Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

HIGHLIGHTS

- Group sales US$1,565 million – down 7% compared to first half of the prior financial year. Excluding the impact of foreign exchange rate changes, sales decreased by 4%
- Gross profit US$357 million or 22.8% of sales (compared to US$398 million or 23.8% of sales in prior half year)
- Net profit attributable to shareholders increased by 16% to US$162 million or 18.44 US cents per share on a fully diluted basis
- Underlying net profit, excluding the net impact of significant non-cash and divested items, decreased by 16% to US$106 million
- Free cash inflow from operations US$83 million (compared to an outflow of US$3 million in prior half year)
- Total debt to capital ratio of 16% and cash reserves of US$232 million as of 30 September 2019
- Interim dividend 17 HK cents per share (2.18 US cents per share) with a scrip dividend alternative

LETTER TO SHAREHOLDERS

Johnson Electric performed satisfactorily in the six month period ended 30 September 2019 in the face of difficult macroeconomic and industry conditions.

Total Group sales for the first half of FY19/20 totalled US$1,565 million, a decrease of 7% over the first half of the prior financial year. Excluding the impact of foreign exchange rate changes, underlying sales decreased by 4%. Net profit attributable to shareholders increased by 16% to US$162 million or 18.44 US cents per share on a fully diluted basis. Underlying net profit, after adjusting for the effects of a number of significant non-cash and divested items, decreased by 16% to US$106 million.

Global manufacturing is experiencing its sharpest and most geographically widespread downturn since 2012. In this challenging operating environment, Johnson Electric is continuing to make positive progress across a range of key strategic initiatives aimed at further strengthening its competitive position and its ability to adapt to what have become increasingly unstable and unpredictable conditions for global trade.

Overview of Financial Results

The Automotive Products Group ("APG"), which accounted for 79% of total Group sales, reported a 1% decrease in sales on a constant currency basis compared to the first half of the prior year. The strongest business unit performances came from Engine and Transmission Management, Actuation Systems and Stackpole International, which each benefited from a number of new programme launches and sustained demand for advanced technology solutions that help to reduce emissions and enable electrification.

APG's modest decline in sales revenue should be set against a sharp contraction in automotive industry production volumes during the period under review. Global light vehicle production declined by 6%, with all major geographic regions experiencing falls in output. Most significant was the 13% decline in the China market, which has been the industry's largest source of demand growth for the past two decades. The current slowdown in the overall Chinese economy includes the effect of escalating trade tensions with the United States which has increased uncertainty and weakened consumer confidence. Subdued macroeconomic activity has had a similar effect on the car industry in Europe where production decreased by 4%. Even in North America, which has been a comparative bright spot in terms of jobs growth and consumer spending for much of 2019, light vehicle production declined by 2%.

The Industry Products Group ("IPG"), which contributed 21% of total Group sales, recorded a 14% decline in sales in constant currency terms in the first half. A combination of factors contributed to this disappointing performance. These included depressed demand across a number of end markets due to the US-China trade dispute and some customer-specific programme delays or cancellations. The division has continued to deliver growth in several product applications, such as ventilation, vital signs monitoring and semiconductor equipment; and the evolution of its product mix towards higher value-adding technology has maintained gross margins. Nonetheless, it is proving difficult to make progress against the downturn in global manufacturing activity for IPG in the near term.

Gross profit decreased by 10% to US$357 million – which as a percentage of sales represented a decline from 23.8% to 22.8%. The year-on-year decrease in margins reflected the combination of lower sales volumes, increased depreciation and pricing pressure. However, comparing the second half of FY18/19 to the first half of FY19/20, gross profit margins improved by 0.8%. The beginnings of this turnaround in the trajectory of the Group's gross margin is primarily due to reduced material costs and lower direct labour expenses.

Group operating profits amounted to US$192 million compared to US$171 million in the first half of the prior financial year. The improvement in reported operating income and in net profit attributable to shareholders was primarily due to a substantial increase in the net contribution from Other Income and Expenses, which itself comprised of a number of positive and negative non-cash items. This included a US$41 million fair value gain, after deducting transaction costs and other adjustments, related to an investment property in Hong Kong that was divested in October 2019.

Interim Dividend

The Board has today declared an interim dividend of 17 HK cents per share, equivalent to 2.18 US cents per share (2018 interim: 17 HK cents per share). The interim 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. Full details of the scrip dividend alternative will be set out in a circular to shareholders.

The interim dividend will be payable on 3 January 2020 to shareholders registered on 27 November 2019.

Adapting to the Changing Operating Environment

Although there have been recent indications that the United States and China may reach some form of interim settlement of their trade dispute, the prospects for this much needed de-escalation remain far from certain. It has also become increasingly apparent that the strategic rivalry between the two superpowers is now deeply entrenched in geopolitics and is likely to continue to shape global trade and economic affairs for the foreseeable future.

The direct impact of US tariffs on Johnson Electric's business to date has been relatively limited. Based on current sales volumes and the status of specific tariffs in force, US tariffs are being paid on less than 2% of the Group's total sales. As the trade dispute has intensified, however, the indirect effects are becoming more apparent. End-market demand in a number of industries has weakened due to lower consumer confidence and many economists have linked the scaling back or cancellation of new capital investments to the unstable state of global trade relations. It is also evident that some purchasing managers, who may initially have anticipated the trade dispute to be temporary, are now looking to diversify their supply base and reduce their reliance on China.

Johnson Electric is better positioned than many global component manufacturers to cope with these conditions. Our sources of end demand are broadly divided between Asia, Europe and the Americas; and our manufacturing footprint already extends to over 30 plants in 18 countries. Nonetheless, these challenges are requiring management to give careful consideration to how we will configure our production assets to operate in a world that is less favourable to the interwoven global supply chains that have emerged over the past several decades.

At the same time as ensuring that we have a robust and adaptable manufacturing model, the Group is focused on executing a set of strategies that will strengthen and sustain the business through this difficult period in the economic cycle. Firstly, we are continuing to invest in product innovations that solve our customers' most critical motion and electromechanical-related problems – with a particular emphasis on solutions that help to reduce emissions, improve energy efficiency and increase controllability. Secondly, we are progressively increasing advanced automation in our production processes and adopting the latest digital technology to reduce defects and improve customer responsiveness. Thirdly, we are continuing to explore opportunities to make selective acquisitions where we see potential to strengthen the Group's capabilities and improve its longer-term growth prospects.

Business Outlook

The near term outlook for the global economy, especially in the manufacturing sector, remains subdued with most observers perceiving more downside risk. In Johnson Electric's case, overall sales volumes have shown a modestly improved run-rate in the past three months especially in our automotive components division. If this trend continues, we are cautiously optimistic that sales in the second half of the financial year will exceed that of the first half – with the result that full year total group sales will be only slightly below that of the prior year.

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

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

Hong Kong, 6 November 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	First half of FY19/20	First half of FY18/19
Sales	1,565.0	1,677.7
Gross profit	356.9	398.5
Gross margin	*22.8%*	*23.8%*
EBITA [1]	212.1	192.6
EBITA adjusted [2]	154.7	179.5
EBITA adjusted margin	*9.9%*	*10.7%*
Profit attributable to shareholders	162.0	140.2
Diluted earnings per share (US cents)	18.44	15.76
Free cash in / (out) flow from operations [3]	82.8	(2.8)

US$ million	30 Sep 2019	31 Mar 2019
Cash	232.1	340.0
Total debt	507.7	685.7
Net debt (total debt less cash)	275.6	345.7
Total equity	2,617.7	2,558.5
Market capitalization [4]	1,593.7	2,019.2
Enterprise value [5]	1,940.4	2,436.2
EBITDA [6,7]	587.8	549.3
EBITDA adjusted [2,7]	489.9	495.7

Key Financial Ratios	30 Sep 2019	31 Mar 2019
Enterprise value [8] to EBITDA adjusted [2,7]	3.7	4.9
Total debt and leases [9] to EBITDA adjusted [2,7]	1.2	1.5
Total debt to capital (total equity + total debt)	16%	21%

1 Earnings before interest, tax and amortization

2 Adjusted to exclude net gains of significant non-cash and divested items (for further information see page 11)

3 Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets), capitalization of engineering development costs and payment of the principal portion of leases

4 Outstanding number of shares multiplied by the closing price (HK$14.04 per share as of 30 September 2019 and HK$18.18 per share as of 31 March 2019) 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

7 EBITDA annualized using the last 12 months' results

8 Adjusted to reflect cash received from divestment of an investment property

9 Leases at 31 March 2019, adjusted to include lease liabilities recognized for the first time on 1 April 2019, on the adoption of HKFRS 16 (for further information see Note 29 to the consolidated financial statements ("the accounts") on the effect of adopting new, revised and amended HKFRS). EBITDA for FY18/19 included a corresponding adjustment to annual lease expense

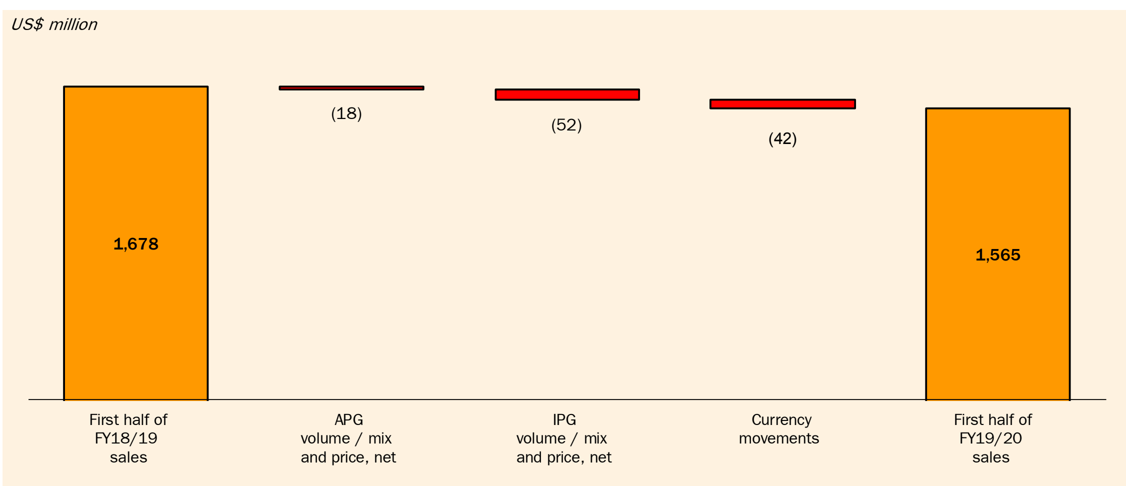
BUSINESS REVIEW

Sales

Sales decreased by US$112.7 million or 7% to US$1,565.0 million in the first half of FY19/20 (first half of FY18/19: US$1,677.7 million). Excluding currency movements, sales decreased by US$70.6 million or 4% compared to the same period last year, as shown below:

US$ million	First half of FY19/20		First half of FY18/19		Change	
Automotive Products Group ("APG") sales						
– Excluding currency movements	1,275.0	79%	1,293.2	77%	(18.2)	(1%)
– Currency movements	(38.2)		n/a		(38.2)	
APG sales	1,236.8		1,293.2		(56.4)	(4%)
Industry Products Group ("IPG") sales						
– Excluding currency movements	332.1	21%	384.5	23%	(52.4)	(14%)
– Currency movements	(3.9)		n/a		(3.9)	
IPG sales	328.2		384.5		(56.3)	(15%)
Group sales						
– Excluding currency movements	1,607.1	100%	1,677.7	100%	(70.6)	(4%)
– Currency movements	(42.1)		n/a		(42.1)	
Group sales	**1,565.0**		**1,677.7**		**(112.7)**	**(7%)**

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



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

Volume / mix and price decreased sales by US$70.6 million. The underlying changes in APG and IPG's sales are discussed on pages 7 to 9.

Currency movements had a negative impact, reducing sales by US$42.1 million largely due to the decline of the Euro and the Chinese Renminbi versus the US Dollar, comparing average exchange rates for the first half of FY19/20 to the first half of FY18/19. The Group's sales are largely denominated in the US Dollar, the Euro, the Chinese Renminbi and the Canadian Dollar.

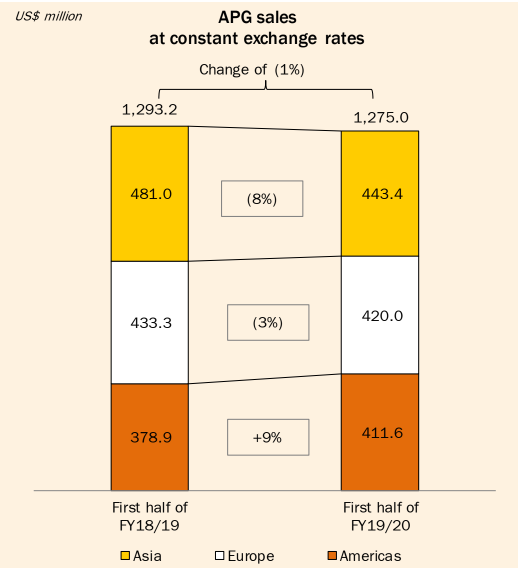
Further information on the Group's foreign exchange risk can be found on pages 20 to 22, in the Financial Management and Treasury Policy section. Also, see Note 1.3 to the accounts for the main foreign currency translation rates

Automotive Products Group

APG's sales, excluding currency movements, decreased by 1%, compared to the first half of FY18/19. In the same period, global light vehicle production declined 6%. APG's outperformance compared to global light vehicle production was due to new product launches and production increases to meet demand for the electrification of critical automotive functions to increase powertrain efficiency, reduce vehicle weight and improve safety, reliability and comfort.

In Asia, sales decreased by 8%, as light vehicle production in China fell by 13%. This led to reduced demand for products for most automotive applications, partially offset by product launches and growth in braking, coolant circulation and coolant valve applications.

In Europe, sales decreased by 3%, compared to a 4% fall in light vehicle production in the region. Over and above the market decrease, sales were impacted by the introduction of a new generation of products for heating, ventilation and air-conditioning applications at a lower price-point than the previous generation. Sales of cooling fan modules and products for window-lift applications also decreased as certain customer programmes reached end of production while the replacement programmes had yet to ramp-up. These adverse impacts were partly offset by new product launches for



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

	APG sales growth/(decline) [1]			
Six month period ended	Asia	Europe	Americas	Total
30 September 2019	(8%)	(3%)	9%	(1%)
31 March 2019	(8%)	(5%)	4%	(3%)
30 September 2018	14%	(1%)	12%	8%
31 March 2018	17%	1%	17%	11%
30 September 2017	13%	3%	3%	6%
31 March 2017	22%	2%	4%	10%

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

power steering and braking applications and increased production of engine and transmission oil pumps and products for coolant valve applications. Furthermore, APG believes that it is well placed to win new business in the region as automotive OEMs add more hybrid and all-electric cars to their ranges.

In the Americas, sales increased by 9%, despite light vehicle production in the region decreasing by 2%. This was led by increased sales of products for thermal management and heating, ventilation and air-conditioning applications due to increased demand for light trucks. Sales also benefited from new product launches and production ramp-ups including powder metal components.

The Group’s automotive business includes the following major product lines:

- The Stackpole business, primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components, accounted for 23% of the Group’s sales for the first half of FY19/20 (first half of FY18/19: 22%)

- The Powertrain Cooling business, including the “GATE” brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 20% of the Group’s sales for the first half of FY19/20 (first half of FY18/19: 19%)

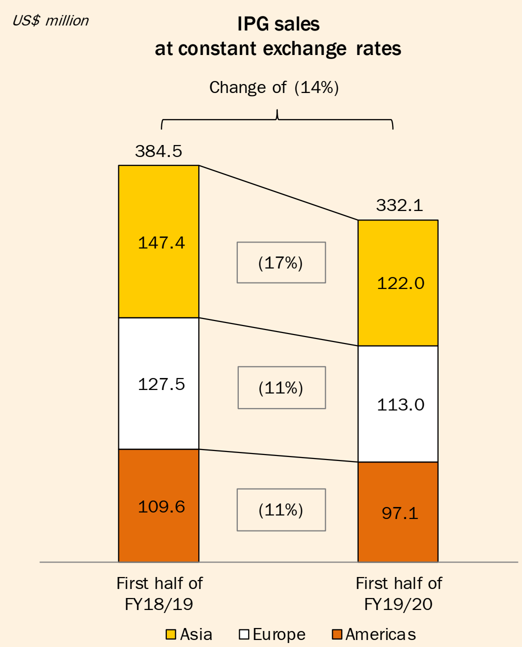
Industry Products Group

IPG's sales, excluding currency movements, decreased by 14% for the first half of FY19/20 compared to the first half of FY18/19.

In Asia, sales decreased by 17%, due to reduced market demand for certain floor-care products and as customers engaged in the China export market were adversely impacted by tariffs.

In Europe, sales decreased by 11%, with lower demand in several application segments as customers reduced inventory and delayed program launches due to economic uncertainty.

In the Americas, sales decreased by 11%, due to disruption of certain customers' distribution channels for white goods and due to the impact of tariffs on some import sales.



Half-yearly trend in sales (excluding currency movements)

	IPG sales growth/(decline) [1]			
Six month period ended	Asia	Europe	Americas	Total
30 September 2019	(17%)	(11%)	(11%)	(14%)
31 March 2019	(8%)	(1%)	6%	(1%)
30 September 2018	4%	1%	7%	4%
31 March 2018	10%	4%	4%	6%
30 September 2017	15%	9%	(1%)	8%
31 March 2017	5%	20%	(1%)	7%

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

Profitability Review

Profit attributable to shareholders was US$162.0 million in the first half of FY19/20, an increase of US$21.8 million from US$140.2 million in the first half of FY18/19.

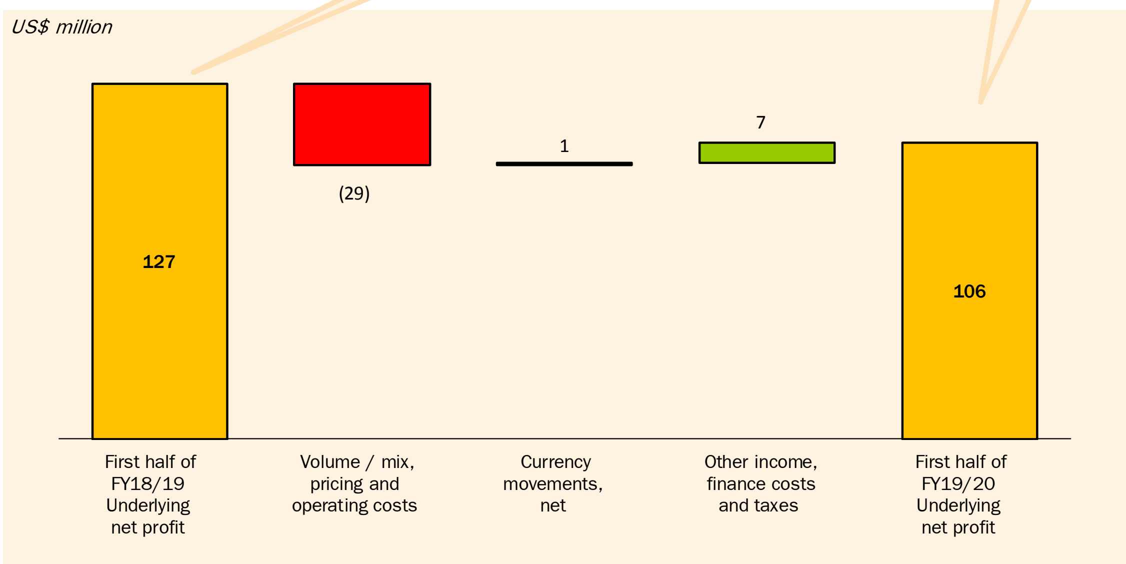
US$ million	First half of FY19/20	First half of FY18/19	Increase / (decrease)
Sales	1,565.0	1,677.7	(112.7)
Gross profit	356.9	398.5	(41.6)
Gross margin %	*22.8%*	*23.8%*	
Other income and (expenses)	71.1	23.3	47.8
As a % of sales	*4.5%*	*1.4%*	
Intangible assets amortization expense	(20.6)	(21.1)	0.5
As a % of sales	*1.3%*	*1.3%*	
Other selling and administrative expenses ("S&A")	(215.9)	(229.3)	13.4
As a % of sales	*13.8%*	*13.7%*	
Operating profit	191.5	171.4	20.1
Operating profit margin %	*12.2%*	*10.2%*	
Share of profit of associate	0.1	0.1	-
Net finance costs	(9.1)	(8.4)	(0.7)
Profit before income tax	182.5	163.1	19.4
Income tax expense	(16.3)	(19.1)	2.8
Effective tax rate	*8.9%*	*11.7%*	
Profit for the period	166.2	144.0	22.2
Non-controlling interests	(4.2)	(3.8)	(0.4)
Profit attributable to shareholders	162.0	140.2	21.8
Basic earnings per share (US cents)	18.48	16.22	2.26
Diluted earnings per share (US cents)	18.44	15.76	2.68

A significant portion of this profit was due to non-cash and divested items reported in Other Income and Expenses. Excluding these items, profit for the first half of FY19/20 reduced by US$20.9 million, as shown below:

US$ million	First half of FY18/19 Before tax	First half of FY18/19 Tax effect	First half of FY18/19 Net of tax effect	First half of FY19/20 Before tax	First half of FY19/20 Tax effect	First half of FY19/20 Net of tax effect
Net profit, as reported			**140.2**			**162.0**
Unrealized net losses / (gains) on other financial assets and liabilities	3.2	(0.2)	3.0	(15.5)	0.1	(15.4)
Unrealized net losses from revaluation of monetary assets and liabilities	12.8	(2.7)	10.1	12.8	(0.2)	12.6
Unrealized net (gains) on structured forward currency exchange contracts	(22.7)	2.8	(19.9)	(13.5)	1.6	(11.9)
Fair value (gains) from a divested item [1]	(6.4)	-	(6.4)	(41.2)	-	(41.2)
Net (gains) of significant non-cash and divested items	(13.1)	(0.1)	**(13.2)**	(57.4)	1.5	**(55.9)**
Net profit excluding the impact of significant non-cash and divested items			**127.0**			**106.1**

1 On 29 July 2019, the Group entered into a provisional agreement to divest an investment property, resulting in a non-cash net gain of US$41.2 million for the first half of FY19/20. The divestment was completed on 23 October 2019. Further details of this transaction can be found in Note 25 to the accounts

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



Volume / mix, pricing and operating costs: Profits in the first half of FY19/20 were adversely affected by price reductions, reduced volumes, wage inflation, and increased depreciation charges, partly offset by cost saving activities and lower prices for materials. The net effect of these changes decreased the gross margin to 22.8% and decreased net profit by US$28.9 million.

The gross margin decreased to 22.8% for the first half of FY19/20, from 23.8% for the same period last year, due to the reasons identified above. However, this represents some improvement from the 22.0% gross margin seen in the second half of FY18/19. The sequential change in gross margin by half-year is shown in the adjacent table.

	Gross margin %
First half of FY17/18	24.9%
Second half of FY17/18	24.0%
First half of FY18/19	23.8%
Second half of FY18/19	22.0%
First half of FY19/20	22.8%

Selling and administrative expenses (excluding amortization of intangible assets) were 13.8% as a percentage of sales (first half of FY18/19: 13.7%).

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 on currency hedges, monetary assets and liabilities and structured forward contracts, currency movements increased net profit by US$0.7 million in the first half of FY19/20.

Further information on the Group's foreign exchange risk and forward foreign currency contracts can be found on pages 20 to 22, in the Financial Management and Treasury Policy section

Other income, finance costs and taxes increased profits for the first half of FY19/20 by US$7.3 million.

Other income increased due to increased subsidies received in the first half of FY19/20.

Finance costs increased due to higher average levels of borrowing in the first half of FY19/20 compared to the first half of FY18/19.

Finance income and costs are further analyzed in Note 17 to the accounts

The effective tax rate was 8.9% for the first half of FY19/20 (first half of FY18/19: 11.7%). Excluding the non-taxable fair value gain on divestment of an investment property of US$41.2 million (first half of FY18/19: fair value gain US$6.4 million), the effective tax rate would have been 11.5% compared to 12.2% for the same period in the prior year.

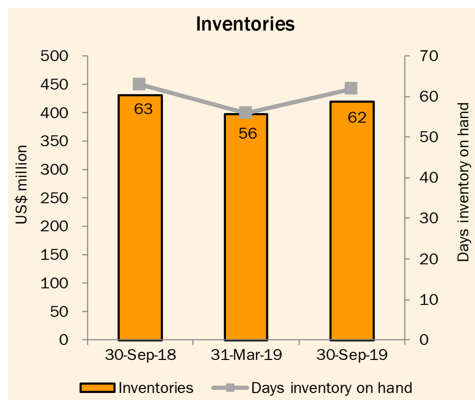
Taxes are further analyzed in Note 19 to the accounts

WORKING CAPITAL

US$ million	Balance sheet as of 31 Mar 2019	Currency translation	Working capital changes per cash flow	Other	Balance sheet as of 30 Sep 2019
Inventories	397.9	(0.5)	22.3	-	419.7
Trade and other receivables	707.5	(4.6)	(16.2)	-	686.7
Other non-current assets	45.1	(1.4)	(0.8)	(15.0)	27.9
Trade payables, other payables and deferred income [1]	(671.2)	12.5	(34.9)	(8.0)	(701.6)
Retirement benefit obligations [1, 2]	(39.7)	1.2	(1.3)	(12.0)	(51.8)
Provisions and other liabilities [1]	(36.6)	0.7	1.1	-	(34.8)
Other financial assets /(liabilities), net [1]	174.7	(0.8)	15.1	(65.9)	123.1
Total working capital per balance sheet	577.7	7.1	(14.7)	(100.9)	469.2

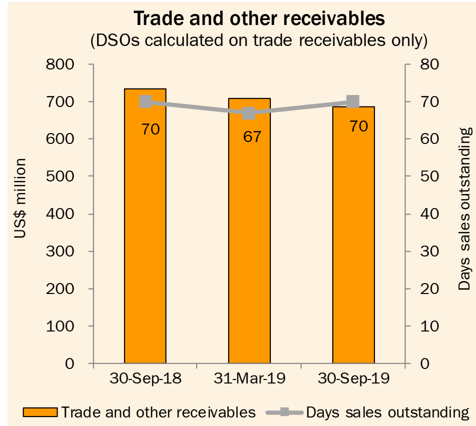
1 Current and non-current
2 Net of defined benefit pension plan assets

Inventories increased by US$21.8 million to US$419.7 million as of 30 September 2019 (31 March 2019: US$397.9 million). This was due to the seasonal effect of national holidays in the beginning of October in China and the build-up of inventory, including certain components with long order-lead-times, in readiness for new product launches and expected increases in production.



Days inventory on hand improved slightly to 62 days as of 30 September 2019, from 63 days as of 30 September 2018. This was due to the reduction of inventory built up during the prior period caused by the introduction of European Union's new light vehicle fuel-consumption and emissions test regime.

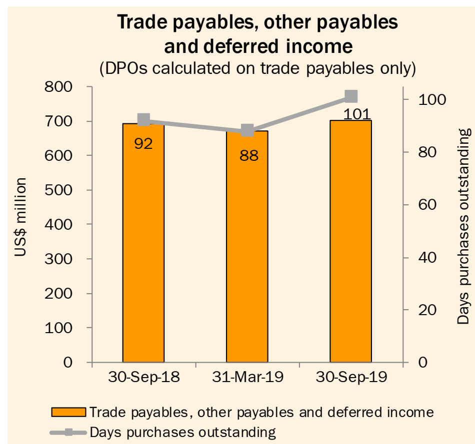
Trade and other receivables decreased by US$20.8 million to US$686.7 million as of 30 September 2019 (31 March 2019: US$707.5 million) due to a reduction in prepayments for materials, decreased sales, lower tooling receivables and currency effects.



Days sales outstanding ("DSOs") remained unchanged at 70 days as of 30 September 2019, compared to 30 September 2018.

The Group's trade receivables are of high quality. Current receivables and overdue balances of less than 30 days remained at about 97% of gross trade receivables.

Trade payables, other payables and deferred income increased by US$30.4 million to US$701.6 million as of 30 September 2019 (31 March 2019: US$671.2 million). This was due to the introduction of a supplier financing scheme, increased purchases in readiness for new product launches and production ramp-ups, and increased incentive accruals, partly offset by lower prices for materials.



Days purchases outstanding ("DPOs") increased to 101 days as of 30 September 2019, from 92 days as of 30 September 2018, due to the introduction of the supplier financing scheme and a longer credit period granted by certain suppliers.

Retirement benefit obligations increased by US$12.1 million to US$51.8 million as of 30 September 2019 (31 March 2019: US$39.7 million). This increase was due to a change in the present value of pension obligations caused by a reduction in discount rates.

Further details of retirement benefit obligations can be found in Note 12 to the accounts

Other financial assets / (liabilities), net decreased by US$51.6 million to US$123.1 million as of 30 September 2019 (31 March 2019: net financial asset of US$174.7 million), due to changes in the fair values of the Group's hedge contracts including consumption.

Further details of the Group's hedging activities can be found on pages 20 to 23, in the Financial Management and Treasury Policy section and in Note 6 to the accounts

CASH FLOW

US$ million	First half of FY19/20	First half of FY18/19	Change
Operating profit [1]	191.5	172.1	19.4
Depreciation and amortization (including leases)	120.2	101.1	19.1
EBITDA [2]	311.7	273.2	38.5
Other non-cash items	(51.6)	(23.7)	(27.9)
Working capital changes	14.7	(25.0)	39.7
Interest paid (including leases) [2]	(10.9)	(5.7)	(5.2)
Payment of lease - principal portion [2]	(7.6)	-	(7.6)
Interest received	1.2	0.6	0.6
Income taxes paid	(14.2)	(22.5)	8.3
Capital expenditure, net of subsidies	(156.8)	(195.2)	38.4
Proceeds from disposal of fixed assets	0.5	0.6	(0.1)
Capitalization of engineering development costs	(4.2)	(5.1)	0.9
Free cash in / (out) flow from operations [2]	**82.8**	**(2.8)**	**85.6**
Deposit received for divestment of an investment property	12.1	-	12.1
Purchase of intangible assets	-	(1.1)	1.1
Dividends paid	(13.6)	(37.5)	23.9
Purchase of shares held for incentive share schemes	(0.6)	(1.5)	0.9
Other investing activities	(0.7)	(7.9)	7.2
Dividends paid to non-controlling interests	(0.5)	(5.5)	5.0
Proceeds from private long-term debt issuance, net of transaction costs	-	99.6	(99.6)
Borrowing (repayments), net	(26.7)	(11.3)	(15.4)
Redemption / repurchase of convertible bonds	(151.9)	(19.8)	(132.1)
(Decrease) / increase in cash and cash equivalents (excluding currency movements)	(99.1)	12.2	(111.3)
Currency translation (losses) on cash and cash equivalents	(8.8)	(11.2)	2.4
Net movement in cash and cash equivalents	(107.9)	1.0	(108.9)

1 Operating profit did not include any dividend received from associate in the first half of FY19/20 (first half of FY18/19: US$0.7 million)

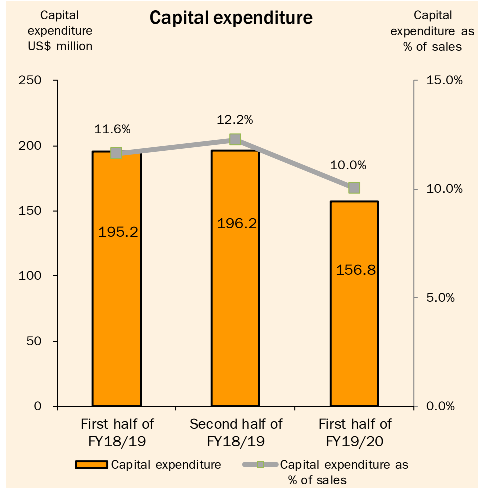
2 The change in accounting for leases in FY19/20 has no impact on the free cash flow from operations of US$82.8 million. The change in accounting does affect EBITDA (US$9.0 million favourable), interest paid (US$1.4 million unfavourable) and payment of the principal portion of leases (US$7.6 million unfavourable) with a combined effect of US$nil

The Group generated US$82.8 million free cash flow from operations in the first half of FY19/20, a US$85.6 million increase from the US$2.8 million free cash outflow from operations in the first half of FY18/19. This movement in free cash flow includes the following:

- **Working capital changes** of US$14.7 million, as explained in the previous section

- **Income taxes paid** of US$14.2 million, a decrease of US$8.3 million due to lower profits

- **Capital expenditure** of US$156.8 million in the first half of FY19/20. The Group is building out its operating footprint in China, and completed the expansion of its plant in Switzerland in September 2019. We continue to invest in:
  - New product launches and long-term technology / testing development
  - Enhanced automation to standardize operating processes, further improve product quality and reliability, and mitigate rising labour costs in China
  - On-going replacement of assets



The net movement in cash includes the following:

- **Dividends and shares:** The Company utilized US$13.6 million cash for dividend payments in the first half of FY19/20, with a further US$24.4 million settled in scrip (US$37.5 million cash in the first half of FY18/19 with no scrip alternative). Additionally, in the first half of FY19/20, the Company purchased 0.4 million shares for US$0.6 million including brokerage fees for the long-term incentive share scheme (first half of FY18/19: 0.5 million shares purchased for US$1.5 million)

Further details of dividends and shares, including the interim dividend for the first half of FY19/20, can be found on page 20, in the Financial Management and Treasury Policy section

- **Other investing activities:** In the first half of FY19/20, the Group paid US$0.7 million for seed capital investments. In the first half of FY18/19, the Group paid US$8.0 million to invest in an autonomous car start-up company focusing on the China market and received US$0.1 million from the sale of financial assets at fair value through profit and loss

- **Redemption / repurchase of convertible bonds:** The Company utilized US$151.9 million to redeem convertible bonds in the first half of FY19/20 (first half of FY18/19: repurchased and cancelled US$19.8 million)

Further details of the Group's debt including bonds, convertible bonds, loans and other borrowings can be found on page 18, in the Financial Management and Treasury Policy section

- **Proceeds from private long-term debt issuance:** There was no debt issuance in the first half of FY19/20. The Group received US$99.6 million, net of fees, from Export Development Canada in the first half of FY18/19

FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk faced by the Group is managed by the Group's Treasury department from 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 and Standard and Poor's (S&P) Ratings Services to provide independent long-term credit ratings. As of 30 September 2019, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, stable profitability and prudent financial leverage.

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

Liquidity

Management believes that the combination of cash on hand, available 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. Committed credit lines were US$155.0 million as of 30 September 2019 (31 March 2019: US$195.0 million).

Cash decreased by US$107.9 million to US$232.1 million as of 30 September 2019 (31 March 2019: US$340.0 million), as explained on pages 15 to 16.

Cash, borrowings and credit lines

US$ million	30 Sep 2019	31 Mar 2019	Change
Cash	232.1	340.0	(107.9)
Borrowings (including bonds and convertible bonds)	(507.7)	(685.7)	178.0
Net debt	(275.6)	(345.7)	70.1
Available unutilized credit lines	916.7	933.5	(16.8)

Cash by currency

US$ million	30 Sep 2019	31 Mar 2019
RMB	74.0	94.0
EUR	71.5	68.5
USD	31.9	134.1
KRW	25.1	24.2
Others	29.6	19.2
Total	232.1	340.0

Borrowings (including bonds and convertible bonds) decreased by US$178.0 million to US$507.7 million as of 30 September 2019 (31 March 2019: US$685.7 million). The most significant changes in borrowings during the first half of FY19/20 were:

- **Redemption of convertible bonds:** On 2 April 2019, bondholders exercised a put option to redeem US$151.9 million (US$139.0 million issuance plus accretion) of the Company's convertible bonds. The redemption was funded from a combination of cash and available credit lines. As of 30 September 2019, the accreted value of the remaining convertible bonds was US$6.8 million (US$6.2 million issuance plus accretion)
- **Loan from International Finance Corporation:** US$7.5 million repaid in accordance with its repayment plan
- **Loans based on trade receivables** increased by US$3.5 million
- **Other borrowings** decreased by US$22.3 million

Changes in borrowings (including bonds and convertible bonds)

US$ million	30 Sep 2019	31 Mar 2019	Change
Bonds	299.0	298.8	0.2
Loan from Export Development Canada	99.6	99.6	-
Loan from International Finance Corporation	67.0	74.5	(7.5)
Loan based on trade receivables	9.5	6.0	3.5
Convertible bonds	6.8	158.7	(151.9)
Other borrowings	25.8	48.1	(22.3)
Total borrowings	507.7	685.7	(178.0)

Borrowings by currency, as of 30 September 2019

US$ million	Total debt	Swap contracts	Total after effect of swaps	%
USD	476.5	(176.9)	299.6	61%
CAD	25.7	-	25.7	5%
EUR	5.5	163.9	169.4	34%
Total	507.7	(13.0)	494.7	100%

Balance sheet presentation

Borrowings - current	48.1
Borrowings - non-current	459.6
Gross debt	507.7
Swap contracts (Other financial assets)	(13.0)
Total debt including swap contracts	494.7

Leases: On 1 April 2019, the Group adopted a new accounting standard for leases (HKFRS 16), resulting in the recognition of a financial liability of US$72.5 million. As of 30 September 2019, leases decreased by US$8.8 million to US$63.7 million.

Changes in leases

US$ million	30 Sep 2019	31 Mar 2019 [1]	Change
Leases	63.7	72.5	(8.8)

1 Leases at 31 March 2019, adjusted to include lease liabilities recognized for the first time on 1 April 2019 (for further information see Note 29)

Financial ratios: The Group maintains a prudent level of debt leverage 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 30 September 2019, reflected the following changes:

- The total debt to capital ratio was 16% as of 30 September 2019, down from 21% as of 31 March 2019, as the Group reduced its borrowings
- The total debt and leases [1] to adjusted EBITDA [2] ratio decreased to 1.2 as of 30 September 2019, down from 1.5 as of 31 March 2019
- Interest coverage (defined as adjusted EBITDA [2] divided by gross interest expense [3]) was 23 times as of 30 September 2019, compared to 26 times as of 31 March 2019
- Free cash flow from operations [4] as a percentage of gross debt increased to 28%, compared to 8% for the first half of FY18/19

1 Leases at 31 March 2019, adjusted to include lease liabilities recognized for the first time on 1 April 2019, on the adoption of HKFRS 16 (for further information see Note 29 to the accounts on the effect of adopting new, revised and amended HKFRS). EBITDA for FY18/19 included a corresponding adjustment to annual lease expense

2 EBITDA annualized using the last 12 months' results and adjusted to exclude net gains of significant non-cash and divested items (for further information see page 11)

3 Gross interest expense adjusted to exclude notional interest on the Halla Stackpole put option and to include capitalized interest using the last 12 months' results

4 Free cash flow from operations annualized using the last 12 months' results

Dividends

Interim dividend: The Board has declared an interim dividend of 17 HK cents per share for the first half of FY19/20 (first half of FY18/19: 17 HK cents per share) equivalent to US$19.3 million, to be paid in January 2020, with an option to receive scrip in lieu of cash.

Final dividend: In the first half of FY19/20, the Company paid a final dividend of 34 HK cents per share for FY18/19 (FY17/18: 34 HK cents per share) equivalent to US$38.0 million. US$24.4 million of this final dividend was settled by the issue of 14.2 million new shares under a scrip dividend option and US$13.6 million was paid in cash.

Dividend payment

	HK cents per share	US$ million Cash	US$ million New shares	US$ million Total
FY19/20				
Interim - payable Jan 2020	17	*n/a*	*n/a*	19.3
FY18/19				
Final - paid Sep 2019	34	13.6	24.4	38.0
Interim - paid Jan 2019	17	5.8	13.0	18.8
FY17/18				
Final - paid Aug 2018	34	37.5	-	37.5
Interim - paid Jan 2018	17	18.8	-	18.8

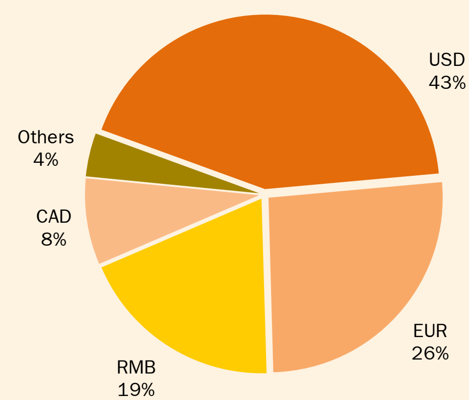
Further details of the scrip dividend option for the interim dividend can be found on page 30, in the Interim Dividend section

Foreign Exchange Risk

The Group is exposed to foreign exchange risk and mitigates this through plain vanilla forward currency contracts and structured foreign currency contracts. These contracts have varying maturity dates, ranging from 1 to 103 months after 30 September 2019, to match the underlying cash flows of the business and included:

- Plain vanilla and structured forward contracts to sell the Euro ("EUR") to create an economic hedge for Euro-denominated export sales into US Dollars ("USD")
- Plain vanilla and structured forward contracts to sell the Canadian Dollar ("CAD") to create an economic hedge for materials purchased in USD for its operations in Canada
- Plain vanilla and structured forward contracts to buy the Chinese Renminbi ("RMB") and plain vanilla forward contracts to buy the Hungarian Forint

Sales by currency



Spot rates of significant currencies

	Spot rates as of 30 Sep 2019	Spot rates as of 31 Mar 2019	Strengthen / (weaken)
USD per EUR	1.09	1.12	3%
CHF per EUR	1.08	1.12	3%
HUF per EUR	335.64	320.69	(4%)
CAD per USD	1.32	1.34	2%
RMB per USD	7.07	6.73	(5%)
MXN per USD	19.68	19.38	(2%)

("HUF"), the Swiss Franc ("CHF"), the Mexican Peso ("MXN"), the Polish Zloty ("PLN"), the Turkish Lira ("TRY"), the Israeli Shekel ("ILS") and the Serbian Dinar ("RSD") to create an economic hedge for production conversion costs, other operating costs and capital expenditure denominated in these currencies against their sources of revenue

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

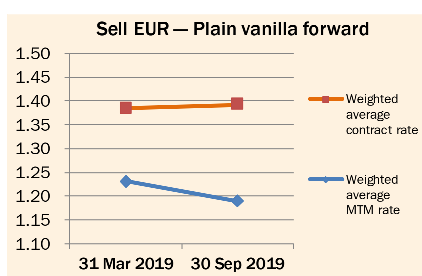
The Mark-to-market ("MTM") rate is the current fair value for the settlement of a forward contract, as provided by the counterparties (the Group's Principal Bankers). The Mark-to-market rates are influenced by the changes in spot rates shown in the table at the bottom of page 20.

The net fair value of currency contracts, including plain vanilla forward foreign currency contracts, cross-currency interest rate swaps and structured foreign currency contracts decreased in value by US$18.6 million. This was largely due to favourable changes in the mark-to-market value of Euro contracts, more than offset by unfavourable changes in the mark-to-market value of Chinese Renminbi contracts.

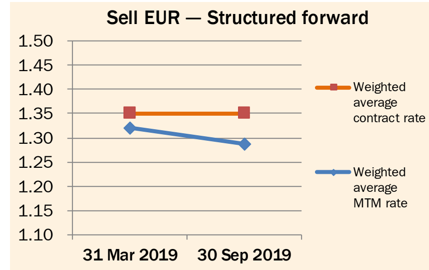
Financial assets / (liabilities) at fair value – currency contracts

US$ million		30 Sep 2019	31 Mar 2019	Change
Euro	Plain vanilla forward contracts	184.7	150.5	34.2
	Structured contracts	30.0	14.7	15.3
	Total	214.7	165.2	49.5
Chinese Renminbi	Plain vanilla forward contracts	(84.6)	(12.3)	(72.3)
	Structured contracts	2.4	3.9	(1.5)
	Total	(82.2)	(8.4)	(73.8)
Others	Plain vanilla forward contracts and swaps	21.4	15.5	5.9
	Structured contracts	0.1	0.3	(0.2)
	Total	21.5	15.8	5.7
Net fair value gains	Plain vanilla forward contracts and swaps	121.5	153.7	(32.2)
	Structured contracts	32.5	18.9	13.6
	Total	154.0	172.6	(18.6)

As **Mark-to-market rates** for plain vanilla forward contracts to sell the Euro declined further below the Group's **Weighted average contract rates**, unrealized fair value gains on these contracts increased the related financial asset to US$184.7 million as of 30 September 2019 (31 March 2019: US$150.5 million financial asset).

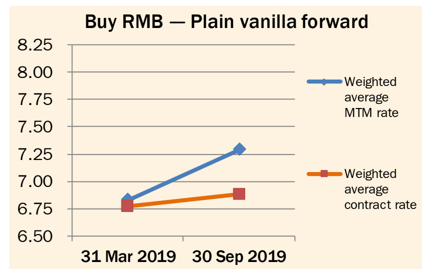


As Mark-to-market rates for structured forward contracts to sell the Euro declined further below the Group's Weighted average contract rates, unrealized fair value gains on these contracts increased the related financial asset to US$30.0 million as of 30 September 2019 (31 March 2019: US$14.7 million financial asset).

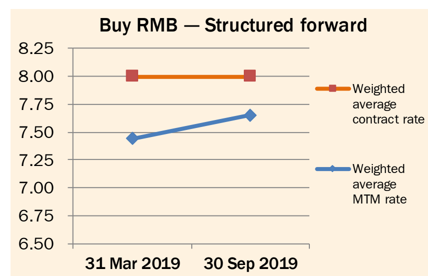


The overall effect of these changes was to increase the fair value of the Group's forward Euro contracts to a net financial asset of US$214.7 million as of 30 September 2019 (31 March 2019: US$165.2 million financial asset).

As Mark-to-market rates for plain vanilla contracts to buy the Chinese Renminbi increased further above the Group's Weighted average contract rates, the unrealized fair value losses on these contracts increased the related financial liability to US$84.6 million as of 30 September 2019 (31 March 2019: US$12.3 million financial liability).



As Mark-to-market rates for structured forward contracts to buy the Chinese Renminbi neared the Group's Weighted average contract rates, unrealized fair value gains on these contracts decreased, reducing the related fair value financial asset to US$2.4 million as of 30 September 2019 (31 March 2019: US$3.9 million financial asset).



The overall effect of these changes was to increase the net financial liability for forward Chinese Renminbi contracts to US$82.2 million as of 30 September 2019 (31 March 2019: US$8.4 million financial liability).

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 on cash flow at that time. In terms of estimating future cash flow, the contracts' rates at maturity compared to the spot rates as of 30 September 2019 would result in approximately:

Further information about the Group's forward foreign currency exchange contracts can be found in Notes 6 and 7 to the accounts

- US$279 million cash flow benefit from plain vanilla forward foreign currency contracts and cross-currency interest rate swaps (31 March 2019: US$363 million)
- US$62 million cash flow benefit from structured foreign currency contracts (31 March 2019: US$58 million)

Raw Material Commodity Price Risk

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

Price risk due to copper, silver and aluminium is reduced by hedging through cash flow hedge contracts with varying maturity dates ranging from 1 to 54 months after 30 September 2019.

Spot prices of significant raw material commodities are shown in the table below:

US$ per metric ton	Spot prices as of 30 Sep 2019	Spot prices as of 31 Mar 2019	Strengthen / (weaken)
Copper	5,728	6,485	(12)%
Iron ore	89.16	83.48	7%
Coking coal	137	197	(30)%
Silver - US$ per ounce	17.26	15.10	14%

Price risk due to steel is reduced through some fixed price contracts for steel up to 3 months forward with the Group's suppliers and through cash flow hedge contracts for iron ore and coking coal with varying maturity dates ranging from 1 to 19 months after 30 September 2019.

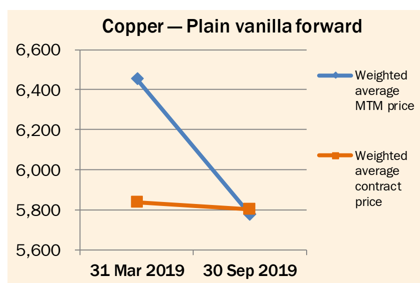
The Group also manages these commodity prices by way of incorporating appropriate clauses in certain customer contracts to pass increases / decreases in raw material costs onto these customers.

Net fair value of commodity contracts, decreased in value by US$19.4 million. This was largely due to unfavourable changes in the mark-to-market value of copper contracts.

Financial assets / (liabilities) at fair value – commodity contracts

US$ million	30 Sep 2019	31 Mar 2019	Change
Copper	(0.6)	15.4	(16.0)
Other commodities	2.2	5.6	(3.4)
Total	1.6	21.0	(19.4)

As **Mark-to-market prices** for plain vanilla contracts for copper crossed the Group's **Weighted average contract prices**, unrealized fair value gains on these contracts became unrealized fair value losses. This created a fair value financial liability of US$0.6 million as of 30 September 2019 (31 March 2019: US$15.4 million financial asset).



Further information about the Group's raw material commodity contracts can be found in Note 6 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.

CORPORATE GOVERNANCE

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

During the six months ended 30 September 2019, the composition of the Board of Directors ("Board") remained the same as set out in the Corporate Governance Report in the Company's Annual Report 2019.

During the six months ended 30 September 2019, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2019.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2019, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), 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.

CHANGES IN INFORMATION OF DIRECTORS

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 Annual Report 2019 up to the publication of this report. Mrs. Catherine Annick Caroline Bradley became an Independent Non-Executive Director of the Company on 1 October 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all Directors to confirm compliance with the Model Code throughout the six months ended 30 September 2019.

REVIEW OF INTERIM RESULTS

The Company's interim results for the six months ended 30 September 2019 has been reviewed by the Audit Committee and the Company's auditor, PricewaterhouseCoopers.

DISCLOSURE OF INTERESTS

DIRECTORS

As of 30 September 2019, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

Name	Shares of HK$0.05 each of the Company Personal Interests	 Other Interests		Approximate % of shareholding
Yik-Chun Wang Koo	-	515,387,525	(Notes 1 & 2)	57.314
Patrick Shui-Chung Wang	2,503,232	-	(Note 3)	0.278
Winnie Wing-Yee Mak Wang	816,827	-	(Note 4)	0.090
Austin Jesse Wang	503,127	-	(Note 5)	0.055
Peter Kin-Chung Wang	-	27,218,144	(Notes 6 & 7)	3.026
Peter Stuart Allenby Edwards	-	41,536	(Note 8)	0.004
Patrick Blackwell Paul	32,750	-		0.003
Michael John Enright	15,250	-		0.001
Joseph Chi-Kwong Yam	11,750	-		0.001
Christopher Dale Pratt	56,000	-		0.006

Notes:
1. 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 1,347,632 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 449,877 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 355,377 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 this report, as of 30 September 2019, 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 30 September 2019, 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 of shareholder	Capacity	Numbers of shares held	Approximate % of shareholding
Yik-Chun Wang Koo	Beneficiary of family trusts	515,387,525 (Notes 1 & 2)	57.31
Ansbacher (Bahamas) Limited	Trustee	221,760,000 (Note 1)	24.66
HSBC International Trustee Limited	Trustee	205,868,888 (Note 1)	22.89
Great Sound Global Limited	Interest of controlled corporation	204,859,647 (Note 3)	22.78
Winibest Company Limited	Beneficial owner	204,859,647 (Note 4)	22.78
Federal Trust Company Limited	Trustee	115,865,772 (Note 1)	12.88
Schroders Plc	Investment manager	62,579,172	6.95
Merriland Overseas Limited	Interest of controlled corporation	57,278,278 (Note 5)	6.36

Notes:

1. The shares in which Ansbacher (Bahamas) Limited was interested, 204,859,647 of the shares in which HSBC International Trustee Limited was interested and 88,767,878 of the shares in which Federal Trust Company Limited was interested were held, directly or indirectly, by them as trustees of various trusts associated with the Wang family and were included in the shares in which Yik-Chun Wang Koo was interested as referred to above under Directors' Disclosure of Interests.
2. The shares in which Yik-Chun Wang Koo was interested as referred to above formed part of the shares referred to in Note 1.
3. The interests of Great Sound Global Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.
4. The interests of Winibest Company Limited in the Company were duplicated by the interests in the Company held by Great Sound Global Limited.
5. The interests of Merriland Overseas Limited in the Company formed part of the interests in the Company held by Federal Trust Company Limited.

Save as disclosed herein, as of 30 September 2019, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares of the Company.

INCENTIVE SHARE SCHEMES

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

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

During the six months ended 30 September 2019, the Company purchased 378,500 shares of the Company at a cost of HK$5.03 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$13.98 and HK$12.80, respectively.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31 March 2019	6,678	6,085	12,763
Units granted to Directors and employees during the period	4,433	2,895	7,328
Shares vested to Directors and employees during the period	(2,724)	(2,864)	(5,588)
Forfeited during the period	(107)	(49)	(156)
Unvested units granted, as of 30 September 2019	8,280	6,067	14,347
Shares vested to Directors and employees in the second half of FY19/20	–	(50)	(50)
Forfeited in the second half of FY19/20	(66)	(50)	(116)
Unvested units granted, as of the date of this report	8,214	5,967	14,181

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

Vesting period	Number of unvested units granted (thousands) Restricted Stock Units	Performance Stock Units	Total
FY19/20	325	–	325
FY20/21	1,469	1,430	2,899
FY21/22	1,700	1,666	3,366
FY22/23	4,360	2,871	7,231
FY23/24	360	–	360
Unvested units granted, as of the date of this report	8,214	5,967	14,181

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 2 April 2019, the Company redeemed and cancelled part of the Company's US$200,000,000 1.00% p.a. convertible bonds due 2021 ("Convertible Bonds") upon the exercise of the put option by the holders of the bonds at 109.31 per cent. The redemption involved the principal amount of US$139,000,000 (together with interest due on that date) which was satisfied by internal resources of the Group. Details of the redemption are set out in Note 11 to the financial statements. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares or Convertible Bonds during the six months ended 30 September 2019.

INTERIM DIVIDEND

The Board has declared an interim dividend of 17 HK cents equivalent to 2.18 US cents per share (2018: 17 HK cents or 2.18 US cents) payable on 3 January 2020 (Friday) to shareholders whose names appear on the Register of Shareholders of the Company on 27 November 2019 (Wednesday).

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.

A circular containing details of the scrip dividend scheme will be dispatched to shareholders on or about 3 December 2019 (Tuesday).

CLOSING REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from 25 November 2019 (Monday) to 27 November 2019 (Wednesday) inclusive, during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the registrar in Bermuda) for registration, not later than 4:30 p.m. on 22 November 2019 (Friday). Shares of the Company will be traded ex-dividend as from 21 November 2019 (Thursday).

CONSOLIDATED BALANCE SHEET

As of 30 September 2019

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	**1,362,759**	1,239,935
Investment property	4	**33,340**	111,431
Intangible assets	5	**1,074,342**	1,109,708
Investment in associate		**2,645**	2,742
Other financial assets	6	**159,250**	150,119
Financial assets at fair value through profit and loss	7	**43,125**	29,735
Defined benefit pension plan assets	12	**20,519**	19,808
Deferred income tax assets		**45,161**	44,135
Other non-current assets		**27,899**	45,090
		2,769,040	2,752,703
Current assets			
Inventories		**419,676**	397,890
Trade and other receivables	8	**686,710**	707,480
Other financial assets	6	**70,302**	72,272
Financial assets at fair value through profit and loss	7	**740**	350
Non-current assets held for sale	25	**120,908**	-
Income tax recoverable		**5,550**	7,321
Cash and cash equivalents		**232,126**	339,986
		1,536,012	1,525,299
Current liabilities			
Trade payables	9	**369,120**	351,716
Other payables and deferred income		**296,506**	286,263
Current income tax liabilities		**38,530**	36,511
Other financial liabilities	6	**43,988**	20,384
Borrowings	11	**48,140**	211,084
Retirement benefit obligations	12	**584**	568
Lease liabilities		**28,884**	-
Provisions and other liabilities	13	**21,999**	23,639
		847,751	930,165
Net current assets		**688,261**	595,134
Total assets less current liabilities		**3,457,301**	3,347,837

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Non-current liabilities			
Other payables and deferred income		**35,953**	33,253
Other financial liabilities	6	**62,430**	27,259
Financial liabilities at fair value through profit and loss	7	**-**	318
Borrowings	11	**459,579**	474,597
Deferred income tax liabilities		**91,736**	107,865
Put option written to a non-controlling interest		**70,542**	74,245
Retirement benefit obligations	12	**71,771**	58,905
Lease liabilities		**34,811**	-
Provisions and other liabilities	13	**12,820**	12,918
		839,642	789,360
NET ASSETS		**2,617,659**	2,558,477
Equity			
Share capital – Ordinary shares (at par value)	14	**5,800**	5,709
Shares held for incentive share schemes (at purchase cost)	14	**(31,462)**	(44,427)
Share premium	14	**34,313**	13,265
Reserves		**2,537,867**	2,512,652
		2,546,518	2,487,199
Non-controlling interests		**71,141**	71,278
TOTAL EQUITY		**2,617,659**	2,558,477

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

		Unaudited Six months ended 30 September	
	Note	**2019 US$'000**	2018 US$'000
Sales	2	**1,565,010**	1,677,718
Cost of goods sold		**(1,208,130)**	(1,279,232)
Gross profit		**356,880**	398,486
Other income and (expenses)	15	**71,125**	23,330
Selling and administrative expenses	16	**(236,467)**	(250,419)
Operating profit		**191,538**	171,397
Share of profit of associate		**37**	126
Finance income	17	**1,162**	613
Finance costs	17	**(10,236)**	(9,068)
Profit before income tax		**182,501**	163,068
Income tax expense	19	**(16,264)**	(19,068)
Profit for the period		**166,237**	144,000
Profit attributable to non-controlling interests		**(4,192)**	(3,785)
Profit attributable to shareholders		**162,045**	140,215
Basic earnings per share for profit attributable to the shareholders for the period (expressed in US cents per share)	20	**18.48**	16.22
Diluted earnings per share for profit attributable to the shareholders for the period (expressed in US cents per share)	20	**18.44**	15.76

Please see Note 21 for details of dividend.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Unaudited Six months ended 30 September 2019 US$'000	 2018 US$'000
Profit for the period		**166,237**	144,000
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	12	**(12,034)**	1,311
– deferred income tax effect		**1,425**	37
Hedging instruments for transactions resulting in the recognition of inventories and subsequently recognized to the income statement upon consumption			
– raw material commodity contracts			
– fair value (losses), net		**(16,927)**	(13,701)
– transferred to inventory and subsequently recognized in income statement	6(f)	**(2,816)**	(6,098)
– deferred income tax effect		**3,258**	3,267
Total items that will not be recycled to profit and loss directly		**(27,094)**	(15,184)
Items that will be recycled to profit and loss:			
Hedging instruments			
– forward foreign currency exchange contracts			
– fair value (losses), net		**(52,033)**	(54,476)
– transferred to income statement		**(11,074)**	(5,334)
– deferred income tax effect		**9,863**	9,520
– net investment hedge			
– fair value gains, net		**16,924**	20,365
Currency translations of subsidiaries		**(29,190)**	(100,504)
Currency translations of associate		**(135)**	(247)
Total items that will be recycled to profit and loss directly		**(65,645)**	(130,676)
Other comprehensive (expense) for the period, net of tax		**(92,739)**	(145,860)
Total comprehensive income / (expense) for the period, net of tax		**73,498**	(1,860)
Total comprehensive income / (expense) attributable to:			
Shareholders		**73,113**	(1,052)
Non-controlling interests			
Share of profits for the period		**4,192**	3,785
Currency translations		**(3,807)**	(4,593)
		73,498	(1,860)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Note	Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital and share premium US$'000	Other reserves * US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2019		(25,453)	(226,531)	116,896	19,587	114,562	2,488,138	2,487,199	71,278	2,558,477
Profit for the period		-	-	-	-	-	162,045	162,045	4,192	166,237
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value (losses), net		-	-	-	-	(16,927)	-	(16,927)	-	(16,927)
– transferred to inventory and subsequently recognized in income statement	6(f)	-	-	-	-	(2,816)	-	(2,816)	-	(2,816)
– deferred income tax effect		-	-	-	-	3,258	-	3,258	-	3,258
– forward foreign currency exchange contracts										
– fair value (losses), net		-	-	-	-	(52,033)	-	(52,033)	-	(52,033)
– transferred to income statement		-	-	-	-	(11,074)	-	(11,074)	-	(11,074)
– deferred income tax effect		-	-	-	-	9,863	-	9,863	-	9,863
– net investment hedge										
– fair value gains, net		-	-	16,924	-	-	-	16,924	-	16,924
Defined benefit plans										
– remeasurements	12	-	-	-	-	-	(12,034)	(12,034)	-	(12,034)
– deferred income tax effect		-	-	-	-	-	1,425	1,425	-	1,425
Currency translations of subsidiaries		-	-	(25,393)	-	10	-	(25,383)	(3,807)	(29,190)
Currency translations of associate		-	-	(135)	-	-	-	(135)	-	(135)
Total comprehensive income / (expenses) for the first half of FY19/20		-	-	(8,604)	-	(69,719)	151,436	73,113	385	73,498
Transactions with shareholders:										
Convertible bonds										
– release of equity component upon redemption		-	(664)	-	-	-	664	-	-	-
Incentive share schemes										
– shares vested	14	10,015	-	-	(10,015)	-	-	-	-	-
– vested by cash settlement	14	312	-	-	(2,363)	-	-	(2,051)	-	(2,051)
– value of employee services		-	-	-	2,468	-	-	2,468	-	2,468
– purchase of shares	14	(646)	-	-	-	-	-	(646)	-	(646)
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	-	-	-	(522)	(522)
FY18/19 final dividend paid										
– cash paid		-	-	-	-	-	(13,565)	(13,565)	-	(13,565)
– shares issued in respect of scrip dividend	14	24,797	-	-	-	-	(24,797)	-	-	-
– scrip dividend for shares held for the incentive shares schemes	14	(374)	-	-	-	-	374	-	-	-
Total transactions with shareholders		34,104	(664)	-	(9,910)	-	(37,324)	(13,794)	(522)	(14,316)
As of 30 September 2019		**8,651** **	**(227,195)**	**108,292**	**9,677**	**44,843**	**2,602,250**	**2,546,518**	**71,141**	**2,617,659**

* Other reserves mainly represent capital reserve, property revaluation reserve, equity component of convertible bonds (net of taxes), statutory reserve, reserve arising from put option written to a non-controlling interest and goodwill on consolidation.

** The total of US$8.7 million is comprised by share capital of US$5.8 million, share premium US$34.3 million and shares held for incentive share schemes of US$(31.4) million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

		Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital US$'000	Other reserves * US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2018		(49,549)	(234,321)	190,000	22,873	92,946	2,276,497	2,298,446	67,359	2,365,805
Profit for the period		-	-	-	-	-	140,215	140,215	3,785	144,000
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value (losses), net		-	-	-	-	(13,701)	-	(13,701)	-	(13,701)
– transferred to inventory and subsequently recognized in income statement	6(f)	-	-	-	-	(6,098)	-	(6,098)	-	(6,098)
– deferred income tax effect		-	-	-	-	3,267	-	3,267	-	3,267
– forward foreign currency exchange contracts										
– fair value (losses), net		-	-	-	-	(54,476)	-	(54,476)	-	(54,476)
– transferred to income statement		-	-	-	-	(5,334)	-	(5,334)	-	(5,334)
– deferred income tax effect		-	-	(33)	-	9,553	-	9,520	-	9,520
– net investment hedge										
– fair value gains, net		-	-	20,365	-	-	-	20,365	-	20,365
Defined benefit plans										
– remeasurements	12	-	-	-	-	-	1,311	1,311	-	1,311
– deferred income tax effect		-	-	-	-	-	37	37	-	37
Currency translations of subsidiaries		-	-	(95,654)	-	(257)	-	(95,911)	(4,593)	(100,504)
Currency translations of associate		-	-	(247)	-	-	-	(247)	-	(247)
Total comprehensive (expense)/income for the first half of FY18/19		-	-	(75,569)	-	(67,046)	141,563	(1,052)	(808)	(1,860)
Transactions with shareholders:										
Incentive share schemes										
– shares vested	14	12,572	1,114	-	(13,686)	-	-	-	-	-
– value of employee services	23	-	-	-	5,271	-	-	5,271	-	5,271
– purchase of shares	14	(1,497)	-	-	-	-	-	(1,497)	-	(1,497)
FY17/18 final dividend paid		-	-	-	-	-	(37,530)	(37,530)	-	(37,530)
Total transactions with shareholders		11,075	1,114	-	(8,415)	-	(37,530)	(33,756)	-	(33,756)
As of 30 September 2018		(38,474)	(233,207)	114,431	14,458	25,900	2,380,530	2,263,638	66,551	2,330,189

* Other reserves mainly represent capital reserve, property revaluation reserve, equity component of convertible bonds (net of taxes), statutory reserve, reserve arising from put option written to a non-controlling interest and goodwill on consolidation.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2019

		Unaudited Six months ended 30 September	
		2019	2018
	Note	**US$'000**	US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortization	23	**311,698**	273,153
Other non-cash items	23	**(51,542)**	(23,679)
Change in working capital	23	**14,687**	(24,981)
Cash generated from operations	23	**274,843**	224,493
Interest paid		**(10,882)**	(5,716)
Income taxes paid		**(14,231)**	(22,503)
Net cash generated from operating activities		**249,730**	196,274
Investing activities			
Purchase of property, plant and equipment and capitalized expenditure of investment property, net of subsidies		**(156,790)**	(195,232)
Proceeds from disposal of property, plant and equipment		**457**	610
Capitalized expenditure of engineering development	5 & 18	**(4,217)**	(5,097)
Finance income received		**1,162**	613
		(159,388)	(199,106)
Deposit received for divestment of an investment property		**12,091**	-
Purchase of intangible assets		**-**	(1,060)
Purchase of financial assets at fair value through profit and loss		**(720)**	(8,000)
Proceeds from sale of financial assets at fair value through profit and loss		**75**	57
Net cash used in investing activities		**(147,942)**	(208,109)

	Note	Unaudited Six months ended 30 September 2019 US$'000	2018 US$'000
Financing activities			
Principal elements of lease payments		**(7,576)**	-
Proceeds from borrowings		**25,880**	123,406
Repayments of borrowings		**(52,540)**	(35,061)
Redemption / repurchase of convertible bonds		**(151,941)**	(19,778)
Dividends paid to shareholders		**(13,565)**	(37,530)
Purchase of shares held for incentive share schemes		**(646)**	(1,497)
Dividends paid to non-controlling interests		**(522)**	(5,458)
Net cash (used in) / generated from financing activities		**(200,910)**	24,082
Net (decrease) / increase in cash and cash equivalents		**(99,122)**	12,247
Cash and cash equivalents at beginning of the period		**339,986**	168,942
Currency translations on cash and cash equivalents		**(8,738)**	(11,335)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**232,126**	169,854

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

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Lease liabilities US$'000	Total US$'000
As of 31 March 2019	211,084	474,597	-	685,681
Adoption of HKFRS 16 (Note 29)	-	-	72,481	72,481
As of 1 April 2019	211,084	474,597	72,481	758,162
Currency translations	243	8	(2,668)	(2,417)
Cash flows				
– inflow from financing activities	25,787	93	-	25,880
– outflow from financing activities	(194,474)	(10,007)	(7,576)	(212,057)
– outflow from operating activities	-	(6,188)	(1,344)	(7,532)
Non-cash changes				
– new leases	-	-	1,091	1,091
– finance costs	-	6,576	1,711	8,287
– reclassification	5,500	(5,500)	-	-
As of 30 September 2019	48,140	459,579	63,695	571,414

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General Information

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

JEHL, the parent holding company, is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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

These unaudited condensed consolidated interim financial statements are presented in US Dollars, unless otherwise stated and has been approved for issue by the Board of Directors on 6 November 2019. It has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

1.2 Basis of preparation

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements of the year ended 31 March 2019, except that the Group adopted all new standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") effective for the accounting period commencing 1 April 2019, which are disclosed in Note 29.

The preparation of interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

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

1.3 Exchange rates

The following table shows the exchange rates that are frequently used in the consolidated financial statements.

		Closing rate		Average rate for the period	
				Six months ended 30 September	
		30 September 2019	31 March 2019	**2019**	2018
1 foreign currency unit to USD:					
Swiss Franc	CHF	**1.009**	1.004	**1.006**	1.016
Euro	EUR	**1.094**	1.122	**1.118**	1.177
British Pound	GBP	**1.229**	1.304	**1.259**	1.332
1 USD to foreign currency:					
Brazilian Real	BRL	**4.156**	3.912	**3.940**	3.762
Canadian Dollar	CAD	**1.324**	1.344	**1.329**	1.299
Chinese Renminbi	RMB	**7.073**	6.726	**6.903**	6.592
Hong Kong Dollar	HKD	**7.841**	7.850	**7.835**	7.847
Hungarian Forint	HUF	**306.748**	285.714	**291.545**	271.739
Israeli Shekel	ILS	**3.483**	3.626	**3.560**	3.605
Indian Rupee	INR	**70.621**	68.966	**69.979**	68.493
Japanese Yen	JPY	**107.875**	110.619	**108.578**	110.254
South Korean Won	KRW	**1,204.819**	1,136.364	**1,176.471**	1,098.901
Mexican Peso	MXN	**19.681**	19.380	**19.279**	19.194
Polish Zloty	PLN	**4.005**	3.827	**3.846**	3.635
Serbian Dinar	RSD	**107.527**	105.263	**105.263**	100.000
Turkish Lira	TRY	**5.671**	5.545	**5.770**	4.881

2. SEGMENT INFORMATION

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

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

2. SEGMENT INFORMATION *(Cont'd)*

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

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Operating profit presented to management	**120,413**	148,067
Other income and (expenses) (Note 15)	**71,125**	23,330
Operating profit per consolidated income statement	**191,538**	171,397

Sales

The Group recognizes sales 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.

Sales from external customers by business unit were as follows:

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Automotive Products Group ("APG")	**1,236,802**	1,293,254
Industry Products Group ("IPG")	**328,208**	384,464
	1,565,010	1,677,718

The Stackpole business, primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components, accounted for 23% of the Group's sales for the first half of FY19/20 (first half of FY18/19: 22%).

The Powertrain Cooling business, including the "GATE" brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 20% of the Group's sales for the first half of FY19/20 (first half of FY18/19: 19%).

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

2. SEGMENT INFORMATION *(Cont'd)*

Sales by geography

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

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Europe *	**501,843**	551,531
North America **	**484,115**	466,647
People's Republic of China ("PRC")	**380,278**	459,088
Asia (excluding PRC)	**167,637**	168,984
South America	**21,234**	21,857
Others	**9,903**	9,611
	1,565,010	1,677,718

* Included in Europe were sales to external customers in Germany of US$96.7 million and France of US$65.7 million for the first half of FY19/20 (first half of FY18/19: US$103.4 million and US$66.5 million respectively).

** Included in North America were sales to external customers in the USA of US$387.8 million for the first half of FY19/20 (first half of FY18/19: US$358.8 million).

Segment assets

For the first half of FY19/20, the additions to non-current assets (other than deferred tax assets, other financial assets, financial assets at fair value through profit and loss and defined benefit pension plan assets) were US$154.9 million (first half of FY18/19: US$200.9 million).

The non-current assets (other than goodwill, deferred tax assets, other financial assets, financial assets at fair value through profit and loss and defined benefit pension plan assets) by geographic location as of 30 September 2019 and 31 March 2019 were as follows:

	30 September 2019	31 March 2019
	US$'000	US$'000
Hong Kong ("HK") / PRC	**733,322**	736,223
Canada	**459,552**	457,276
Switzerland	**142,888**	146,681
Others	**404,759**	410,653
	1,740,521	1,750,833

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
First half of FY19/20							
As of 31 March 2019	212,544	591,562	275,433	111,122	49,274	-	1,239,935
Adoption of HKFRS 16							
– Recognition of right-of-use assets	-	-	-	-	-	74,483	74,483
– Transfer from intangible assets (Note 5)	-	-	-	-	-	22,351	22,351
As of 1 April 2019	212,544	591,562	275,433	111,122	49,274	96,834	1,336,769
Currency translations	(2,936)	(17,286)	(8,100)	(4,434)	(1,100)	(4,155)	(38,011)
Additions - owned assets	1,159	19,032	122,843	8,707	3,390	-	155,131
Additions - right-of-use assets	-	-	-	-	-	12,760	12,760
Transfer	27,619	89,331	(136,114)	18,092	1,072	-	-
Disposals	-	(596)	-	(75)	-	-	(671)
Impairment charges (Note 18 & 23)	-	(2,723)	-	(41)	-	-	(2,764)
Depreciation (Note 18)	(7,017)	(52,796)	-	(24,037)	(6,363)	(10,242)	(100,455)
As of 30 September 2019	**231,369**	**626,524**	**254,062**	**109,334**	**46,273**	**95,197**	**1,362,759**
First half of FY18/19							
As of 31 March 2018	208,422	537,566	212,523	102,137	54,706	-	1,115,354
Currency translations	(8,513)	(31,039)	(11,990)	(7,645)	(2,497)	-	(61,684)
Additions	2,276	25,446	144,535	11,651	4,556	-	188,464
Transfer	3,112	51,869	(72,832)	16,026	1,825	-	-
Disposals	-	(593)	-	(50)	(205)	-	(848)
Impairment charges (Note 18 & 23)	(31)	(376)	-	(39)	(4)	-	(450)
Depreciation (Note 18)	(7,005)	(47,020)	-	(20,793)	(6,172)	-	(80,990)
As of 30 September 2018	198,261	535,853	272,236	101,287	52,209	-	1,159,846

* 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.

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
First half of FY19/20					
As of 31 March 2019	-	-	-	-	-
Adoption of HKFRS 16					
– Recognition of right-of-use assets	-	67,625	3,277	3,581	74,483
– Transfer from intangible assets (Note 5)	22,351	-	-	-	22,351
As of 1 April 2019	22,351	67,625	3,277	3,581	96,834
Currency translations	(1,378)	(2,669)	(27)	(81)	(4,155)
Additions - right-of-use assets	11,682	154	27	897	12,760
Depreciation	(186)	(8,895)	(444)	(717)	(10,242)
As of 30 September 2019	**32,469**	**56,215**	**2,833**	**3,680**	**95,197**

* Other assets comprise office equipment and motor vehicles.

4. INVESTMENT PROPERTY

	2019 US$'000	2018 US$'000
As of 31 March	**111,431**	99,199
Currency translations	**(383)**	(693)
Fair value gains	**43,188**	6,368
Transferred to non-current assets held for sale (Note 25)	**(120,908)**	-
Capitalized expenditure	**12**	280
As of 30 September	**33,340**	105,154

Investment properties are located in Hong Kong and China.

5. INTANGIBLE ASSETS

	Goodwill US$'000	Technology US$'000	Patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Land use rights US$'000	Total US$'000
First half of FY19/20							
As of 31 March 2019	758,073	39,698	29,114	68,686	191,786	22,351	1,109,708
Adoption of HKFRS 16 *	-	-	-	-	-	(22,351)	(22,351)
As of 1 April 2019	758,073	39,698	29,114	68,686	191,786	-	1,087,357
Currency translations	2,391	242	(487)	742	431	-	3,319
Capitalization of engineering development costs (Note 18)	-	-	4,217	-	-	-	4,217
Amortization (Note 18 & 23)	-	(6,829)	(2,809)	(1,286)	(9,627)	-	(20,551)
As of 30 September 2019	**760,464**	**33,111**	**30,035**	**68,142**	**182,590**	**-**	**1,074,342**
First half of FY18/19							
As of 31 March 2018	789,946	53,574	24,699	73,880	220,977	15,560	1,178,636
Currency translations	(14,815)	(841)	(1,018)	(1,046)	(4,039)	(1,368)	(23,127)
Additions	-	-	1,060	-	-	1,136	2,196
Capitalization of engineering development costs (Note 18)	-	-	5,097	-	-	-	5,097
Amortization (Note 18 & 23)	-	(6,873)	(3,069)	(1,207)	(9,847)	(109)	(21,105)
As of 30 September 2018	775,131	45,860	26,769	71,627	207,091	15,219	1,141,697

* Land use rights was transferred to right-of-use assets under property, plant and equipment (see Note 3) to conform to the presentation according to HKFRS 16 “Leases”.

Total intangible assets as of 30 September 2019 and 31 March 2019 were denominated in the following underlying currencies.

	USD equivalent	
	30 September 2019 US$'000	31 March 2019 US$'000
In CAD	**453,003**	451,813
In CHF	**397,317**	406,178
In USD	**86,213**	84,606
In EUR	**79,558**	81,768
In KRW	**52,873**	56,678
In GBP	**5,378**	6,314
In RMB	**-**	22,351
Total intangible assets	**1,074,342**	1,109,708

6. OTHER FINANCIAL ASSETS AND LIABILITIES

	30 September 2019			31 March 2019		
	Assets	**(Liabilities)**	**Net**	Assets	(Liabilities)	Net
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	**9,093**	**(7,463)**	**1,630**	22,202	(1,178)	21,024
– forward foreign currency exchange contracts (Note a (ii))	**151,005**	**(98,247)**	**52,758**	157,788	(41,934)	115,854
Net investment hedge (Note b)						
– forward foreign currency exchange contracts and cross currency interest rate swaps	**33,231**	**(24)**	**33,207**	20,908	(3,955)	16,953
Fair value hedge (Note c)						
– forward foreign currency exchange contracts and cross currency interest rate swaps	**35,207**	**(327)**	**34,880**	20,251	(487)	19,764
Held for trading (Note d)	**1,016**	**(357)**	**659**	1,242	(89)	1,153
Total (Note e)	**229,552**	**(106,418)**	**123,134**	222,391	(47,643)	174,748
Current portion	**70,302**	**(43,988)**	**26,314**	72,272	(20,384)	51,888
Non-current portion	**159,250**	**(62,430)**	**96,820**	150,119	(27,259)	122,860
Total	**229,552**	**(106,418)**	**123,134**	222,391	(47,643)	174,748

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.

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

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

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

As of 30 September 2019, the Group had the following outstanding raw material commodity contracts:

	Notional amount	Settlement value (US$ million)	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market rate (US$)	Remaining maturities range (months)	Assets/ (liabilities), net carrying value (US$'000)
Cash flow hedge contracts							
Copper commodity	25,125 metric ton	145.9	5,805	5,728	5,781	1 – 54	(619)
Silver commodity	210,000 oz	3.3	15.63	17.26	17.21	1 – 18	331
Aluminium commodity	1,425 metric ton	2.7	1,879	1,704	1,740	1 – 16	(198)
Iron ore commodity	136,500 metric ton	7.7	56.73	89.16	80.30	1 – 19	3,217
Coking coal commodity	72,500 metric ton	12.4	171	137	155	1 – 19	(1,101)
Total							1,630

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).

(ii) Forward foreign currency exchange contracts

The EUR, CAD, PLN, TRY, RSD, CHF, ILS, MXN, HUF and RMB 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 included:

- 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 PLN, TRY, RSD, CHF, ILS, MXN, HUF and RMB 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).

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

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

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

As of 30 September 2019, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts								
Sell EUR forward *	USD	EUR 546.9	1.42	1.09	1.18	1 – 78	774.4	129,876
Sell CAD forward	USD	CAD 150.7	1.25	1.32	1.32	1 – 27	120.9	6,800
Buy PLN forward	EUR	PLN 668.9	4.76	4.38	4.64	1 – 72	153.8	3,955
Buy TRY forward	EUR	TRY 58.1	8.09	6.21	7.06	4 – 24	7.9	1,148
Buy RSD forward	EUR	RSD 5,204.3	122.56	117.66	120.03	1 – 24	46.5	980
Buy CHF forward	EUR	CHF 12.4	1.18	1.08	1.09	1 – 3	11.5	972
Buy ILS forward	USD	ILS 2.6	3.54	3.48	3.55	1	0.7	(2)
Buy MXN forward	USD	MXN 2,659.5	22.08	19.68	22.65	1 – 73	120.5	(3,047)
Buy HUF forward	EUR	HUF 54,900.7	337.33	335.64	343.72	1 – 72	178.1	(3,310)
Buy RMB forward	USD	RMB 10,386.3	6.88	7.07	7.29	1 – 72	1,509.4	(84,614)
Total								52,758

* The EUR to USD is stated in the inverse order.

(b) Net investment hedge

The Group hedges its net investment in its European and Canadian operations to protect itself from exposure to future changes in currency exchange rates. The EUR and CAD forward foreign currency exchange contracts and EUR cross currency interest rate swaps as per the table on the following page 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.

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

(b) Net investment hedge *(Cont'd)*

As of 30 September 2019, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets net carrying value (US$'000)
Net investment hedge contracts								
Sell EUR forward *	USD	EUR 95.0	1.38	1.09	1.17	3 – 63	130.7	19,964
Sell CAD forward	USD	CAD 3.0	1.22	1.32	1.32	1	2.5	193
Cross currency interest rate swaps * (pay EUR, receive USD)	USD	EUR 155.9	1.13	1.09	1.05	16 – 58	176.9	13,050
Total								33,207

* The EUR to USD is stated in the inverse order.

(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 30 September 2019, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Fair value hedge contracts								
Sell EUR forward *	USD	EUR 268.0	1.35	1.09	1.22	1 – 103	361.0	35,207
Buy EUR forward *	USD	EUR 12.8	1.12	1.09	1.09	1	14.3	(327)
Total								34,880

* The EUR to USD is stated in the inverse order.

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

(d) Held for trading

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

As of 30 September 2019, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Held for trading contracts								
Buy INR forward	USD	INR 1,344.1	80.01	70.62	76.19	1 – 38	16.8	841
Buy HKD structured forward	USD	HKD 1,236.5	7.93	7.84	7.94	1 – 24	156.0	(182)
Total								659

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

(f) The income statement effect from raw material commodity and foreign currency exchange contracts (excluding structured foreign currency contracts, see Note 7) and the cross currency interest rate swaps recognized in the first half of FY19/20 was a net gain of US$33.0 million (first half of FY18/19: net gain of US$10.6 million).

Benefit / (expense)	**Six months ended 30 September 2019 US$'000**	2018 US$'000
Cost of goods sold includes:		
Effect of raw material commodity contracts	**2,816**	6,098
Effect of forward foreign currency exchange contracts	**(8,676)**	(2,032)
Effect on cost of goods sold	**(5,860)**	4,066
Other income and (expenses) includes:		
Effect of unrealized forward foreign currency exchange contracts (Note 15)	**15,453**	(3,190)
Selling and administrative expenses includes:		
Effect of forward foreign currency exchange contracts (Note 16)	**19,955**	8,296
Finance costs includes:		
Cross currency interest rate swaps	**3,414**	1,457
Effect of other financial assets and liabilities in consolidated income statement, net gain	**32,962**	10,629

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

(g) As of 30 September 2019, the balance in the exchange reserve for continuing hedges that are accounted for as a net investment hedge was US$72.0 million (31 March 2019: US$55.1 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 30 September 2019 would result in approximately US$281 million cash flow benefit (31 March 2019: US$363 million).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 September 2019			31 March 2019		
	Assets	**(Liabilities)**	**Net**	Assets	(Liabilities)	Net
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Call option related to the acquisition of Halla Stackpole (Note a)	**2,270**	**-**	**2,270**	2,410	-	2,410
Unlisted preference shares (Note b)	**8,000**	**-**	**8,000**	8,000	-	8,000
Structured foreign currency contracts (Note c)	**32,515**	**-**	**32,515**	19,315	(318)	18,997
Other investment	**1,080**	**-**	**1,080**	360	-	360
Total	**43,865**	**-**	**43,865**	30,085	(318)	29,767
Current portion	**740**	**-**	**740**	350	-	350
Non-current portion	**43,125**	**-**	**43,125**	29,735	(318)	29,417
Total	**43,865**	**-**	**43,865**	30,085	(318)	29,767

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).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS *(Cont'd)*

(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. The fair value of the investment is estimated to be approximately equal to its carrying value as of 30 September 2019.

(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 are intended to minimize the currency exposure for the Group's sales denominated in EUR, its net investment in Europe denominated in EUR, purchases denominated in USD for its operations in Canada and RMB expenses for its operations in China. 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.

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 will not exceed the Group's future needs. The Group's exposure to EUR, RMB and CAD cash flows over the remaining maturity periods is summarized below:

	Sell EUR (EUR million)	Buy RMB (RMB million)	Sell CAD (CAD million)
Hedged amount – by plain vanilla contracts	546.9	10,386.3	150.7
Economic hedge – by structured forward contracts			
– minimum possible hedge	174.8	208.0	3.8
– maximum possible hedge	346.6	416.0	5.7
Percentage of currency exposure hedged *			
– By plain vanilla contracts	54%	48%	58%
– By plain vanilla and structured forward – minimum	71%	49%	60%
– By plain vanilla and structured forward – maximum	88%	50%	61%

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

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS *(Cont'd)*

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

In the first half of FY19/20, gains on structured foreign currency contracts increased net profit by US$11.9 million, net of tax (US$13.5 million pre-tax) (first half of FY18/19: gains increased net profit by US$19.8 million, pre-tax US$22.7 million).

As of 30 September 2019, the Group had the following structured foreign currency contracts:

	Option features	Settlement currency	Notional value – minimum (million)	Notional value – maximum (million)	Range of contract rates	Weighted average contract rate	Remaining maturities range (months)	Assets, net carrying value (US$'000)
Structured foreign currency contracts								
Sell EUR (for sales) *	Reduction of notional amount	USD	EUR 174.8	EUR 346.6	1.30 - 1.39	1.35	10 – 59	23,434
Sell EUR (for net investment) *	Reduction of notional amount	USD	EUR 50.0	EUR 100.0	1.36 - 1.40	1.38	39 – 63	6,574
Buy RMB	Reduction of notional amount	USD	RMB 208.0	RMB 416.0	8.00 - 8.01	8.00	28 – 44	2,386
Sell CAD	Reduction of notional amount	USD	CAD 3.8	CAD 5.7	1.27	1.27	1 – 3	121
Total								32,515

* The EUR to USD is stated in the inverse order.

The latest structured foreign currency contract was entered on 11 August 2017.

Sensitivity

As of 30 September 2019, a 1% change in the exchange rate for EUR, RMB and CAD respectively against the USD will have the following impact to the Group's income statement:

	Profit before income tax increase / (decrease)		
	EUR contracts	RMB contracts	CAD contracts
Increase by 1%	US$(2.8) million	US$(0.3) million	US$0.0 million
Decrease by 1%	US$2.8 million	US$0.3 million	US$0.0 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 a 1% change in exchange rate).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS *(Cont'd)*

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

Estimate of future cash flow

In terms of estimating future cash flow, the structured contract rates at maturity compared to spot rates as of 30 September 2019 would give rise to a cash flow benefit of approximately US$62 million (assuming minimum delivery for EUR, CAD and RMB contracts depending on the contract delivery rate) (31 March 2019: US$58 million).

8. TRADE AND OTHER RECEIVABLES

	30 September 2019 US$'000	31 March 2019 US$'000
Trade receivables – gross *	**602,448**	610,220
Less: impairment of trade receivables	**(2,093)**	(1,870)
Trade receivables – net	**600,355**	608,350
Prepayments and other receivables	**86,355**	99,130
	686,710	707,480

* The balance included bank acceptance drafts from customers amounting to US$33.5 million (31 March 2019: US$29.6 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.

Customer credit risk, aging and impairment of gross trade receivables

(a) The Group normally grants credit terms ranging from 30 to 105 days to its trade customers. It has a policy in place to evaluate customer credit risk by considering their current financial position, past payment history and common credit-risk characteristics. 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 and a failure to make contractual payments for a period of over 90 days.

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.

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

(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.

As of 30 September 2019, 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 receivable - net US$'000
As of 30 September 2019			
Current	553,150	(57)	**553,093**
1 – 30 days overdue	34,182	(87)	**34,095**
31 – 90 days overdue	10,374	(80)	**10,294**
Over 90 days overdue	4,742	(1,869)	**2,873**
Total	602,448	(2,093)	**600,355**
As of 31 March 2019			
Current	561,487	(63)	561,424
1 – 30 days overdue	30,482	(15)	30,467
31 – 90 days overdue	10,984	(91)	10,893
Over 90 days overdue	7,267	(1,701)	5,566
Total	610,220	(1,870)	608,350

(c) As of 30 September 2019, the aging of gross trade receivables based on invoice date was as follows:

	30 September 2019 US$'000	31 March 2019 US$'000
0 – 30 days	**275,661**	314,778
31 – 90 days	**292,433**	267,002
Over 90 days	**34,354**	28,440
Total	**602,448**	610,220

9. TRADE PAYABLES

	30 September 2019 US$'000	31 March 2019 US$'000
Trade payables	**369,120**	351,716

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

	30 September 2019 US$'000	31 March 2019 US$'000
0 – 60 days	**255,532**	233,561
61 – 90 days	**60,565**	66,459
Over 90 days	**53,023**	51,696
Total	**369,120**	351,716

10. CONTRACT BALANCES

Contract assets primarily 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.

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:

	30 September 2019 US$'000	31 March 2019 US$'000
Deferred contract costs included in:		
Trade and other receivables	**2,122**	1,280
Other non-current assets	**3,060**	4,003
Total deferred contract costs	**5,182**	5,283
Contract liabilities balances included in:		
Other payables and deferred income - current	**(17,219)**	(14,621)
Other payables and deferred income - non-current	**(18,436)**	(16,892)
Total contract liabilities	**(35,655)**	(31,513)

During the first half of FY19/20, US$7.4 million (first half of FY18/19: US$7.0 million) included in the contract liability balance was recognized in profit and loss.

11. BORROWINGS

	30 September 2019			31 March 2019		
	Current US$'000	Non-current US$'000	Total US$'000	Current US$'000	Non-current US$'000	Total US$'000
Bonds (Note a)	-	299,040	299,040	-	298,772	298,772
Loan from Export Development Canada ("EDC") (Note b)	-	99,648	99,648	-	99,607	99,607
Loan from International Finance Corporation ("IFC") (Note c)	15,000	52,044	67,044	15,000	59,491	74,491
Loans based on trade receivables (Note d)	7,471	2,000	9,471	6,020	-	6,020
Convertible Bonds (Liability component) (Note e)	-	6,847	6,847	151,941	6,727	158,668
Other borrowings	25,669	-	25,669	38,123	10,000	48,123
Total borrowings	48,140	459,579	507,719	211,084	474,597	685,681

Note:

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

On 30 January 2019, JEHL 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.

JEHL 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 103.9% as of 30 September 2019 (31 March 2019: 101.1%).

(b) **Loan from EDC**

US$99.6 million (principal US$100.0 million less US$0.4 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%.

11. BORROWINGS *(Cont'd)*

(c) **Loan from IFC**

US$74.5 million (principal US$75.0 million less US$0.5 million transaction costs) was drawn down in January 2016 of which US$7.5 million was subsequently repaid in accordance with its repayment plan, leaving a carrying amount of US$67.0 million as of 30 September 2019 (31 March 2019: US$74.5 million). This is an 8-year loan for projects in Serbia, Mexico, Brazil and India with quarterly repayments of US$3.75 million beginning from April 2019 and with final maturity date of 15 January 2024. The loan interest rate is based on U.S. LIBOR and the average cost for the first half of FY19/20 was 3.88% (first half of FY18/19: 3.68%).

(d) **Loans based on trade receivables**

Subsidiary companies have borrowed US$9.5 million based on trade receivables in Hong Kong, Europe and the USA as of 30 September 2019 (31 March 2019: US$6.0 million). These loans are placed such that the interest expense will match the geography of the operating income as follows:

- Unsecured borrowings in Hong Kong of US$2.0 million with a covenant that trade receivables shall not be pledged to any parties (31 March 2019: US$2.0 million).
- Borrowings in Europe of US$5.5 million (EUR5.0 million) (31 March 2019: US$2.0 million (EUR1.8 million)), which are secured by trade receivables and require an over-collateralization level of 20% of the amount loaned (US$6.6 million as of 30 September 2019 and US$2.4 million as of 31 March 2019).
- Unsecured borrowings in the USA of US$2.0 million, with a covenant that trade receivables shall not be pledged to any parties (31 March 2019: US$2.0 million).

(e) **Convertible bonds**

JEHL issued convertible bonds in an aggregate principal amount of US$200 million on 2 April 2014. These convertible bonds bear interest as a cash coupon at the rate of 1% per annum, payable semi-annually, and additionally accrete at 1.75% per annum (combined yield of 2.75% (1.0% coupon plus 1.75% accretion)). They have a maturity of 7 years to 2 April 2021 and a 5 year put option gave bondholders the option of requiring JEHL to redeem all or some of the convertible bonds on 2 April 2019 at their accreted value (109.31% of the issuance value). Unless previously redeemed, converted or purchased and cancelled, JEHL will redeem each convertible bond at their accreted value (113.41% of the issuance value) on the maturity date. The effective interest rate of the liability component is 3.57%, given the amount of proceeds allocated to equity at issuance.

On 2 April 2019, the majority of bondholders exercised their option and redeemed outstanding Convertible Bonds of US$151.9 million accreted value (US$139.0 million at issuance value). As of 30 September 2019, the accreted value of the remaining convertible bonds was US$6.8 million (US$6.2 million issuance plus accretion).

11. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Bonds, convertible bonds and other borrowings	
	30 September 2019 US$'000	31 March 2019 US$'000	**30 September 2019 US$'000**	31 March 2019 US$'000
Less than 1 year	**7,471**	15,387	**40,669**	195,697
1 – 2 years	**-**	-	**21,847**	14,893
2 – 5 years	**2,000**	10,000	**435,732**	150,932
Over 5 years	**-**	-	**-**	298,772
	9,471	25,387	**498,248**	660,294

As of 30 September 2019, the interest rate charged on outstanding balances ranged from 0.5% to 4.7% per annum (31 March 2019: 0.5% to 4.1% per annum) and the weighted average effective interest rate of the borrowings including the impact of interest rate swaps (see Note 6(b)) was approximately 3.1% (31 March 2019: 3.0%). Interest expense is disclosed in Note 17.

Johnson Electric subscribes to both Moody's Investors Service and Standard & Poor's Ratings Services (S&P) for independent long-term credit ratings. As of 30 September 2019, the Group maintained investment grade ratings from both agencies. Moody's was Baa1 and S&P was BBB. These ratings reflect the Group's solid market position, stable profitability and prudent financial leverage.

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

12. RETIREMENT BENEFIT OBLIGATIONS

	Defined benefit pension plans US$'000	Defined contribution pension plans and long service payment US$'000	Total US$'000
First half of FY18/19			
As of 31 March 2018	29,649	3,266	32,915
Currency translations	(1,277)	(129)	(1,406)
Charges	3,715	3,582	7,297
Utilizations	(2,234)	(3,445)	(5,679)
Remeasurements *	(1,311)	-	(1,311)
As of 30 September 2018	28,542	3,274	31,816
First half of FY19/20			
As of 31 March 2019	35,853	3,812	39,665
Currency translations	(1,043)	(114)	(1,157)
Charges	3,820	4,519	8,339
Utilizations	(2,436)	(4,609)	(7,045)
Remeasurements *	12,034	-	12,034
As of 30 September 2019	**48,228**	**3,608**	**51,836**

* Remeasurements represent actuarial (gains) and losses.

The retirement benefit plans were mainly located in Switzerland, the United Kingdom, South Korea, Italy and Germany as of 30 September 2019. Net obligations of US$48.2 million (31 March 2019: US$35.9 million) were comprised of the gross present value of obligations of US$202.0 million (31 March 2019: US$183.4 million) less the fair value of plan assets of US$(153.8) million (31 March 2019: US$(147.5) million).

Retirement benefit plans that are in a net liability position (i.e. plan obligations exceed plan assets) and in a net asset position (i.e. plan assets exceed plan obligations) as of 30 September 2019 are shown below:

	Defined benefit pension plans US$'000	Defined contribution pension plans and long service payment US$'000	Total US$'000
Retirement benefit obligations:			
Current portion	-	584	584
Non-current portion	68,747	3,024	71,771
Defined benefit pension plan assets:			
Non-current portion	(20,519)	-	(20,519)
As of 30 September 2019	**48,228**	**3,608**	**51,836**

13. PROVISIONS AND OTHER LIABILITIES

	Legal and warranty US$'000	Severance US$'000	Others US$'000	Total US$'000
First half of FY19/20				
As of 31 March 2019	35,582	975	-	36,557
Currency translations	(641)	(23)	-	(664)
Charges	4,087	-	-	4,087
Utilizations	(5,101)	(60)	-	(5,161)
As of 30 September 2019	**33,927**	**892**	**-**	**34,819**
Current portion	21,107	892	-	21,999
Non-current portion	12,820	-	-	12,820
As of 30 September 2019	**33,927**	**892**	**-**	**34,819**
First half of FY18/19				
As of 31 March 2018	40,359	4,287	761	45,407
Currency translations	(1,725)	(190)	(46)	(1,961)
Charges / (recoveries)	6,025	(942)	(621)	4,462
Utilizations	(8,089)	(771)	(94)	(8,954)
As of 30 September 2018	36,570	2,384	-	38,954
Current portion	31,150	2,384	-	33,534
Non-current portion	5,420	-	-	5,420
As of 30 September 2018	36,570	2,384	-	38,954

14. SHARE CAPITAL

	Share capital – ordinary shares (thousands)	Shares held for incentive share schemes (thousands)	Total
As of 31 March 2018	878,845	(16,544)	862,301
Shares purchased by trustee for the incentive share schemes	-	(529)	(529)
Shares vested to Directors and employees for the incentive share schemes	-	4,059	4,059
Shares issued in lieu of cash dividend	6,159	-	6,159
Scrip dividend for shares held for the incentive share schemes	-	(131)	(131)
As of 31 March 2019	885,004	(13,145)	871,859
Shares purchased by trustee for the incentive share schemes	-	(379)	(379)
Shares vested to Directors and employees for the incentive share schemes	-	4,521	4,521
Shares issued in lieu of cash dividend	14,218	-	14,218
Scrip dividend for shares held for the incentive share schemes	-	(215)	(215)
As of 30 September 2019	**899,222**	**(9,218)**	**890,004**

As of 30 September 2019, the total authorized number of ordinary shares was 1,760.0 million (31 March 2019: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2019: HK$0.05 per share). All issued shares were fully paid.

14. SHARE CAPITAL *(Cont'd)*

	Share capital – ordinary shares US$'000	Shares held for incentive share schemes US$'000	Share premium US$'000	Total US$'000
As of 31 March 2018	5,670	(55,219)	-	(49,549)
Shares purchased by trustee for the incentive share schemes	-	(1,497)	-	(1,497)
Shares vested to Directors and employees for the incentive share schemes	-	12,572	-	12,572
Shares issued in lieu of cash dividend	39	-	13,265	13,304
Scrip dividend for shares held for the incentive share schemes	-	(283)	-	(283)
As of 31 March 2019	5,709	(44,427)	13,265	(25,453)
Shares purchased by trustee for the incentive share schemes	-	(646)	-	(646)
Shares vested to Directors and employees for the incentive share schemes	-	13,985	(3,658)	10,327
Shares issued in lieu of cash dividend	91	-	24,706	24,797
Scrip dividend for shares held for the incentive share schemes	-	(374)	-	(374)
As of 30 September 2019	**5,800**	**(31,462)**	**34,313**	**8,651**

Scrip dividend

During the period, 14.2 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 FY18/19. The Group's scrip price was the average closing price in the period during 16 to 22 July 2019 discounted by 4% on the average price – the actual scrip price was HK$13.68 (US$1.75). The date of allotment of the scrip shares was 4 September 2019.

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at JEHL's AGM held on 11 July 2019 empowering the Board to repurchase shares up to 10% (88.5 million shares) of the aggregate nominal amount of the issued share capital of JEHL. This mandate which had also existed in the previous year was extended to the next 12-month period. No shares were purchased in the first half of FY19/20 for cancellation (first half of FY18/19: nil).

14. SHARE CAPITAL *(Cont'd)*

Incentive share schemes

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

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

Senior management of the Group receive annual grants of time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs). According to current granting policy, time-vested units typically vest after three years. Performance-vested units vest after three years, subject to achievement of performance conditions over a three-year performance period including a three-year cumulative earnings per share target and revenue goal for individual divisions (starting with the FY17/18 grants).

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 and one-year revenue targets for individual divisions set at the beginning of each year of the three-year performance period. The earnings per share and revenue targets are of equal weight in the grants. Partial vesting occurs if one or more of the one-year earnings per share targets and one-year revenue targets for individual divisions are met.

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

	Three-year cumulative goal for diluted earnings per share *
Fiscal years of 16/17 through 18/19	65.40 US cents
Fiscal years of 17/18 through 19/20	89.08 US cents
Fiscal years of 18/19 through 20/21	104.46 US cents
Fiscal years of 19/20 through 21/22	88.45 US cents

* Diluted earnings per share for this goal exclude the impact of unrealized net gains or losses on structured foreign currency contracts (see Note 15) and the gain on deemed disposal of previously held 30% equity interests in HSC.

14. SHARE CAPITAL *(Cont'd)*

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31 March 2018	7,024	6,560	13,584
Units granted to Directors and employees during the year	2,224	1,823	4,047
Units vested to Directors and employees during the year	(2,181)	(1,878)	(4,059)
Forfeited during the year	(389)	(420)	(809)
Unvested units granted, as of 31 March 2019	6,678	6,085	12,763
Units granted to Directors and employees during the period	4,433	2,895	7,328
Units vested to Director and employees during the period	(2,724)	(2,864)	(5,588)
Forfeited during the period	(107)	(49)	(156)
Unvested units granted, as of 30 September 2019	**8,280**	**6,067**	**14,347**

The weighted average fair value of the unvested units granted during the period was HK$14.90 (US$1.91) (first half of FY18/19: HK$24.45 (US$3.13)).

As of 30 September 2019, the number of unvested units outstanding under both the Share Scheme and the Stock Unit Plan on a combined basis was as follows:

	Number of unvested units granted (thousands)		
Vesting year *	Restricted Stock Units	Performance Stock Units	Total
FY19/20	325	50	375
FY20/21	1,478	1,442	2,920
FY21/22	1,710	1,680	3,390
FY22/23	4,407	2,895	7,302
FY23/24	360	-	360
Total unvested units granted	**8,280**	**6,067**	**14,347**

* Shares are typically vested on 1 June of the year

15. OTHER INCOME AND (EXPENSES)

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Gross rental income from investment property	**1,972**	2,216
Net gains on financial assets and liabilities at fair value through profit and loss (Note 23)	**219**	619
(Losses) on disposal of property, plant and equipment (Note 23)	**(214)**	(238)
Fair value gains, net of transaction costs and other adjustments, on divestment of an investment property (Note 23 and 25)	**41,204**	6,368
Unrealized net gains / (losses) on other financial assets and liabilities (Note 6(f))	**15,453**	(3,190)
Unrealized net (losses) from revaluation of monetary assets and liabilities	**(12,764)**	(12,760)
Unrealized net gains on structured foreign currency contracts (Note 7 and 23)	**13,514**	22,748
Subsidies and other income	**11,741**	7,567
Other income and (expenses)	**71,125**	23,330

16. SELLING AND ADMINISTRATIVE EXPENSES

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Selling expenses	**56,039**	56,968
Administrative expenses	**192,182**	197,271
Legal and warranty	**4,087**	6,025
Net (gains) on realization of other financial assets and liabilities (Note 6(f))	**(19,955)**	(8,296)
Net losses / (gains) on realization of monetary assets and liabilities	**4,343**	(1,139)
Net (gains) on realization of structured foreign currency contracts	**(229)**	(410)
Selling and administrative expenses	**236,467**	250,419

17. FINANCE INCOME / (COSTS), NET

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Interest income	**1,162**	613
Interest (expense) on borrowings	**(2,625)**	(4,527)
Interest (expense) on lease liabilities	**(1,711)**	-
Interest (expense) on bonds	**(6,455)**	-
Interest (expense) on convertible bonds (Note 20)	**(120)**	(3,885)
	(9,749)	(7,799)
Accrued interest on put option written to a non-controlling interest *	**(738)**	(656)
Interest expense capitalized **	**1,413**	-
Net finance (costs) (Note 23)	**(9,074)**	(8,455)

* 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 for major new or expanded production sites at an average interest rate of 3.0% per annum.

Borrowings are discussed in Note 11.

18. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	Six months ended 30 September 2019 US$'000	2018 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**100,455**	80,990
Less: amounts capitalized in assets under construction	**(846)**	(979)
Net depreciation (Note 23)	**99,609**	80,011
Engineering expenditure *		
Engineering expenditure	**88,805**	95,545
Capitalization of engineering development costs (Note 5)	**(4,217)**	(5,097)
Net engineering expenditure	**84,588**	90,448
Employee compensation		
Wages and salaries	**407,650**	428,359
Share-based payments	**2,468**	5,271
Social security costs	**44,058**	45,803
Pension costs – defined benefit plans	**3,820**	3,715
Pension costs – defined contribution plans	**4,556**	4,155
	462,552	487,303
Less: amounts capitalized in assets under construction	**(2,805)**	(3,426)
	459,747	483,877
Other items:		
Cost of goods sold **	**1,208,130**	1,279,232
Auditors' remuneration	**1,355**	1,400
Amortization of intangible assets (Note 5 & 23)	**20,551**	21,105
Impairment of property, plant and equipment (Note 3 & 23)	**2,764**	450
Impairment of trade receivables / bad debt expense	**276**	419

* Engineering expenditure as a percentage of sales was 5.7% in the first half of FY19/20 (first half of FY18/19: 5.7%).

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

19. TAXATION

The amount of taxation in the consolidated income statement represents:

	Six months ended 30 September	
	2019 US$'000	2018 US$'000
Current income tax		
Charges for the period	**23,394**	26,630
(Reduction) for tax of prior years *	**(4,270)**	(2,022)
	19,124	24,608
Deferred income tax	**(2,860)**	(5,540)
Total income tax expense	**16,264**	19,068
Effective tax rate	**8.9%**	11.7%

* This mainly represents recovery of research and development tax credits

Tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the period. The effective tax rate was 8.9% for the first half of FY19/20 (first half of FY18/19: 11.7%). Excluding the non-taxable fair value gain on divestment of an investment property of US$41.2 million (first half of FY18/19: fair value gain US$6.4 million), the effective tax rate would have been 11.5% compared to 12.2% for the same period in the prior year. The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% (first half of FY18/19: 16.5%) as follows:

	Six months ended 30 September 2019		Six months ended 30 September 2018	
		US$'000		US$'000
Profit before income tax		**182,501**		163,068
Tax charged at Hong Kong profits tax rate	**16.5%**	**30,113**	16.5%	26,906
Effect of different tax rates in other countries				
– Countries with taxable profit	**0.3%**	**504**	2.9%	4,659
– Countries with taxable loss	**(1.5)%**	**(2,742)**	(1.7)%	(2,778)
Effect of income, net of expenses, not subject to tax	**(6.8)%**	**(12,348)**	(6.4)%	(10,389)
(Reduction) of tax for prior years – current and deferred	**(2.8)%**	**(5,067)**	(1.2)%	(1,978)
Withholding tax	**2.1%**	**3,775**	2.3%	3,754
Other taxes and timing differences, net of (tax loss recognition) and other (tax benefits)	**1.1%**	**2,029**	(0.7)%	(1,106)
	8.9%	**16,264**	11.7%	19,068

20. EARNINGS PER SHARE

Basic earnings per share

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

	Six months ended 30 September	
	2019	2018
Profit attributable to shareholders (thousands US Dollar)	**162,045**	140,215
Weighted average number of ordinary shares in issue (thousands)	**876,819**	864,717
Basic earnings per share (US cents per share)	**18.48**	16.22
Basic earnings per share (HK cents per share)	**144.80**	127.24

Diluted earnings per share

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

	Six months ended 30 September	
	2019	2018
Profit attributable to shareholders (thousands US Dollar)	**162,045**	140,215
Adjustments for convertible bonds		
– Interest (thousands US Dollar) (Note 17)	**120**	3,885
– Deferred income tax effect (thousands US Dollar)	-	(455)
Adjusted profit attributable to shareholders (thousands US Dollar)	**162,165**	143,645
Weighted average number of ordinary shares issued and outstanding (thousands)	**876,819**	864,717
Adjustments for incentive shares granted		
– Incentive share schemes – Restricted Stock Units	**1,049**	2,762
– Incentive share schemes – Performance Stock Units	**411**	3,259
Adjustments for convertible bonds		
– Assumed conversion of convertible bonds	**1,340**	40,626
Weighted average number of ordinary shares (diluted) (thousands)	**879,619**	911,364
Diluted earnings per share (US cents per share)	**18.44**	15.76
Diluted earnings per share (HK cents per share)	**144.45**	123.68

21. INTERIM DIVIDEND

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Interim, of 17 HK cents (2.18 US cents) per share, to be paid in January 2020 (first half of FY18/19: 17 HK cents or 2.18 US cents)	**19,297** *	18,832

* Interim dividend, with a scrip dividend option offered to shareholders, is calculated based on the total number of shares as of 30 September 2019. The interim dividend will be payable on 3 January 2020 to shareholders registered on 27 November 2019.

22. COMMITMENTS

	30 September	31 March
	2019	2019
	US$'000	US$'000
Capital commitments, contracted but not provided for:		
Property, plant and equipment	**96,531**	128,535

23. CASH GENERATED FROM OPERATIONS

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Profit before income tax	**182,501**	163,068
Add: Depreciation of property, plant and equipment (Note 18)	**99,609**	80,011
Amortization of intangible assets (Note 5 & 18)	**20,551**	21,105
Net finance costs (Note 17)	**9,074**	8,455
Associate dividend receipts less share of profits	**(37)**	514
EBITDA*	**311,698**	273,153
Other non-cash items		
Losses on disposal of property, plant and equipment (Note 15)	**214**	238
Impairment of property, plant and equipment (Note 3 & 18)	**2,764**	450
Net (gains) on financial assets and liabilities at fair value through profit and loss (Note 15)	**(219)**	(619)
Share-based payments	**417**	5,271
Fair value (gains), net of transaction costs and other adjustments, on divestment of an investment property (Note 15)	**(41,204)**	(6,368)
Unrealized net (gains) on structured foreign currency contracts (Note 15)	**(13,514)**	(22,748)
Others	**-**	97
	(51,542)	(23,679)
EBITDA* net of other non-cash items	**260,156**	249,474
Change in working capital		
(Increase) in inventories	**(22,335)**	(45,542)
Decrease in trade and other receivables	**16,206**	9,354
Decrease / (increase) in other non-current assets	**778**	(1,209)
Increase in trade payables, other payables and deferred income	**34,952**	16,532
Increase in retirement benefit obligations **	**1,294**	1,618
(Decrease) in provision and other liabilities	**(1,074)**	(4,492)
Change in other financial assets and liabilities	**(15,134)**	(1,242)
	14,687	(24,981)
Cash generated from operations	**274,843**	224,493

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

** Net of defined benefit pension plan assets

In the first half of FY19/20, short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities was US$2.6 million of which US$0.7 million was recognized in “cost of goods sold” and US$1.9 million was recognized in “selling and administrative expenses”.

24. RELATED PARTY TRANSACTION

24.1 Directors' remuneration

The remuneration of Directors for the first half of FY19/20 was as follows:

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Fees	**221**	221
Salary *	**1,036**	973
Share-based payment	**2,023**	2,278
Discretionary bonus	**58**	772
Employer's contribution to retirement benefit scheme	**124**	117
	3,462	4,361

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

24.2 Senior management compensation

Other than the Directors' remuneration disclosed above, emoluments paid to 9 members (first half of FY18/19: 8) of senior management were as follows:

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Salaries, allowances and other benefits	**3,000**	2,643
Retirement scheme contributions	**296**	261
Share-based payment	**3,555**	3,412
Bonuses	**562**	1,863
	7,413	8,179

Except as disclosed above, the Group had no material related party transaction during the period.

25. POST BALANCE SHEET EVENT

On 29 July 2019, two wholly-owned subsidiaries of the Group entered into a provisional agreement with Fortune Creation Developments Limited for the divestment of the entire share capital of Harbour Sky (BVI) Ltd. (the "Target Company"), at a consideration of US$120.9 million (HK$948 million), subject to adjustment.

The Target Company is an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in property investment by holding a property located at 14-16 Lee Chung Street, Hong Kong. The carrying amount of the property was US$120.9 million as of 30 September 2019.

The divestment was completed on 23 October 2019. As a result of the divestment, the Group reported a net gain of US$41.2 million. This represented the fair value gain of the property of US$43.2 million by referring to the consideration receivable, less all transaction costs (including legal costs, agency commission and others) and other adjustments in relation to the divestment of US$2.0 million.

26. FINANCIAL RISK MANAGEMENT

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

These condensed consolidated interim financial statements do not include all financial risks management information and disclosures required in the annual financial statement, and should be read in conjunction with the Group's annual financial statement as of 31 March 2019.

There has been no change in the Group's risk management policies since 31 March 2019.

27. FAIR VALUE ESTIMATION

The fair value of the Group's assets and liabilities is classified into a 3-level hierarchy based on measurement complying with HKFRS 7 and HKFRS 13 requirements and disclosed as follows:

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

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

Level 3 : The Group's level 3 investment property is not traded actively in the market and their fair values are obtained by appraisals performed by independent professional qualified valuers. The Group's level 3 financial assets and liabilities at fair value through profit and loss are mainly structured foreign currency contracts with option features and investments in unlisted preference shares. The fair value of the structured foreign currency contracts are based on the valuations issued by the investment banks, which have inputs that were not observable market data. For investments in unlisted companies, the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, comparable transaction price and reference to other substantially similar instruments.

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

The following table presents the Group's assets and liabilities that are measured at fair value as of 30 September 2019 and 31 March 2019.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As of 30 September 2019				
Assets				
Investment property				
– Industrial property	-	-	26,115	26,115
– Residential property and car parks	-	91	7,134	7,225
Other financial assets				
– Derivatives used for hedging	-	228,536	-	228,536
– Derivatives held for trading	-	1,016	-	1,016
Financial assets at fair value through profit and loss				
– Call option related to the acquisition of Halla Stackpole	-	-	2,270	2,270
– Unlisted preference shares	-	-	8,000	8,000
– Structured foreign currency contracts	-	-	32,515	32,515
– Other investment	-	-	1,080	1,080
Total assets	-	229,643	77,114	306,757
Liabilities				
Other financial liabilities				
– Derivatives used for hedging	-	106,061	-	106,061
– Derivatives held for trading	-	175	182	357
Total liabilities	-	106,236	182	106,418
As of 31 March 2019				
Assets				
Investment property				
– Commercial building	-	-	77,708	77,708
– Industrial property	-	-	26,498	26,498
– Residential property and car parks	-	91	7,134	7,225
Other financial assets				
– Derivatives used for hedging	-	221,149	-	221,149
– Derivatives held for trading	-	1,242	-	1,242
Financial assets at fair value through profit and loss				
– Call option related to the acquisition of Halla Stackpole	-	-	2,410	2,410
– Unlisted preference shares	-	-	8,000	8,000
– Structured foreign currency contracts	-	-	19,315	19,315
– Other investment	-	-	360	360
Total assets	-	222,482	141,425	363,907
Liabilities				
Other financial liabilities				
– Derivatives used for hedging	-	47,554	-	47,554
– Derivatives held for trading	-	89	-	89
Financial liabilities at fair value through profit and loss				
– Structured foreign currency contracts	-	-	318	318
Total liabilities	-	47,643	318	47,961

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

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

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

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

(i) Investment property

Level 2

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

Level 3

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

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

		As of 30 September 2019		As of 31 March 2019	
Property	Valuation method	Market rate / rent per month	Market yield	Market rate / rent per month	Market yield
Commercial	Market comparison	N/A		HK$6,389/sq.ft	
Industrial	Income capitalization	RMB3.9 to HK$7.0/sq.ft	9.2% to 10.5%	RMB3.9 to HK$7.0/sq.ft	9.2% to 10.5%
Residential	Market comparison	HK$24,476/sq.ft		HK$24,476/sq.ft	

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

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

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

(ii) Other financial assets and liabilities

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

(iii) Financial assets and liabilities at fair value through profit and loss

The majority of the Group's financial assets and liabilities at fair value through profit and loss are structured foreign currency contracts with options features and unlisted preference shares which are classified as level 3. For structured foreign currency contracts, the Group relies on bank valuations to determine the fair value of the instruments. Key observable inputs in the valuation are spot rates, strike rates, volatility, time to expiration and risk free rate. For investment in unlisted companies, the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, comparable transaction price and reference to other substantially similar instruments.

The following table presents the changes in level 3 assets and (liabilities) for the first half of FY19/20 and the first half of FY18/19:

	Investment property											
	Commercial building		Industrial property		Residential property		Other financial assets and (liabilities)		Financial assets and (liabilities) at fair value through profit and loss		Total	
	Sep 19 US$'000	Sep 18 US$'000	**Sep 19 US$'000**	Sep 18 US$'000	**Sep 19 US$'000**	Sep 18 US$'000	**Sep 19 US$'000**	Sep 18 US$'000	**Sep 19 US$'000**	Sep 18 US$'000	**Sep 19 US$'000**	Sep 18 US$'000
At of 31 March	**77,708**	64,998	**26,498**	27,101	**7,134**	7,009	**-**	6	**29,767**	(29,434)	**141,107**	69,680
Currency translations	**-**	-	**(383)**	(693)	**-**	-	**-**	-	**(135)**	(179)	**(518)**	(872)
Capitalized expenditure	**12**	280	**-**	-	**-**	-	**-**	-	**-**	-	**12**	280
Addition	**-**	-	**-**	-	**-**	-	**-**	-	**720**	8,000	**720**	8,000
Disposal	**-**	-	**-**	-	**-**	-	**-**	(2)	**221**	(410)	**221**	(412)
Transferred to non-current assets held for sale	**(120,908)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(120,908)**	-
Fair value gains / (losses)	**43,188**	6,368	**-**	-	**-**	-	**(182)**	14	**13,292**	23,187	**56,298**	29,569
As of 30 September	**-**	71,646	**26,115**	26,408	**7,134**	7,009	**(182)**	18	**43,865**	1,164	**76,932**	106,245
Change in unrealized gains / (losses) for the period included in income statement for assets held at balance sheet date	**-**	6,368	**-**	-	**-**	-	**(182)**	12	**13,513**	22,777	**13,331**	29,157
Total gains / (losses) for the period included in income statement	**43,188**	6,368	**-**	-	**-**	-	**(182)**	14	**13,292**	23,187	**56,298**	29,569

28. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Financial assets and (liabilities) at amortized cost US$'000	Financial assets and (liabilities) at fair value US$'000	Total US$'000
As of 30 September 2019			
Assets as per balance sheet			
Other non-current assets	4,169	-	4,169
Other financial assets	-	229,552	229,552
Financial assets at fair value through profit and loss	-	43,865	43,865
Trade and other receivables excluding prepayments	631,268	-	631,268
Cash and cash equivalents	232,126	-	232,126
Total financial assets	867,563	273,417	1,140,980
Liabilities as per balance sheet			
Other financial liabilities	-	(106,418)	(106,418)
Trade payables	(369,120)	-	(369,120)
Other payables	(161,657)	-	(161,657)
Borrowings	(507,719)	-	(507,719)
Lease liabilities	(63,695)	-	(63,695)
Put option written to a non-controlling interest	(70,542)	-	(70,542)
Total financial liabilities	(1,172,733)	(106,418)	(1,279,151)
As of 31 March 2019			
Assets as per balance sheet			
Other non-current assets	4,216	-	4,216
Other financial assets	-	222,391	222,391
Financial assets at fair value through profit and loss	-	30,085	30,085
Trade and other receivables excluding prepayments	643,984	-	643,984
Cash and cash equivalents	339,986	-	339,986
Total financial assets	988,186	252,476	1,240,662
Liabilities as per balance sheet			
Other financial liabilities	-	(47,643)	(47,643)
Financial liabilities at fair value through profit and loss	-	(318)	(318)
Trade payables	(351,716)	-	(351,716)
Other payables	(169,496)	-	(169,496)
Borrowings	(685,681)	-	(685,681)
Put option written to a non-controlling interest	(74,245)	-	(74,245)
Total financial liabilities	(1,281,138)	(47,961)	(1,329,099)

29. EFFECT OF ADOPTING NEW, REVISED AND AMENDED HKFRS

Standards, interpretations and amendments to published standards effective since 1 April 2019 which are relevant to the Group

In the first half of FY19/20, the Group adopted the following new, revised and amended standards of HKFRS below, which are relevant to its operations and have an impact on the consolidated financial statements:

Annual Improvements Cycle 2015-2017	Improvements to HKFRSs
HKAS 19 (amendment)	Plan amendment, curtailment or settlement
HKAS 28 (amendment)	Long-term interests in associates and joint ventures
HKFRS 9 (amendment)	Prepayment features with negative compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over income tax treatments

The adoption of such new, revised and amended standards did not have material impact on the consolidated financial statements except as described below:

HKFRS 16, "Leases"

The Group has adopted HKFRS 16 "Leases" retrospectively from 1 April 2019, but has not restated comparatives for FY18/19, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 April 2019.

On adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.3%.

29. EFFECT OF ADOPTING NEW, REVISED AND AMENDED HKFRS *(Cont'd)*

HKFRS 16, "Leases" *(Cont'd)*

The reconciliation from operating lease commitments disclosed as of 31 March 2019 to the lease liabilities recognized as of 1 April 2019 was as follows:

	FY19/20 US$'000
Operating lease commitments disclosed as of 31 March 2019	88,538
Discounted using the Group's incremental borrowing rate of 5.3%	(11,481)
(Less): short-term and low-value leases recognized on a straight-line basis as expense	(2,574)
Prepayments	(2,002)
Lease liabilities recognized as of 1 April 2019	72,481
Current portion	18,095
Non-current portion	54,386
Lease liabilities recognized as of 1 April 2019	72,481

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as of 31 March 2019. Right-of-use assets increased by US$96.8 million on 1 April 2019 and lease liabilities by US$72.5 million while intangible assets decreased by US$22.4 million.

As a result of adopting the new rules, EBIT increased by US$0.7 million, finance costs increased by US$1.7 million and net profit before tax decreased by US$1.0 million in the first half of FY19/20.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as of 1 April 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

29. EFFECT OF ADOPTING NEW, REVISED AND AMENDED HKFRS *(Cont'd)*

Accounting policies

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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and 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, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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.

Right-of-use assets are 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.

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. Leases of low-value assets are leases with total lease payments lower than US$5,000.

CORPORATE AND SHAREHOLDER INFORMATION

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Winnie Wing-Yee MAK WANG
Vice-Chairman

Austin Jesse WANG

Non-Executive Directors

Yik-Chun WANG KOO
Honorary Chairman

Peter Kin-Chung WANG

Peter Stuart Allenby EDWARDS *

Patrick Blackwell PAUL *CBE, FCA* *

Michael John ENRIGHT*

Joseph Chi-Kwong YAM
GBM, GBS, CBE, JP *

Christopher Dale PRATT *CBE* *

Catherine Annick Caroline BRADLEY
CBE *

* *Independent Non-Executive Director*

Company Secretary

Lai-Chu CHENG

Auditor

PricewaterhouseCoopers

Registrars and Transfer Offices

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

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

Registered Office

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

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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

Rating agencies

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

LISTING INFORMATION

Share Listing

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

Stock Code

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

SHAREHOLDERS' CALENDAR

Register of Shareholders

Closure of Register (both dates inclusive)

25 – 27 November 2019 (Mon – Wed)

Dividend (per Share)

Interim Dividend	: 17 HK cents
Scrip dividend scheme circular available	: on or about 3 December 2019 (Tue)
Dividend Warrants and Share Certificates for interim dividend	: 3 January 2020 (Fri)

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Group (www.johnsonelectric.com) and HKExnews (www.hkexnews.hk). The Company's Interim Report 2019 will be despatched to the shareholders and available on the same websites on or about 21 November 2019.

BOARD OF DIRECTORS

As of the date of this announcement, the Board comprises Patrick Shui-Chung WANG, Winnie Wing-Yee MAK WANG, Austin Jesse WANG, being the Executive Directors, and Yik-Chun WANG KOO, 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, 6 November 2019

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, the China Exchanges Services (CES) Belt and Road Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: www.johnsonelectric.com.