less: capitalization of engineering development costs (Note 5)	**(3,402)**	(5,642)
Net engineering expenditure	**184,881**	158,932

* Engineering expenditure as a percentage of sales was 5.5% in FY21/22 (FY20/21: 5.2%)

26. Expenses by Nature *(Cont'd)*

Operating profit was stated after crediting and charging the following: *(Cont'd)*

	2022 US$'000	2021 US$'000
Employee compensation		
Wages and salaries	**903,960**	799,217
Share-based payments	**7,632**	9,536
Social security costs	**112,819**	97,644
Pension costs – defined benefit plans (Note 16.1)	**6,260**	7,093
Pension costs – defined contribution plans (Note 16.2)	**8,928**	8,503
	1,039,599	921,993
Less: amounts capitalized in assets under construction	**(4,419)**	(3,600)
	1,035,180	918,393
Other items:		
Cost of goods sold **	**2,744,148**	2,432,869
Auditors' remuneration	**2,918**	2,808
Amortization of intangible assets (Note 5 & 30)	**35,189**	31,327
Impairment of inventories	**12,845**	8,788
Reversal of impairment of inventories	**(5,003)**	(4,943)
Impairment of property, plant and equipment (Note 3 & 30)	**7,114**	13,059
Impairment of trade receivables / bad debt expense (Note 10)	**94**	1,338

In FY21/22, the Group received a total sum of US$7.7 million (FY20/21: US$48.8 million) subsidies related to the COVID-19 pandemic. These were off set against relevant costs in the income statement including employee compensation which represents the majority of the subsidies.

** Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads

27. 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 the Company for incentive share scheme.

	2022	2021
Profit attributable to shareholders (thousands US Dollar)	**146,352**	212,035
Weighted average number of ordinary shares in issue (thousands)	**893,984**	892,035
Basic earnings per share (US cents per share)	**16.37**	23.77
Basic earnings per share (HK cents per share)	**127.44**	184.28

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.

	2022	2021
Profit attributable to shareholders (thousands US Dollar)	**146,352**	212,035
Weighted average number of ordinary shares issued and outstanding (thousands)	**893,984**	892,035
Adjustments for incentive shares granted		
– incentive share scheme - Restricted Stock Units	**6,719**	5,262
– incentive share scheme - Performance Stock Units	**1,033**	1,207
Weighted average number of ordinary shares (diluted) (thousands)	**901,736**	898,504
Diluted earnings per share (US cents per share)	**16.23**	23.60
Diluted earnings per share (HK cents per share)	**126.34**	182.95

28. Dividends

	2022 US$'000	2021 US$'000
Interim, of 17 HK cents (2.18 US cents) per share, paid in January 2022 (FY20/21: 17 HK cents or 2.18 US cents)	**19,533**	19,563
Final, proposed, of 17 HK cents (2.18 US cents) per share, to be paid in September 2022 (FY20/21: 34 HK cents or 4.36 US cents) (Note 21)	**19,436** *	39,019
	38,969	58,582

* Proposed dividend, with a scrip dividend option offered to shareholders, is calculated based on the total number of shares as of 31 March 2022. The final dividend will be payable on 7 September 2022 to shareholders registered on 25 July 2022. The Board has further been informed that the controlling shareholder of the Company intends to subscribe for its entire eligible allocation of shares under the scrip dividend alternative

Scrip dividend elections were offered to all shareholders. Shareholders accounting for approximately 10% and 5% of total issued shares elected for scrip dividends of FY20/21 final and FY21/22 interim dividends respectively. Total share costs of the scrip shares were HK$39.0 million (US$5.0 million). Dividends for shares held by incentive share scheme of US$0.7 million were deducted from the total dividends.

At a meeting held on 12 May 2022 the Directors recommended a final dividend of 17 HK cents (2.18 US cents) per share to be paid out in September 2022. The recommended final dividend will be reflected as an appropriation of retained earnings for FY22/23.

Dividends for the periods FY12/13 through FY21/22 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
FY12/13 *	12.0	32.0	44.0	50,396
FY13/14 *	12.0	34.0	46.0	52,648
FY14/15	14.0	34.0	48.0	53,290
FY15/16	15.0	34.0	49.0	54,117
FY16/17	16.0	34.0	50.0	55,323
FY17/18	17.0	34.0	51.0	56,123
FY18/19	17.0	34.0	51.0	56,594
FY19/20	17.0	-	17.0	19,297
FY20/21	17.0	34.0	51.0	58,582
FY21/22	17.0	17.0	34.0	38,969

* The interim and final dividends per share for prior periods have been adjusted to reflect the impact of the 1 for 4 share consolidation in FY14/15

Accounting policy

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

29. Commitments

29.1 Capital commitments

	2022 US$'000	2021 US$'000
Capital commitments, contracted but not provided for:		
Property, plant and equipment	**83,936**	104,735

29.2 Lease commitments

The future aggregate minimum lease payments of leases included short-term leases with a term of 12 months or less, leases of low-value assets and leases with variable lease payments are as follows:

	2022 US$'000	2021 US$'000
Less than 1 year	**975**	1,280
1 – 5 year	**2,191**	2,621
Over 5 years	**464**	695
	3,630	4,596

29.3 Non-cancellable operating leases

The Group's future aggregate minimum lease rental receivables under non-cancellable operating leases as of 31 March 2022 and 31 March 2021 were as follows:

	2022 US$'000	2021 US$'000
Less than 1 year	**1,392**	1,419
1 – 2 year	**1,338**	1,273
2 – 3 year	**1,332**	1,262
3 – 4 year	**1,322**	1,283
4 – 5 year	**1,322**	1,283
Over 5 years	**330**	1,693
	7,036	8,213

Accounting policy

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over lease term (Note 3 and 4). The respective leased assets are included in the consolidated balance sheet based on their natures.

30. Cash Generated from Operations

	2022 US$'000	2021 US$'000
Profit before income tax	**170,112**	248,381
Add: Depreciation of property, plant and equipment (Note 26)	**248,096**	219,704
Amortization of intangible assets (Note 5 & 26)	**35,189**	31,327
Net finance costs (Note 25)	**17,126**	10,429
Dividend receipts from associate and joint venture less share of losses / (profits)	**246**	(206)
EBITDA*	**470,769**	509,635
Other non-cash items		
(Gains) on disposal of property, plant and equipment	**(160)**	(1,786)
Impairment of property, plant and equipment (Note 3 & 26)	**7,114**	13,059
Net (gains) on financial assets at fair value through profit and loss	**(14,301)**	(7,780)
Fair value (gains) on put option written to a non-controlling interest (Note 18)	**(8,652)**	(6,395)
Share-based payments	**6,687**	8,771
Fair value (gains) on investment property	**(1,228)**	(2,192)
Unrealized currency losses	**17,134**	13,458
	6,594	17,135
EBITDA * net of other non-cash items	**477,363**	526,770
Change in working capital		
(Increase) in inventories	**(136,167)**	(88,165)
(Increase) in trade and other receivables	**(79,432)**	(131,797)
Decrease / (increase) in other non-current assets	**3,579**	(1,998)
Increase in trade and other payables	**1,506**	123,268
Increase in retirement benefit obligations **	**701**	304
(Decrease) / increase in provision and other liabilities	**(21,638)**	19,539
Change in other financial assets and liabilities	**(2,247)**	36,418
	(233,698)	(42,431)
Cash generated from operations	**243,665**	484,339

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

** Net of defined benefit pension plan assets

30. Cash Generated from Operations *(Cont'd)*

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

	2022 US$'000	2021 US$'000
Net book amount	**788**	1,064
Gains on disposal of property, plant and equipment (Note 22)	**160**	1,786
Proceeds from disposal of property, plant and equipment	**948**	2,850

31. Business Combination

On 31 May 2021, the Group acquired the entire share capital of E. Zimmermann GmbH ("Zimmermann") for a consideration of EUR 24.1 million (US$29.3 million).

Zimmermann, located in Germany, is a leading machining specialist in the area of automotive differential housings. This acquisition is closely complementary to the Johnson Electric's powder metal components business and will allow the Group to provide its automotive customers with a more comprehensive product offering. It will also increase the powder metal components business' presence in the European market.

The aggregate revenue and net profit contributed by this acquisition are insignificant to the Group's results for the year. The acquisition would not have had any significant impact to the Group's revenue and profit for the year if it had occurred on 1 April 2021.

Details of net assets acquired and goodwill are as follows:

	2022 US$'000
Purchase consideration	29,343
Fair value of net assets acquired - shown on next page	(29,343)
Goodwill	-

31. Business Combination *(Cont'd)*

	Fair value US$'000
Property, plant and equipment	10,418
Intangible assets	18,751
Inventories	898
Trade and other receivables	2,796
Cash and cash equivalents	5,109
Trade and other payables	(1,298)
Current income tax liabilities	(119)
Lease liabilities	(1,393)
Provision and other liabilities	(29)
Deferred tax liabilities	(5,790)
Net assets acquired	29,343
Purchase consideration settled in cash	
Cash	29,343
Cash and cash equivalents acquired	(5,109)
Cash outflow on acquisition	24,234

As of 31 March 2022, the Group 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.

Johnson Electric Group Ten-Year Summary

US$ million	2022	2021	2020
Consolidated income statement			
Sales	**3,446.1**	3,156.2	3,070.5
Earnings before interest and tax (EBIT) [1]	**187.2**	258.8	(454.9)
Profit / (loss) before income tax	**170.1**	248.4	(471.7)
Income tax expense	**(17.9)**	(29.2)	(15.2)
Profit / (loss) for the year	**152.2**	219.2	(486.9)
Non-controlling interests	**(5.8)**	(7.2)	(6.8)
Profit / (loss) attributable to shareholders	**146.4**	212.0	(493.7)
Consolidated balance sheet			
Fixed assets	**1,774.8**	1,548.5	1,405.0
Goodwill and intangible assets	**229.9**	245.0	246.1
Cash and cash equivalents	**345.4**	539.5	384.4
Other current and non-current assets	**1,988.7**	1,685.4	1,424.9
Total assets	**4,338.8**	4,018.4	3,460.4
Equity attributable to shareholders	**2,416.3**	2,224.6	1,828.2
Non-controlling interests	**85.4**	83.4	73.5
Total equity	**2,501.7**	2,308.0	1,901.7
Total debt [2]	**490.8**	426.2	415.5
Other current and non-current liabilities	**1,346.3**	1,284.2	1,143.2
Total equity and liabilities	**4,338.8**	4,018.4	3,460.4
Per share data [3]			
Basic earnings per share (US cents)	**16.4**	23.8	(55.8)
Dividend per share (US cents)	**4.4**	6.5	2.2
Closing stock price (HKD)	**10.8**	20.9	12.2
Other information			
Free cash (out) / inflow from operations [4]	**(132.4)**	171.1	258.4
Earnings before interest, tax and amortization (EBITA) [5]	**243.8**	335.5	284.5
EBITA to sales %	**7.1%**	10.6%	9.3%
Earnings before interest, tax, depreciation and amortization (EBITDA) [5]	**492.2**	555.0	488.8
EBITDA to sales%	**14.3%**	17.6%	15.9%
Capital expenditure (CAPEX)	**316.4**	263.6	282.1
CAPEX to sales %	**9.2%**	8.4%	9.2%
Market capitalization	**1,239.4**	2,398.5	1,401.2
Enterprise value (EV)	**1,470.2**	2,368.6	1,505.8
Ratios			
Return on average total equity % [6]	**6.3%**	10.4%	(21.8)%
Total debt to capital %	**16%**	16%	18%
Free cash (out) / inflow from operations to gross debt %	**(20%)**	33%	48%
Gross debt to EBITDA (times) [5]	**1.3**	0.9	1.1
EV / EBITDA [5]	**3.0**	4.3	3.1
Interest coverage (times) [5 & 7]	**11.9**	24.2	13.9

1 Earnings before interest and tax (EBIT) is defined as operating profit plus share of profits / (losses) of associates and joint venture
2 Total debt calculated as borrowings plus convertible bonds
3 Per share data had been adjusted to reflect the impact of a 1 for 4 share consolidation on 15 July 2014
4 Net interest received, net capital expenditure and capitalization of engineering development costs are included in free cash (out) / inflow from operations
5 We adjusted EBITA and EBITDA to exclude the impairment of goodwill and other intangible assets and significant non-cash, divested items and restructuring and other related costs. Where a business is acquired part way through the year, we adjusted EBITA and EBITDA to include 12 months for that year on a pro forma basis. EBITDA for FY12/13 to FY18/19 included a corresponding adjustment to annual lease expense on the effect of adoption of HKFRS 16 in FY19/20
6 Return on average total equity is calculated as profit for the year divided by average total equity during the year
7 Interest coverage (times) is calculated as adjusted EBITA (see note 5) divided by gross interest expense, adjusted to exclude notional interest on the Halla Stackpole put option and to include capitalized interest

2019	2018	2017	2016	2015	2014	2013
3,280.4	3,236.6	2,776.1	2,235.9	2,136.1	2,097.6	2,059.7
344.4	336.3	300.3	209.8	243.5	233.9	213.2
327.9	322.8	290.3	206.6	249.0	243.0	218.0
(38.3)	(48.6)	(43.8)	(23.9)	(29.2)	(28.1)	(21.1)
289.6	274.2	246.5	182.7	219.8	214.9	196.9
(8.3)	(10.2)	(8.6)	(10.0)	(8.9)	(7.0)	(5.6)
281.3	264.0	237.9	172.7	210.9	207.9	191.3
1,351.4	1,214.6	892.8	759.0	492.6	460.6	425.6
1,109.7	1,178.6	1,076.7	1,083.4	595.6	650.7	621.5
340.0	168.9	127.7	193.3	773.2	644.0	480.9
1,476.9	1,440.1	1,257.5	1,113.7	986.6	745.4	715.9
4,278.0	4,002.2	3,354.7	3,149.4	2,848.0	2,500.7	2,243.9
2,487.2	2,298.4	1,992.2	1,842.6	1,862.3	1,732.3	1,568.5
71.3	67.4	32.8	42.2	38.6	34.0	30.3
2,558.5	2,365.8	2,025.0	1,884.8	1,900.9	1,766.3	1,598.8
685.7	492.2	384.0	422.5	291.3	116.9	125.0
1,033.8	1,144.2	945.7	842.1	655.8	617.5	520.1
4,278.0	4,002.2	3,354.7	3,149.4	2,848.0	2,500.7	2,243.9
32.5	30.6	27.7	20.1	24.1	23.4	21.4
6.5	6.5	6.4	6.3	6.2	5.9	5.6
18.2	29.5	23.2	24.0	27.3	28.7	23.1
73.5	104.5	176.2	86.0	170.8	246.6	128.3
332.9	402.3	345.3	283.0	284.7	258.4	233.5
10.1%	12.4%	12.4%	12.7%	13.3%	12.3%	11.3%
517.6	569.7	478.1	390.3	373.6	343.5	319.8
15.8%	17.6%	17.2%	17.5%	17.5%	16.4%	15.5%
391.4	305.8	240.2	186.2	119.9	92.2	82.6
11.9%	9.4%	8.7%	8.3%	5.6%	4.4%	4.0%
2,019.2	3,236.1	2,565.6	2,643.3	3,032.5	3,282.2	2,646.2
2,436.2	3,626.7	2,854.7	2,914.7	2,589.3	2,789.1	2,320.5
11.8%	12.5%	12.6%	9.7%	12.0%	12.8%	12.8%
21%	17%	16%	18%	13%	6%	7%
9%	17%	35%	16%	43%	115%	55%
1.6	1.1	1.1	1.4	1.1	0.6	0.7
4.7	6.4	6.0	7.5	6.9	8.1	7.3
17.7	29.7	31.1	30.1	33.7	141.2	86.5

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
Austin Jesse WANG

Non-Executive Directors
WANG KOO Yik-Chun
Honorary Chairman
MAK WANG Wing-Yee Winnie
Vice-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* *
Catherine Annick Caroline BRADLEY *CBE* *

* *Independent Non-Executive Director*

Company Secretary
Lai-Chu CHENG

Auditor
PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Share Registrars and Transfer Offices
Principal Registrar:
MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Share 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
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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.
MUFG Bank, Ltd.
Hang Seng Bank Limited
Citibank, N.A.
JPMorgan Chase Bank, N.A.
BNP Paribas
Standard Chartered Bank
UniCredit Bank AG
The Export-Import Bank of China

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 2022 (Thu)

Register of Shareholders
Closure of Register (both dates inclusive)
For attending AGM: 11 – 14 July 2022 (Mon – Thu)
For final dividend: 21 – 25 July 2022 (Thu – Mon)

Dividends (per Share)
Interim Dividend	: 17 HK cents
Paid on	: 12 January 2022 (Wed)
Final Dividend	: 17 HK cents
Dividend Warrants and Share Certificates for Final Dividend	: 7 September 2022 (Wed)

Review of Annual Results

The Company's annual results for the year ended 31 March 2022 has been reviewed by the Audit Committee.

Board of Directors

As of the date of this announcement, the Board comprises Patrick Shui-Chung WANG, Austin Jesse WANG, being the Executive Directors, and WANG KOO Yik-Chun, MAK WANG Wing-Yee Winnie, Peter Kin-Chung WANG, being the Non-Executive Directors, and Peter Stuart Allenby EDWARDS, Patrick Blackwell PAUL, Michael John ENRIGHT, Joseph Chi-Kwong YAM, Christopher Dale PRATT and Catherine Annick Caroline BRADLEY being the Independent Non-Executive Directors.

On behalf of the Board

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

Hong Kong, 12 May 2022

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