Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Highlights

- Group sales US$1,937 million – up 9% compared to first half of the prior financial year. Excluding the effects of foreign currency movements and acquisitions, sales increased by 10%
- Gross profit US$430 million or 22.2% of sales (compared to US$355 million or 20.0% of sales in the first half of the prior financial year)
- Adjusted EBITA US$180 million or 9.3% of sales (compared to US$111 million or 6.3% of sales in the first half of the prior financial year)
- Net profit attributable to shareholders up 115% to US$120 million or 12.99 US cents per share on a fully diluted basis
- Underlying net profit, excluding the net impact of unrealized gains or losses relating to exchange rate movements and restructuring costs, up 66% to US$130 million
- Free cash flow from operations US$208 million (compared to US$80 million in the first half of the prior financial year)
- Total debt to capital ratio of 13% and cash reserves of US$440 million as of 30 September 2023
- Interim dividend unchanged at 17 HK cents per share (2.18 US cents per share) with a scrip dividend alternative

Letter to Shareholders

Johnson Electric achieved commendable financial results in the six-month period ended 30 September 2023.

The strong top-line performance was driven by demand for automotive components that partly reflected pent-up demand for new car models following a lengthy period of global supply chain constraints, and partly an ongoing increase in the Group's product content per vehicle as OEM customers accelerate their adoption of technology solutions that are enabling the industry's shift to electrification, reduced emissions, and improved safety and comfort. Robust growth in auto component sales was somewhat offset by lower sales to consumer and industrial product applications due to post-pandemic demand adjustments and the negative effects of inflation and rising interest rates on consumer sentiment. Higher overall sales volumes drove improved operating efficiencies that, combined with the low base effect of the prior year period and other one-off factors, resulted in significantly higher profitability and free cash flow generation.

Total Group sales for the first half of FY23/24 totalled US$1,937 million, an increase of 9% over the first half of the prior financial year. Excluding the effects of foreign currency movements and acquisitions, sales increased by 10%. Net profit attributable to shareholders increased by 115% to US$120 million or 12.99 US cents per share on a fully diluted basis. Underlying net profit, after adjusting for the effects of non-cash foreign exchange rate movements and restructuring costs, increased by 66% to US$130 million.

Automotive Products Group

The Automotive Products Group ("APG"), which accounted for 84% of total Group sales in the period under review, reported a 17% increase in sales on a constant currency basis. This compares to global auto industry production volume growth over the same period of approximately 10%.

APG performed strongly in each of the three major geographic regions, with sales on a constant currency basis up by 12% in Asia, 25% in Europe, and 16% in the Americas. While many applications for APG's products are agnostic to vehicle propulsion type, a significant part of the division's growing dollar content per vehicle stems from sales of new motion-related products that are key technology and performance enablers of electrification. Among the most important of these are electric water pumps, coolant valve subsystems, and integrated thermal management subsystems.

The structural transformation of the automotive sector away from internal combustion engine propulsion to electric vehicles is reaching a tipping point. Sales of battery electric and plug-in hybrid passenger cars are on track to exceed 14 million in 2023 – representing roughly one in every six new cars sold worldwide (compared to 1 in 40 new cars sold in 2019). By far the most important market driving this growth is China, where electric vehicles currently amount to close to 40% of all new vehicle sales. In Europe and the USA, the equivalent figures are around 20% and 8%, respectively. Although the mix of regulatory, economic, technology, infrastructure, and customer preference factors that impact the uptake of electric vehicles will continue to vary by country, it has become increasingly clear that all major automotive OEM customers are focusing their growth and investment strategies on electrifying their range of new models. For component and subsystems suppliers, the imperative is to develop solutions that support vehicle electrification at a competitive cost and on a global scale. In each of these respects, APG is making encouraging progress.

Industry Products Group

The Industry Products Group ("IPG"), which accounted for 16% of total Group sales, reported a 17% decrease in sales on a constant currency basis and excluding acquisitions.

IPG is experiencing a tougher year primarily due to two main macro-economic factors. Firstly, end-market sales of many "home centric" consumer products that boomed during the pandemic (home printers and coffee machines being two prime examples) are currently experiencing weaker demand as economies have reopened and consumers have rebalanced their expenditures towards services, entertainment and travel. Consequently, a number of IPG's OEM and contract manufacturing customers – many of whom had also built-up large inventories to cope with the pandemic-induced disruptions to supply chains – have reduced or delayed orders of micromotors and motion-related components. Secondly, sharply higher inflation and rising interest rates are inevitably having a negative impact on consumer sentiment, spending on discretionary goods, and activity in the housing sector, which together underpin demand in several end-market segments served by IPG.

On the positive side, IPG has continued to grow sales in segments less sensitive to consumer sentiment, including medical device subsystems, semiconductor manufacturing equipment, and microscopy. In the medium to longer term, IPG is also exceptionally well positioned to benefit from the proliferation of motion and electrification-enabling technologies in an increasing range of applications spanning electric bikes, lawn and garden equipment, ventilation and heating, smart home products, and other industrial applications.

Gross Margins and Operating Profitability

Gross profit increased by 21% to US$430 million – which as a percentage of sales represented an increase to 22.2% from 20.0%. The improvement in gross margins was largely the result of improved operating efficiencies on higher sales volumes, pricing adjustments to recover inflationary effects that had significantly hampered performance in the prior year period, reductions in direct labour intensity and lower inbound freight costs. These positive factors more than offset increases in utilities and subcontracting costs, as well as losses on hedging contracts.

Reported earnings before interest, tax and amortization ("EBITA") was US$168 million (compared to US$86 million in the first half of the prior financial year). Adjusted to exclude non-cash foreign exchange rate movements and restructuring charges, EBITA was US$180 million or 9.3% of sales (compared to 6.3% in the first half of the prior financial year). In addition to the improvement in gross profit, the primary factor driving the improvement EBITA margins was reduced outbound freight costs, which outweighed an increase in specific claim provisions and warranty expenses.

Net Profit and Financial Condition

Net profit attributable to shareholders was US$120 million or 12.99 US cents per share on a fully diluted basis. Underlying net profit, adjusted to exclude the non-cash impact of foreign exchange rate movements and restructuring charges, was US$130 million compared to US$78 million in the first half of the prior financial year.

Cash generation improved sharply with free cash flow from operations amounting to US$208 million – due to the combination of higher profit and lower working capital and capital expenditure. Johnson Electric’s overall financial condition remains sound with a total debt to capital ratio of 13% and cash balances of US$440 million as of 30 September 2023.

Interim Dividend

The Board has today declared an interim dividend of 17 HK cents per share, equivalent to 2.18 US cents per share (FY22/23 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 17 January 2024 to shareholders registered on 5 December 2023.

Outlook

The Group has entered the second half of the financial year in much improved financial condition.

Solid sales growth in the first six months, particularly in the auto components division, has underpinned a return to more acceptable levels of profitability and cash flow generation. There has also been progress in enhancing manufacturing efficiencies and rationalising product lines – though there remains work to be done on improving cost recovery in parts of the business where the impact of the recent surge in inflation has been especially challenging. In terms of the global operating footprint, the Group is well advanced in the development of large-scale, low-cost production hubs in the three major geographies of Asia, Europe and the Americas. Combined with the increasing application of advanced digital tools and processes, these initiatives are key elements in strengthening Johnson Electric’s competitiveness and market leadership in motion products and subsystems.

Notwithstanding the highly encouraging set of results for the first half, there are nonetheless reasons to be cautious. In the automotive sector, the rate of sales growth has begun to slow as post-pandemic supply constraints subside and are gradually replaced by concerns over higher interest rates, tighter credit, and the price of new vehicle models. Meanwhile, IPG’s consumer and industrial segments continue to remain weak as several major economies struggle to avoid recession. Based on current trading conditions, it is expected that the Group will remain on track to achieve sales growth for the full year within the range of 5% to 7% that was budgeted for at the outset of the financial year.

Beyond specific industry demand trends, the geopolitical environment remains unpredictable. In the face of such uncertainty, we remain focused on adapting our business model to seek to capture the substantial growth opportunities inherent in our target markets and, at the same time, ensure that we are building sufficient resiliency to withstand the risks of potential short-term demand shocks or supply disruptions.

On behalf of the Board, I would like to thank all of our stakeholders for their continued support.

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

Hong Kong, 8 November 2023

Management's Discussion and Analysis

Financial Performance

US$ million	First half of FY23/24	First half of FY22/23
Sales	1,937.1	1,769.9
Gross profit	429.6	354.5
Gross margin	*22.2%*	*20.0%*
EBITA [1]	167.8	85.6
EBITA adjusted [2]	180.0	111.2
EBITA adjusted margin	*9.3%*	*6.3%*
Profit attributable to shareholders	120.1	55.9
Net profit adjusted [2]	129.8	78.4
Diluted earnings per share (US cents)	12.99	6.21
Free cash flow from operations	208.0	80.2

US$ million	30 Sep 2023	31 Mar 2023
Cash	440.2	408.7
Total debt [3]	368.3	474.0
Net cash / (debt) [4]	71.9	(65.3)
Total equity	2,493.6	2,495.4
Market capitalization [5]	1,146.1	1,052.9
Enterprise value [6]	1,120.3	1,166.7

Key Financial Ratios	30 Sep 2023	31 Mar 2023
Total debt to capital [7]	13%	16%
Gross debt [8] to EBITDA adjusted [9]	0.9	1.3
Enterprise value to EBITDA adjusted	2.1	2.5
Interest cover [10]	13.8	9.8

1 Earnings before interest, tax and amortization
2 Adjusted to exclude unrealized gains or losses relating to exchange rate movements as well as restructuring and other related costs (for further information see page 12)
3 Bank, bonds and other miscellaneous borrowings
4 Cash less total debt
5 Outstanding number of shares multiplied by the closing price (HK$9.64 per share as of 30 September 2023 and HK$8.90 per share as of 31 March 2023) converted to USD at the closing exchange rate
6 Market capitalization plus non-controlling interests plus total debt less cash
7 Total equity plus total debt
8 Including pension liabilities and lease liabilities
9 Earnings before interest, tax, depreciation and amortization, adjusted [2], annualized using the last 12 months results, giving adjusted EBITDA of US$532.9 million (31 March 2023: US$461.5 million)
10 EBITA adjusted divided by gross interest expense, annualized using the last 12 months results. Gross interest expense was adjusted to include capitalized interest

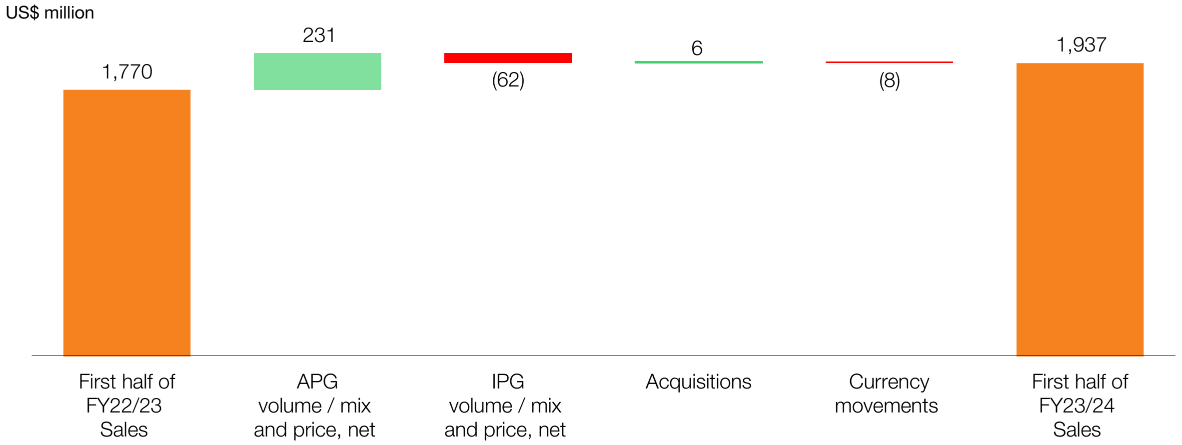
Business Review

Sales

Sales increased by US$167.2 million or 9% to US$1,937.1 million in the first half of FY23/24 (first half of FY22/23: US$1,769.9 million). Excluding currency movements and the effect of acquisitions, sales growth would have been in the order of US$169.3 million or 10% compared to the same period in the prior year, as shown below:

US$ million	First half of FY23/24		First half of FY22/23		Change	
Automotive Products Group ("APG") sales						
Excluding currency movements	1,628.2		1,397.2		231.0	17%
Currency movements	(9.9)		n/a		(9.9)	
APG sales, as reported	1,618.3	84%	1,397.2	79%	221.1	16%
Industry Products Group ("IPG") sales						
Excluding currency movements	311.0		372.7		(61.7)	(17%)
Acquisitions	6.3		n/a		6.3	
Subtotal	317.3		372.7		(55.4)	(15%)
Currency movements	1.5		n/a		1.5	
IPG sales, as reported	318.8	16%	372.7	21%	(53.9)	(14%)
Group sales						
Excluding currency movements	1,939.2		1,769.9		169.3	10%
Acquisitions	6.3		n/a		6.3	
Subtotal	1,945.5		1,769.9		175.6	10%
Currency movements	(8.4)		n/a		(8.4)	
Group sales, as reported	**1,937.1**	100%	**1,769.9**	100%	**167.2**	**9%**

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



Volume / mix and price increased sales by US$169.3 million in the first half of FY23/24, compared to the first half of FY22/23. APG's growth contributed US$231.0 million to sales, while IPG experienced a decrease of US$61.7 million.

The underlying changes in APG and IPG's sales are discussed on pages 9 to 10

Acquisitions: As the Group acquired a majority interest in Pendix GmbH, in October 2022, the effect on sales for the year-on-year comparison (April to September 2023) was US$6.3 million.

Currency movements decreased sales by US$8.4 million. This was largely due to the impact of weaker average exchange rates for the Renminbi and the Canadian Dollar, partly offset by stronger average exchange rates for the Euro, comparing the first half of FY23/24 to the first half of FY22/23. The Group's sales are largely denominated in the US Dollar, the Euro, the Renminbi and the Canadian Dollar.

For further information on the Group's foreign exchange risk, see pages 20 to 22 in the Financial Management and Treasury Policy section. Also, see Note 1.3 to the consolidated financial statements ("the accounts") for the main foreign currency translation rates

Automotive Products Group

APG's sales, excluding currency movements increased by 17%, compared to the first half of FY22/23. In the same period, global light vehicle production volumes grew by 10%. This outperformance reflects APG's focus on creating and delivering technology solutions to capture the opportunities that are arising from the automotive industry's rapid shift to battery-electric and hybrid vehicles, and demand for vehicle weight reduction and improved passenger safety and comfort.

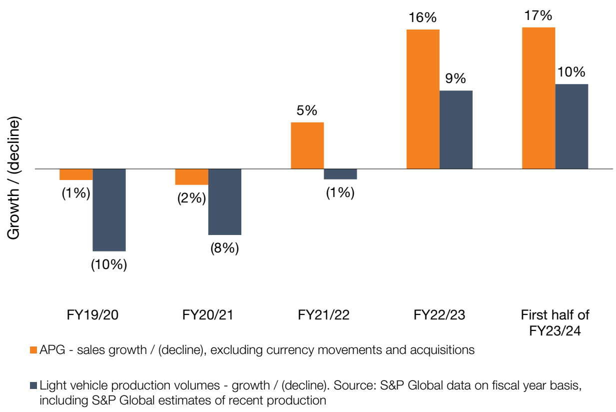
By region, excluding currency movements:

- In **Asia-Pacific**, sales increased by 12% compared to a 9% increase in light vehicle production in the region. Sales increased in thermal management, closure, braking and powder metal components due to new business, growth in the China market and increased demand for electrified safety applications
- In **Europe, Middle East and Africa ("EMEA")**, sales increased by 25% compared to an 11% increase in light vehicle production in the region. Sales increased in thermal management, steering, engine and fuel management, oil pumps and washer pumps driven by market growth and increased production of recently won customer programs
- In the **Americas**, sales increased by 16% while light vehicle production in the region increased by 11%. Sales increased in powder metal components, thermal management, oil pumps, braking and seat due to market growth, the success of certain customer programs, increased demand for electrified safety and comfort features

APG accounted for 84% of the Group's total sales in the first half of FY23/24 (first half of FY22/23: 79%). Within this:

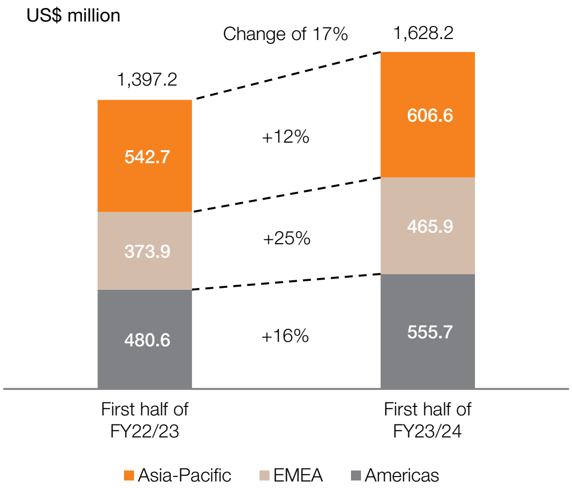
- Stackpole is primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components and accounted for 23% of the Group's business (first half of FY22/23: 22%)

Changes in APG sales vs. global light vehicle production



APG sales by region

(excluding currency movements)



Growth / (decline) in APG sales

(excluding currency movements and acquisitions)

Six month period ended	Asia-Pacific	EMEA	Americas	Total
30 September 2023	12%	25%	16%	17%
31 March 2023	11%	29%	16%	17%
30 September 2022	17%	8%	23%	16%
31 March 2022	0%	(15%)	(3%)	(5%)
30 September 2021	8%	34%	29%	21%

- The cooling fan business, including the "Gate" brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 17% of the Group's business (first half of FY22/23: 17%)

Industry Products Group

IPG's sales, excluding currency movements and the effects of a prior-year acquisition, decreased by 17% compared to the first half of FY22/23.

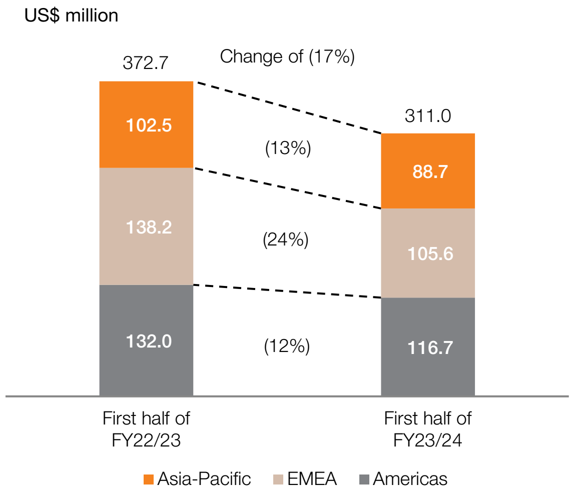
Sales decreased in all regions as inflation, economic uncertainty and rising interest rates led to a slowdown in global trade, affecting many countries and a broad spectrum of goods. This adversely impacted sales of IPG's products across a wide range of applications, exacerbated by the slow depletion of high levels of inventory in manufacturing and retail channels, which delayed customer replenishment orders.

Despite this, certain segments experienced growth. Sales of piezo-electric motors benefited from strong demand for the high-precision production equipment used in semiconductor foundries. Sales of flexible printed products increased as IPG won business on new customer programs. The medical segment grew, driven by the long-term needs to reduce the labour intensity of hospital procedures.

Acquisition of a majority stake in Pendix GmbH: On 13 October 2022, the Group acquired an 80% stake in Pendix GmbH. Pendix contributed US$6.3 million to IPG's sales in the first half of FY23/24.

IPG sales by region

(excluding currency movements and acquisitions)



Growth / (decline) in IPG sales

(excluding currency movements and acquisitions)

Six month period ended	Asia-Pacific	EMEA	Americas	Total
30 September 2023	(13%)	(24%)	(12%)	(17%)
31 March 2023	(21%)	(8%)	4%	(8%)
30 September 2022	(31%)	6%	15%	(5%)
31 March 2022	(21%)	30%	18%	6%
30 September 2021	13%	23%	23%	19%

Profitability

Profit attributable to shareholders was US$120.1 million in the first half of FY23/24, an increase of US$64.2 million from US$55.9 million in the first half of FY22/23.

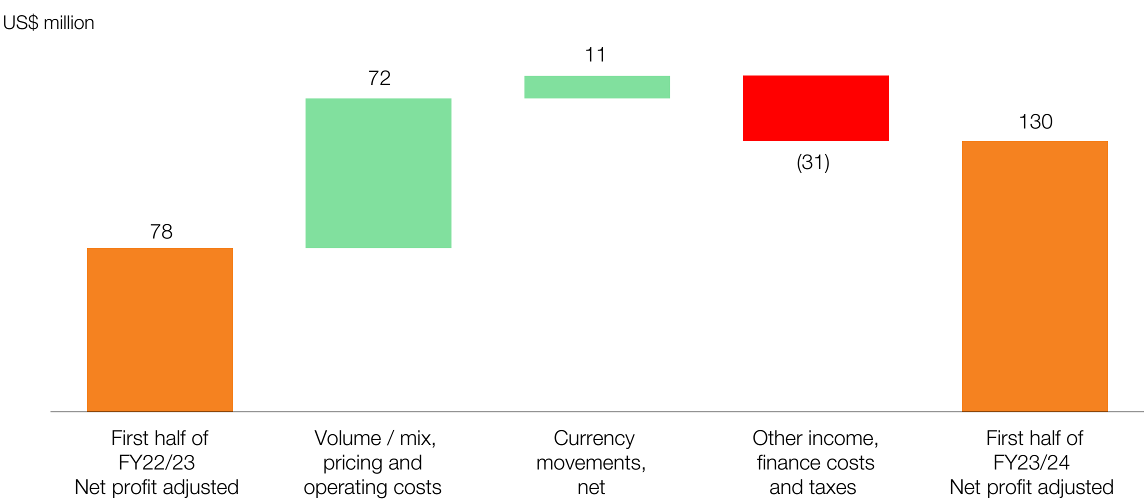
US$ million	First half of FY23/24	First half of FY22/23	Increase / (decrease) in profit
Sales	1,937.1	1,769.9	167.2
Gross profit	429.6	354.5	75.1
Gross margin %	*22.2%*	*20.0%*	
Other expenses, net	(7.6)	(7.4)	(0.2)
As a % of sales	*0.4%*	*0.4%*	
Intangible assets amortization expense	(17.3)	(17.3)	-
As a % of sales	*0.9%*	*1.0%*	
Other selling and administrative expenses ("S&A")	(253.2)	(260.1)	6.9
As a % of sales	*13.1%*	*14.7%*	
Restructuring and other related costs	-	(0.7)	0.7
Operating profit	151.5	69.0	82.5
Operating profit margin %	*7.8%*	*3.9%*	
Share of losses of associate and joint venture	(0.9)	(0.6)	(0.3)
Net finance costs	(7.0)	(7.3)	0.3
Profit before income tax	143.6	61.1	82.5
Income tax expense	(21.8)	(2.6)	(19.2)
Effective tax rate	*15.2%*	*4.3%*	
Profit for the period	121.8	58.5	63.3
Non-controlling interests	(1.7)	(2.6)	0.9
Profit attributable to shareholders	120.1	55.9	64.2
Basic earnings per share (US cents)	13.03	6.22	6.81
Diluted earnings per share (US cents)	12.99	6.21	6.78

The adjusted net profit increased by US$51.4 million or 66% to US$129.8 million, as shown in the table below:

US$ million	First half of FY22/23 Before tax	Tax effect	Net of tax effect	First half of FY23/24 Before tax	Tax effect	Net of tax effect
Net profit, as reported			55.9			120.1
Unrealized net gains on other financial assets and liabilities	(23.8)	(0.5)	(24.3)	(3.2)	-	(3.2)
Unrealized net losses from revaluation of monetary assets and liabilities	63.7	(3.7)	60.0	12.3	(1.7)	10.6
Unrealized net (gains) / losses on structured foreign currency contracts	(15.0)	1.3	(13.7)	3.1	(0.8)	2.3
Restructuring and other related costs	0.7	(0.2)	0.5	-	-	-
Net losses / (gains) of significant non-cash items, restructuring and other related costs	25.6	(3.1)	22.5	12.2	(2.5)	9.7
Net profit adjusted [1]			78.4			129.8
As a % of sales			*4.4%*			*6.7%*

1 Adjusted to exclude unrealized gains or losses relating to exchange rate movements as well as restructuring and other related costs. Unrealized gains or losses relating to exchange rate movements are significant non-cash items. Restructuring and other related costs are not part of the routine operations of the Group. This adjusted measure of net profit excluding non-cash foreign exchange rate movements and restructuring costs provides additional insight into the underlying performance of the business

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



Volume / mix, pricing and operating costs: Revenue benefited from improvements in volume / mix and partial cost inflation recovery through price adjustments, somewhat offset by contractual price reductions. Inflation in wages and utilities, as well as other cost increases were offset by reduced ocean freight charges and cost saving actions. The combined effect of these changes increased net profit by US$71.8 million.

Currency movements, net: The Group's global operations expose it to foreign exchange volatility, partially mitigated by hedging key currencies such as the Euro and the Renminbi. Excluding unrealized gains and losses, currency movements helped net profit by US$10.8 million compared to the first half of the prior year. This was largely due to the weaker Renminbi and stronger Euro versus the US Dollar, compared to the same period last year.

For further information on the Group's foreign exchange risk and forward foreign currency contracts, see pages 20 to 22 in the Financial Management and Treasury Policy section

Gross margin: The above changes in volume / mix, pricing and operating costs, and currency movements led to an improvement in the gross margin from 20.0% in the first half of FY22/23 to 22.2% in the first half of FY23/24.

The sequential change in gross margin by half-year is shown in the table below.

	Gross margin %
First half of FY23/24	22.2%
Second half of FY22/23	19.3%
First half of FY22/23	20.0%
Second half of FY21/22	19.4%
First half of FY21/22	21.3%

Selling and administrative expenses (excluding amortization of intangible assets) decreased to 13.1% as a percentage of sales (first half of FY22/23: 14.7%) due to reduced costs for ocean freight and improved cost leverage as sales grew.

Other income, finance costs and taxes: adversely impacted profits by US$31.2 million compared to the first half of FY22/23.

Other income decreased due to lower amounts received in subsidies and government grants as well as lower gains on the disposal of property, plant and equipment compared to the same period in the prior year.

Net finance costs were flat as increased interest income from higher cash balances offset the impact of rising interest rates on finance charges.

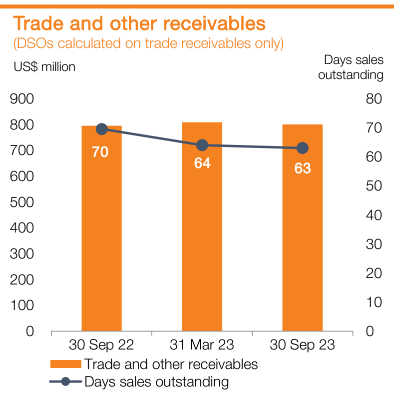
Income tax expenses, as reported, increased by US$19.2 million. The effective tax rate ("ETR") increased to 15.2% in the first half of FY23/24 (first half of FY22/23: 4.3%). The ETR is influenced by changes in the level of profit before income tax. In the first half of FY23/24, the impact of non-taxable income on the ETR is lesser as the profit before income tax is significantly higher compared to the same period last year.

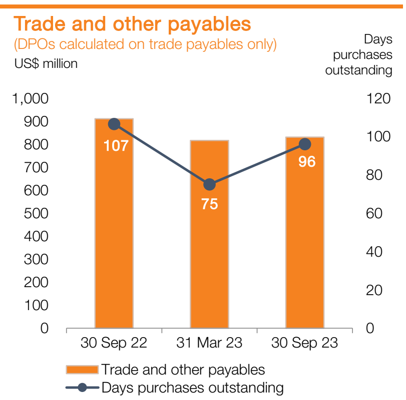
Taxes are further analyzed in Note 21 to the accounts

Working Capital

US$ million	Balance sheet as of 31 Mar 2023	Currency translation	Working capital changes per cash flow	Pension, hedging and non-working capital items	Balance sheet as of 30 Sep 2023
Inventories	589.0	(8.9)	30.2	-	610.3
Trade and other receivables	808.2	(15.6)	3.8	3.5	799.9
Other non-current assets	19.8	(0.4)	(0.9)	(0.9)	17.6
Trade and other payables [1]	(816.1)	23.3	(52.0)	14.0	(830.8)
Retirement benefit obligations [1, 2]	(9.7)	0.9	-	(4.4)	(13.2)
Provisions and other liabilities [1]	(34.1)	0.5	(6.8)	-	(40.4)
Other financial assets / (liabilities), net [1, 3]	205.3	(1.2)	4.0	(42.8)	165.3
Total working capital per balance sheet	762.4	(1.4)	(21.7)	(30.6)	708.7

1 Current and non-current
2 Net of defined benefit pension plan assets
3 Other financial assets / (liabilities), net represent the aggregate fair values of the Group's hedge contracts. Further details of the Group's hedging activities can be found on pages 20 to 22 in the Financial Management and Treasury Policy section and Note 6 to the accounts





Inventories increased by US$21.3 million to US$610.3 million as of 30 September 2023 to meet increased demand in the automotive market. Consequently, days inventory on hand increased to 72 days as of 30 September 2023, from 66 days as of 31 March 2023. Management is continuously monitoring inventory levels to prevent excess inventory.

Trade and other receivables decreased by US$8.3 million to US$799.9 million as of 30 September 2023. This was largely due to currency translation differences caused by lower exchange rates for the Euro and Renminbi as of 30 September 2023. Days sales outstanding ("DSOs") were flat at 63 days as of 30 September 2023 (64 days as of 31 March 2023).

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

Trade and other payables increased by US$14.7 million to US$830.8 million as of 30 September 2023, due to higher purchases of raw materials, partially offset by currency translation changes from the weakening of the Renminbi.

As of 31 March 2023, days purchases outstanding ("DPOs") stood at 75 days, as the consumption of raw materials temporarily outpaced the rate of purchases for replenishment. Purchasing gradually returned to a more normal level, causing DPOs to increase to 96 days as of 30 September 2023.

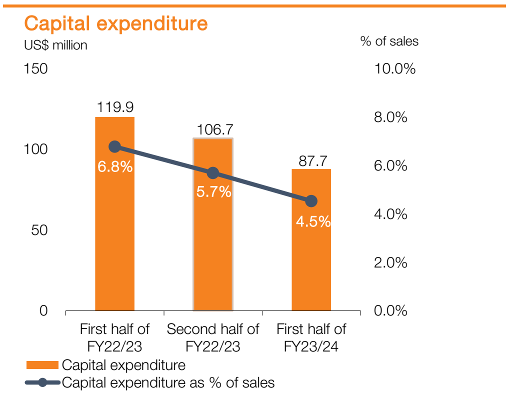
Cash Flow

US$ million	First half of FY23/24	First half of FY22/23	Change
Operating profit	151.5	69.0	82.5
Depreciation and amortization (including leases)	139.6	137.1	2.5
EBITDA	291.1	206.1	85.0
Other non-cash items	17.4	19.8	(2.4)
Working capital changes	21.7	(13.3)	35.0
Interest paid (including leases)	(12.5)	(10.4)	(2.1)
Interest received	6.0	1.9	4.1
Income taxes paid	(28.4)	(7.9)	(20.5)
Capital expenditure	(87.7)	(119.9)	32.2
Proceeds from disposal of fixed assets	1.2	4.3	(3.1)
Capitalization of engineering development costs	(0.8)	(0.4)	(0.4)
Free cash flow from operations	**208.0**	**80.2**	**127.8**
Acquisitions and investment in joint venture	(3.0)	(50.8)	47.8
Dividends paid	(37.4)	(7.2)	(30.2)
Purchase of shares for incentive share scheme	(3.7)	(0.6)	(3.1)
Other investing activities	-	(0.9)	0.9
Dividends paid to non-controlling interests	(2.1)	(6.3)	4.2
Payment of lease – principal portion	(13.8)	(13.2)	(0.6)
Repayment of debt, net	(103.3)	(11.1)	(92.2)
Increase / (decrease) in cash and cash equivalents excluding currency movements	44.7	(9.9)	54.6
Currency translation (losses) on cash and cash equivalents	(13.2)	(37.3)	24.1
Net movement in cash and cash equivalents	31.5	(47.2)	78.7

The Group generated a free cash flow of US$208.0 million in the first half of FY23/24 (first half of FY22/23: US$80.2 million). The movement in free cash flow included the following:

- Growth in **EBITDA** added US$85.0 million to free cash flow
- **Working capital changes** released US$21.7 million as explained in the previous section
- **Income taxes paid** increased by US$20.5 million to US$28.4 million due to higher taxable profits
- **Capital expenditure** decreased by US$32.2 million to US$87.7 million. The Group benefited from improved asset utilization and reduced capital requirements as a result of prior investments in automation, and footprint expansion

  The Group continues to invest in new product launches, long-term technology and testing development, enhanced automation, optimization of its operating footprint as well as the ongoing replacement of assets.



The net movement in cash includes the following:

- **Acquisitions and investment in joint venture**: The Group invested a further US$3.0 million in its Lean AI joint venture in the first half of FY23/24.

  In the first half of FY22/23, the Group acquired the remaining 20% non-controlling interest in Halla Stackpole for consideration of US$50.8 million

- **Dividends and shares**: The Company utilized US$37.4 million cash for dividend payments in the first half of FY23/24, with a further US$2.6 million settled in scrip (first half of FY22/23: US$7.2 million in cash and US$12.3 million in scrip).

  The Company purchased 2.9 million shares for US$3.7 million including brokerage fees for the incentive share scheme (first half of FY22/23: purchased 0.5 million shares for US$0.6 million)

  For further details of dividends and shares, including the interim dividend for the first half of FY23/24, see next section

- **Repayment of borrowings, net**: The Group repaid US$103.3 million of debt (first half of FY22/23: repaid US$11.1 million, net)

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

Financial Management and Treasury Policy

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

Credit Rating

Johnson Electric subscribes to both Moody's Investors Service and S&P Global Ratings to provide independent long-term credit ratings. As of 30 September 2023, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, resilience and prudent financial leverage.

	Rating	Outlook	Grade
Moody's Investors Service	Baa1	Stable	Investment
S&P Global Ratings	BBB	Stable	Investment

Liquidity

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

Cash increased by US$31.5 million to US$440.2 million as of 30 September 2023 (31 March 2023: US$408.7 million).

Cash and credit lines

US$ million	30 Sep 2023	31 Mar 2023	Change
Cash	440.2	408.7	31.5
Unutilized committed credit lines	550.0	150.0	400.0
Unutilized uncommitted credit lines	605.9	609.0	(3.1)
Available unutilized credit lines	1,155.9	759.0	396.9
Combined available funds	1,596.1	1,167.7	428.4

Available credit lines: The Group had US$1,155.9 million available unutilized credit lines as of 30 September 2023, comprised of:

- US$400 million facilities provided by certain financial institutions (as original lenders) comprised of a US$200 million committed term loan facility with a final repayment date 60 months from the first utilization date and a US$200 million revolving credit facility maturing in November 2028. These facilities are intended to finance the general working capital of the Group and refinance existing indebtedness
- US$150.0 million remaining unutilized portion of committed revolving credit facilities provided by its principal bankers, on a bilateral basis. These facilities have staggered maturity dates ranging from November 2023 to September 2025
- US$605.9 million uncommitted credit facilities

Net cash increased by US$137.2 million to US$71.9 million as of 30 September 2023 (31 March 2023: net debt US$65.3 million).

Net cash / (debt)

US$ million	30 Sep 2023	31 Mar 2023	Change
Cash	440.2	408.7	31.5
Borrowings	(368.3)	(474.0)	105.7
Net cash / (debt)	71.9	(65.3)	137.2

Cash by currency

US$ million	30 Sep 2023	31 Mar 2023
USD	167.1	117.4
EUR	116.5	104.2
RMB	74.2	114.3
KRW	45.2	44.2
Others	37.2	28.6
Total	440.2	408.7

Debt decreased by US$105.7 million to US$368.3 million as of 30 September 2023. This decrease included the repayment in full of the US$100.0 million loan from Export Development Canada.

The maturity dates of significant borrowings are as follows:

- **Bonds** – the Bonds mature in July 2024
- **Loan from HSBC** – The first repayment was made in May 2023, with further repayments every six months until November 2025

Changes in debt

US$ million	30 Sep 2023	31 Mar 2023	Change
Bonds	301.5	301.2	0.3
Loan from Export Development Canada	-	100.0	(100.0)
Loan from HSBC	62.9	69.0	(6.1)
Other borrowings	3.9	3.8	0.1
Total borrowings	368.3	474.0	(105.7)

Debt by currency

US$ million	Gross debt	Swap contracts	Total debt after effect of swaps
USD	305.4	(275.2)	30.2
EUR	-	265.0	265.0
RMB	62.9	-	62.9
Total	368.3	(10.2)	358.1

Repayment schedule

Repayable within one year	308.1
Repayable after more than one year	60.2
Gross debt	368.3
Swap contracts (Other financial liabilities)	(10.2)
Total debt including swap contracts	358.1

Lease liabilities decreased by US$15.6 million to US$77.8 million as of 30 September 2023, due to lease repayments as well as currency translation differences caused by lower exchange rates for the Euro and Renminbi as of 30 September 2023.

The corresponding assets are shown as right-of-use assets under property, plant and equipment.

Changes in lease liabilities

US$ million	30 Sep 2023	31 Mar 2023	Change
Current	20.5	27.7	(7.2)
Non-current	57.3	65.7	(8.4)
Total lease liabilities	77.8	93.4	(15.6)

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

Financial ratios: The Group's gearing ratios as of 30 September 2023 reflected the following changes:

- Total debt to capital decreased to 13% as of 30 September 2023, compared to 16% as of 31 March 2023
- Gross debt to adjusted EBITDA decreased to 0.9 times as of 30 September 2023, compared to 1.3 times as of 31 March 2023
- Enterprise value to adjusted EBITDA decreased to 2.1 times as of 30 September 2023, compared to 2.5 times as of 31 March 2023
- Interest cover increased to 13.8 times as of 30 September 2023, compared to 9.8 times as of 31 March 2023

These changes reflect the rise in the Company's share price from 31 March 2023 to 30 September 2023 as well as the Group's improved profitability and decreased debt.

Please refer to page 6 for definitions and bases of calculation (including adjustments) of financial ratios

Dividends

Final dividend: In the first half of FY23/24, the Company paid a final dividend of 34 HK cents per share for FY22/23 equivalent to US$40.0 million (first half of FY22/23: 17 HK cents per share equivalent to US$19.5 million paid for FY21/22). US$2.6 million of this final dividend was settled by the issue of 2.2 million new shares under a scrip dividend option and US$37.4 million was paid in cash.

Interim dividend: The Board has declared an interim dividend of 17 HK cents per share for the first half of FY23/24 (first half of FY22/23: 17 HK cents per share) equivalent to US$20.1 million, to be paid in January 2024. Shareholders will have the option to receive scrip in lieu of cash.

Dividend payment

		FY23/24	FY22/23		FY21/22	
		Interim	Final	Interim	Final	Interim
HK cents per share	Dividend	*17 **	34	17	17	17
US$ million	Cash	**	37.4	5.2	7.2	18.7
	New shares	**	2.6	14.6	12.3	0.8
	Total	*20.1*	40.0	19.8	19.5	19.5

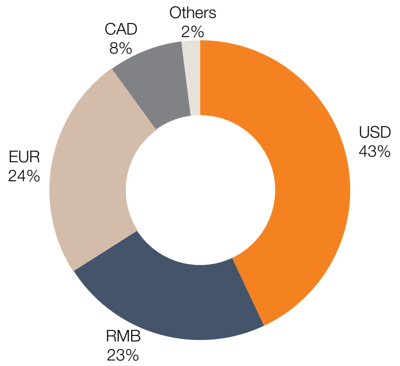
* Proposed dividend

** A scrip dividend will be offered to shareholders

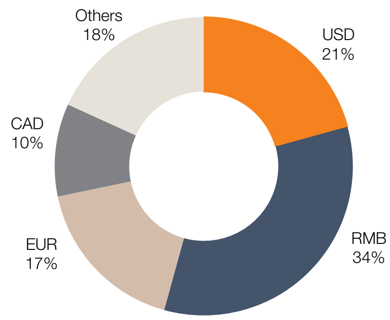
Foreign Exchange Risk

The Group is exposed to foreign exchange risk, largely from sales and costs denominated in a number of currencies. It mitigates the economic risk from this through plain vanilla forward currency contracts and structured foreign currency contracts. These contracts have varying maturity dates, ranging from 1 to 60 months after 30 September 2023, to match the underlying cash flows of the business.

Sales by currency



Costs by currency



The net fair value gains of currency contracts, including plain vanilla forward foreign currency contracts, cross-currency interest rate swaps and structured foreign currency contracts decreased by US$32.6 million to US$183.6 million as of 30 September 2023. This was largely due to a reduction in mark-to-market gains for Renminbi contracts, partly offset by an increase in mark-to-market gains on contracts for the Euro, the Hungarian Forint, the Mexican Peso, the Polish Zloty and other currencies.

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 adjacent table.

Net fair value of currency contracts

US$ million		30 Sep 2023	31 Mar 2023	Change
Euro	Plain vanilla forward contracts and swaps	144.5	133.1	11.4
	Structured contracts	27.1	30.2	(3.1)
	Subtotal	171.6	163.3	8.3
Renminbi	Plain vanilla forward contracts	(5.6)	44.9	(50.5)
Others	Plain vanilla forward contracts	17.6	8.0	9.6
Total		183.6	216.2	(32.6)

Spot rates of significant currencies

	Spot rates as of 30 Sep 2023	Spot rates as of 31 Mar 2023	
USD per EUR	1.06	1.09	EUR Weaken 3%
HUF per EUR	391.35	379.98	EUR Strengthen 3%
CAD per USD	1.35	1.35	Flat
RMB per USD	7.18	6.89	USD Strengthen 4%
MXN per USD	17.62	18.09	USD Weaken 3%

Euro contracts: The Group's plain vanilla and structured forward contracts to sell the Euro ("EUR") and buy US Dollars ("USD") create an economic hedge for Euro-denominated export sales. In addition, the Group hedges its net investment in its European operations against exposure from changes in the underlying value of investments due to future changes in exchange rates. It also hedges its intragroup Euro monetary balances from changes in exchange rates.

Plain vanilla Euro contracts: The financial asset representing cumulative fair value gains on plain vanilla and swap contracts increased by US$11.4 million to US$144.5 million as of 30 September 2023 (31 March 2023: US$133.1 million financial asset). This was due to increased mark-to-market gains for plain vanilla forward contracts and swaps due to the lower EUR exchange rate against the USD as of 30 September 2023, partially offset the consumption of contracts.

Structured Euro contracts: The financial asset representing the cumulative fair value gains on structured forward contracts decreased by US$3.1 million to US$27.1 million as of 30 September 2023 (31 March 2023: US$30.2 million financial asset). Mark-to-market gains for structured forward contracts decreased due to the impact of contract consumption, partly offset by increased mark-to-market gains due to the lower EUR exchange rate against the USD as of 30 September 2023.

The overall effect of these changes was to increase the financial assets representing the cumulative fair value gains of Euro contracts by US$8.3 million to US$171.6 million as of 30 September 2023 (31 March 2023: US$163.3 million financial assets).

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

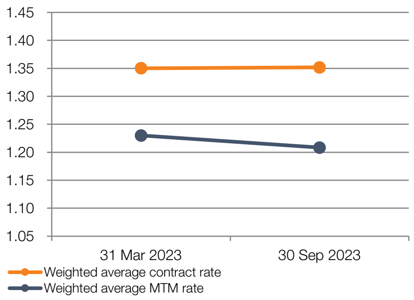
The RMB weakened against the USD. As a result, the financial asset representing cumulative mark-to-market gains for plain vanilla contracts decreased by US$50.5 million from a financial asset of US$44.9 million as of 31 March 2023, to a financial liability of US$5.6 million as of 30 September 2023.

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

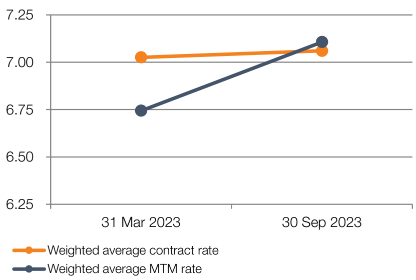
The financial asset representing cumulative mark-to-market gains for plain vanilla contracts for other currencies increased by US$9.6 million to US$17.6 million.

EUR – Plain vanilla forward

EUR – Structured forward



RMB – Plain vanilla forward



Estimated future cash flow: The final realized gain or loss for each contract will crystallize based on the prevailing spot rate at the date of maturity versus the contract rate and will impact cash flow at that time. In terms of estimating future cash flow, the contracts' rates at maturity compared to the exchange rates as of 30 September 2023 would result in approximately US$203 million aggregate cash flow benefit from plain vanilla forward foreign currency contracts and cross-currency interest rate swaps (31 March 2023: US$222 million) and US$29 million cash flow benefit from structured foreign currency contracts (31 March 2023: US$33 million).

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

Raw Material Commodity Price Risk

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

This commodity price risk is managed by way of incorporating appropriate clauses in certain customer contracts to pass on changes in raw material costs, where and when possible. For other customers, the Group negotiates price increases, but there can be some time lag between the increase in price of the raw materials and passing such cost increases onto customers.

The residual price risk from copper, silver and aluminium is reduced by hedging through cash flow hedge contracts with maturity dates ranging from 1 to 30 months after 30 September 2023.

The residual price risk from steel is reduced through fixed price purchase contracts for steel from 1 to 6 months and cash flow hedge contracts for iron ore with maturity dates ranging from 1 to 30 months after 30 September 2023.

The net fair value of commodity contracts decreased by US$10.5 million due to the consumption of contracts and falling commodity prices.

Copper contracts: The financial asset representing cumulative mark-to-market gains for plain vanilla copper contracts decreased by US$8.4 million from US$14.4 million as of 31 March 2023 to US$6.0 million as of 30 September 2023. Mark-to-market gains for copper contracts decreased due to the consumption of contracts and the fall in the spot price of copper.

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

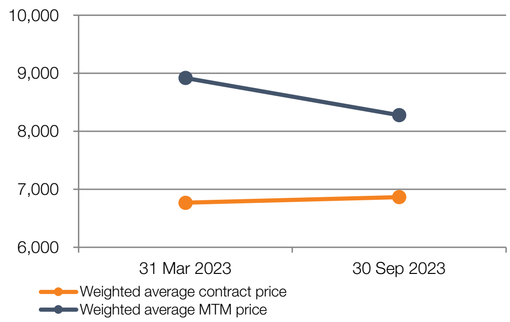
Spot prices of significant raw material commodities

US$ per metric ton	Spot prices as of 30 Sep 2023	Spot prices as of 31 Mar 2023	(Decrease)
Copper	8,231	8,935	(8%)
Aluminium	2,308	2,337	(1%)
Iron ore	118.05	126.53	(7%)
Silver - US$ per ounce	23.08	23.89	(3%)

Net fair value of commodity contracts

US$ million	30 Sep 2023	31 Mar 2023	Change
Copper	6.0	14.4	(8.4)
Other commodities	2.8	4.9	(2.1)
Total	8.8	19.3	(10.5)

Copper – Plain vanilla forward



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", together with its subsidiaries, the "Group") 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 2023, 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 2023.

During the six months ended 30 September 2023, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2023.

Corporate Governance Code

During the six months ended 30 September 2023, 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 B.2.2

Code B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-law 109(A), 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 at the present time.

Code Provision C.2.1

Code C.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.

Disclosure under Rule 13.51B(1) of the Listing Rules

Save as otherwise set out in this Report, there are no substantial changes to the information of Directors during the six months ended 30 September 2023 pursuant to Rule 13.51B(1) of the Listing Rules.

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 2023.

Review of Interim Results and Interim Report

The Company's interim results for the six months ended 30 September 2023 and the interim report have been reviewed by the Audit Committee and the Company's auditor, PricewaterhouseCoopers.

Disclosure of Interests

Directors

As of 30 September 2023, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Shares of HK$0.05 each of the Company			
Name	Personal Interests	Other Interests		Approximate % of shareholding
Wang Koo Yik-Chun	–	531,289,010	(Notes 1 & 2)	57.075
Patrick Shui-Chung Wang	4,763,423	–	(Note 3)	0.511
Mak Wang Wing-Yee Winnie	947,415	–	(Note 4)	0.101
Austin Jesse Wang	1,296,667	–	(Note 5)	0.139
Peter Kin-Chung Wang	–	28,780,782	(Note 6)	3.091
Patrick Blackwell Paul	32,750	–		0.003
Michael John Enright	15,250	–		0.001
Joseph Chi-Kwong Yam	11,750	–		0.001
Christopher Dale Pratt	56,000	–		0.006
Catherine Annick Caroline Bradley	6,500	–		0.000

Notes:
1. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
2. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
3. The interest comprises 2,394,178 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 153,669 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 798,059 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
6. These shares were held under a trust of which Peter Kin-Chung Wang was a beneficiary.

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 Plans as described in this report, as of 30 September 2023, 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 2023, the shareholders' interests being 5% or more of the Company's issued share capital as shown in the register of substantial shareholders maintained under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Capacity	Numbers of shares held	Approximate % of shareholding
Wang Koo Yik-Chun	Beneficiary of family trusts	531,289,010 (Notes 1 & 2)	57.07
Deltec Bank & Trust Limited	Trustee	221,760,000 (Note 1)	23.82
HSBC International Trustee Limited	Trustee	217,070,710 (Note 1)	23.31
Winibest Company Limited	Beneficial owner	216,143,364 (Note 3)	23.21
Federal Trust Company Limited	Trustee	122,166,428 (Note 1)	13.12
Merriland Overseas Limited	Interest of controlled corporation	61,896,046 (Note 4)	6.64

Notes:

1. The shares in which Deltec Bank & Trust Limited was interested, 216,143,364 of the shares in which HSBC International Trustee Limited was interested and 93,385,646 of the shares in which Federal Trust Company Limited was interested were held, directly or indirectly, by them as trustees of various trusts associated with the Wang family and were included in the shares in which Wang Koo Yik-Chun was interested as referred to above under Directors' Disclosure of Interests.
2. The shares in which Wang Koo Yik-Chun was interested as referred to above formed part of the shares referred to in Note 1.
3. The interests of Winibest Company Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.
4. The interests of Merriland Overseas Limited in the Company formed part of the interests in the Company held by Federal Trust Company Limited.

Save as disclosed herein, as of 30 September 2023, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other persons had any interests or short positions in the shares and underlying shares of the Company.

Incentive Share Scheme

A new Restricted and Performance Stock Unit Plan ("2023 Stock Unit Plan") was approved by the shareholders on 13 July 2023. The Restricted and Performance Stock Unit Plan which was adopted on 9 July 2015 ("2015 Stock Unit Plan") was terminated by the shareholders on 13 July 2023 and no further grants of share awards under the 2015 Stock Unit Plan could be made afterwards. Unvested shares awards granted under the 2015 Stock Unit Plan continue to be valid subject to the provisions of the 2015 Stock Unit Plan which together with 2023 Stock Unit Plan are collectively as "Stock Unit Plan". The Board may grant time-vested units (Restricted Stock Units ("RSU")) and performance-vested units (Performance Stock Units ("PSU")) or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the 2023 Stock Unit Plan.

The purpose of the 2023 Stock Unit Plan is to align management with ownership. The 2023 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 2023, the Company purchased 2,888,500 shares of the Company at a total cost of HK$28.57 million in connection with the 2015 Stock Unit Plan. The highest and the lowest purchase price paid per share were HK$10.18 and HK$9.00, respectively.

Details of the interests of the Directors and other selected employees in the Stock Unit Plan are set out below.

Name	Award Date (dd/mm/yyyy)	Award Type	Award Units	Number of unvested units held as of 1 April 2023	Granted during the period	Vested in shares during the period	Vested in cash during the period	Forfeited during the period	Number of unvested units held as of 30 September 2023	Vesting Date (dd/mm/yyyy)	Closing price of the shares before the vesting date
Directors											
Patrick Shui-Chung Wang	01/06/2020	RSU	423,280	423,280	-	359,788	63,492	-	-	01/06/2023	HK$9.60
	01/06/2021	RSU	184,403	184,403	-	-	-	-	184,403	01/06/2024	
	01/06/2022	RSU	388,036	388,036	-	-	-	-	388,036	01/06/2025	
	01/06/2023	RSU	385,233	-	385,233	-	-	-	385,233	01/06/2026	
	01/06/2020	PSU	282,187	282,187	-	179,894	31,746	70,547	-	01/06/2023	HK$9.60
	01/06/2021	PSU	276,604	276,604	-	-	-	-	276,604	01/06/2024	
	01/06/2022	PSU	582,053	582,053	-	-	-	-	582,053	01/06/2025	
	01/06/2023	PSU	577,849	-	577,849	-	-	-	577,849	01/06/2026	
Mak Wang Wing-Yee Winnie	01/06/2020	RSU	141,094	141,094	-	119,930	21,164	-	-	01/06/2023	HK$9.60
	01/06/2021	RSU	61,468	61,468	-	-	-	-	61,468	01/06/2024	
	01/06/2020	PSU	94,062	94,062	-	59,965	10,582	23,515	-	01/06/2023	HK$9.60
	01/06/2021	PSU	92,201	92,201	-	-	-	-	92,201	01/06/2024	
Austin Jesse Wang	01/06/2020	RSU	141,094	141,094	-	119,930	21,164	-	-	01/06/2023	HK$9.60
	01/06/2021	RSU	61,468	61,468	-	-	-	-	61,468	01/06/2024	
	01/06/2022	RSU	129,345	129,345	-	-	-	-	129,345	01/06/2025	
	01/06/2023	RSU	128,411	-	128,411	-	-	-	128,411	01/06/2026	
	01/06/2020	PSU	94,062	94,062	-	59,965	10,582	23,515	-	01/06/2023	HK$9.60
	01/06/2021	PSU	92,201	92,201	-	-	-	-	92,201	01/06/2024	
	01/06/2022	PSU	194,018	194,018	-	-	-	-	194,018	01/06/2025	
	01/06/2023	PSU	192,616	-	192,616	-	-	-	192,616	01/06/2026	

Name	Award Date (dd/mm/yyyy)	Award Type	Award Units	Number of unvested units held as of 1 April 2023	Granted during the period	Vested in shares during the period	Vested in cash during the period	Forfeited during the period	Number of unvested units held as of 30 September 2023	Vesting Date (dd/mm/yyyy)	Closing price of the shares before the vesting date
Other Selected Employees (excluding two Executive Directors)											
	01/06/2018	RSU	360,000	360,000	-	292,500	67,500	-	-	01/06/2023	HK$9.60
	01/06/2020	RSU	2,665,485	1,950,024	-	1,526,913	393,717	29,394	-	01/06/2023	HK$9.60
	01/09/2020	RSU	684,248	587,804	-	502,197	57,435	28,172	-	01/06/2023	HK$9.60
	25/01/2021	RSU	72,926	72,926	-	61,987	10,939	-	-	01/06/2023	HK$9.60
	25/01/2021	RSU	121,544	121,544	-	-	-	-	121,544	01/12/2025	
	01/06/2021	RSU	1,819,447	1,503,656	-	-	-	55,400	1,448,256	01/06/2024	
	01/06/2021	RSU	10,757	10,757	-	10,757	-	-	-	16/08/2023	HK$10.32
	01/06/2021	RSU	1,153	1,153	-	1,153	-	-	-	03/07/2023	HK$10.02
	15/06/2021	RSU	116,030	116,030	-	98,625	17,405	-	-	01/06/2023	
	15/06/2021	RSU	71,403	71,403	-	-	-	-	71,403	01/06/2024	
	01/06/2022	RSU	4,050,923	3,784,958	-	-	-	126,111	3,658,847	01/06/2025	
	01/06/2022	RSU	22,636	22,636	-	22,636	-	-	-	16/08/2023	HK$10.32
	30/09/2022	RSU	66,794	66,794	-	-	-	-	66,794	30/09/2025	
	01/01/2023	RSU	5,000	5,000	-	-	-	-	5,000	31/12/2023	
	01/06/2023	RSU	3,492,300	-	3,492,300	-	-	62,600	3,429,700	01/06/2026	
	13/06/2023	RSU	36,311	-	36,311	-	-	-	36,311	01/06/2026	
	01/06/2020	PSU	1,379,184	1,027,627	-	618,917	151,812	256,898	-	01/06/2023	HK$9.60
	25/01/2021	PSU	48,617	48,617	-	30,994	5,469	12,154	-	01/06/2023	HK$9.60
	01/06/2021	PSU	1,509,790	1,242,407	-	-	-	16,135	1,226,272	01/06/2024	
	01/06/2021	PSU	16,135	16,135	-	16,135	-	-	-	16/08/2023	HK$10.32
	01/06/2022	PSU	3,014,552	2,750,202	-	-	-	33,953	2,716,249	01/06/2025	
	01/06/2022	PSU	33,953	33,953	-	33,953	-	-	-	16/08/2023	HK$10.32
	01/06/2023	PSU	2,833,870	-	2,833,870	-	-	33,708	2,800,162	01/06/2026	

Movements in the number of unvested units granted as of the date of this report under the 2015 Stock Unit Plan on a combined basis are as follows:

	Number of unvested units granted (thousands)			% of total number of issued shares
	RSU	PSU	Total	
Unvested units granted, as of 31 March 2023	10,205	6,826	17,031	1.83%
Units granted to Directors and employees during the period	4,042	3,604	7,646	0.82%
Shares vested to Directors and employees during the period	(3,769)	(1,210)	(4,979)	0.54%
Forfeited during the period	(302)	(470)	(772)	0.08%
Unvested units granted, as of 30 September 2023	10,176	8,750	18,926	2.03%
Vested in the second half of FY23/24	(10)	—	(10)	0.00%
Forfeited in the second half of FY23/24	(20)	—	(20)	0.00%
Unvested units granted, as of the date of this report	10,146	8,750	18,896	2.03%

As of the date of this report, the number of unvested units granted under the 2015 Stock Unit Plan are as follows:

Vesting period	Number of unvested units granted (thousands) RSU	PSU	Total	% of total number of issued shares
FY23/24	5	–	5	0.00%
FY24/25	1,818	1,687	3,505	0.38%
FY25/26	4,344	3,492	7,836	0.84%
FY26/27	3,979	3,571	7,550	0.81%
Unvested units granted, as of the date of this report	10,146	8,750	18,896	2.03%

No share awards were granted under the 2023 Stock Unit Plan during the six months ended 30 September 2023.

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

Purchase, Sale or Redemption of Listed Securities

Save as disclosed in Note 15 to the financial statements and other than for satisfying the shares granted under the Company's employee incentive scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2023.

Disclosure under Rule 13.21 of the Listing Rules

On 15 August 2023, the Company (as guarantor) entered into a facilities agreement ("Facilities Agreement") with, among others, certain financial institutions (as original lenders) in relation to the facilities up to a maximum amount of US$400 million comprising of a US$200 million term loan facility and a US$200 million revolving credit facility to be made available to Johnson Electric Industrial Manufactory, Limited, a wholly-owned subsidiary of the Company, for financing the general working capital of the Group and refinancing the existing indebtedness of the Group. The final repayment date is 60 months from the first utilization date.

Announcement regarding the entering into the Facilities Agreement was made on 15 August 2023, disclosing that if the Wang Family (as defined therein) ceases to be the single largest shareholder of the Company, the loans under the Facilities Agreement may become immediately due.

Interim Dividend

The Board has declared an interim dividend of 17 HK cents equivalent to 2.18 US cents per share (2022: 17 HK cents or 2.18 US cents) payable on 17 January 2024 (Wednesday) to shareholders whose names appear on the Register of Shareholders of the Company on 5 December 2023 (Tuesday).

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.

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 1 December 2023 (Friday) to 5 December 2023 (Tuesday) 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 share registrar in Bermuda) for registration, not later than 4:30 p.m. on 30 November 2023 (Thursday). Shares of the Company will be traded ex-dividend as from 29 November 2023 (Wednesday).

Consolidated Balance Sheet

As of 30 September 2023

	Note	**Unaudited 30 September 2023 US$'000**	Audited 31 March 2023 US$'000
Non-current assets			
Property, plant and equipment	3	**1,531,957**	1,631,070
Investment property	4	**17,946**	18,340
Intangible assets	5	**197,452**	216,105
Investments in associate and joint venture		**7,971**	6,023
Other financial assets	6	**134,787**	173,023
Financial assets at fair value through profit and loss	7	**44,230**	48,807
Defined benefit pension plan assets	13	**17,887**	17,555
Deferred income tax assets		**84,821**	76,937
Other non-current assets	3	**17,640**	19,833
Government Green Bonds at amortized cost		**4,875**	5,081
		2,059,566	2,212,774
Current assets			
Inventories		**610,278**	588,997
Trade and other receivables	8	**799,930**	808,248
Other financial assets	6	**55,865**	54,406
Financial assets at fair value through profit and loss	7	**21,160**	19,411
Income tax recoverable		**8,432**	9,090
Cash and cash equivalents		**440,177**	408,664
		1,935,842	1,888,816
Current liabilities			
Trade and other payables	9	**787,217**	771,291
Current income tax liabilities		**44,539**	40,651
Other financial liabilities	6	**16,547**	8,818
Borrowings	11	**308,112**	106,880
Lease liabilities	12	**20,495**	27,665
Retirement benefit obligations	13	**725**	951
Provisions and other liabilities	14	**31,169**	25,155
		1,208,804	981,411
Net current assets		**727,038**	907,405
Total assets less current liabilities		**2,786,604**	3,120,179

	Note	Unaudited 30 September 2023 US$'000	Audited 31 March 2023 US$'000
Non-current liabilities			
Trade and other payables	9	**43,617**	44,808
Other financial liabilities	6	**8,796**	13,318
Borrowings	11	**60,164**	367,144
Lease liabilities	12	**57,263**	65,732
Deferred income tax liabilities		**83,532**	98,608
Retirement benefit obligations	13	**30,398**	26,257
Provisions and other liabilities	14	**9,242**	8,921
		293,012	624,788
NET ASSETS		**2,493,592**	2,495,391
Equity			
Share capital - ordinary shares (at par value)	15	**6,003**	5,989
Shares held for incentive share scheme (at purchase cost)	15	**(12,452)**	(20,479)
Share premium	15	**83,763**	72,204
Reserves		**2,370,173**	2,389,224
		2,447,487	2,446,938
Non-controlling interests		**46,105**	48,453
TOTAL EQUITY		**2,493,592**	2,495,391

Consolidated Income Statement

For the six months ended 30 September 2023

	Note	Unaudited Six months ended 30 September 2023 US$'000	2022 US$'000
Sales	2	**1,937,056**	1,769,899
Cost of goods sold		**(1,507,477)**	(1,415,377)
Gross profit		**429,579**	354,522
Other expenses, net	16	**(7,593)**	(7,359)
Selling and administrative expenses	17	**(270,527)**	(277,432)
Restructuring and other related costs	18	**-**	(700)
Operating profit		**151,459**	69,031
Share of (losses) of associate and joint venture		**(941)**	(644)
Finance income	19	**6,038**	1,883
Finance costs	19	**(12,943)**	(9,172)
Profit before income tax		**143,613**	61,098
Income tax expense	21	**(21,787)**	(2,629)
Profit for the period		**121,826**	58,469
Profit attributable to non-controlling interests		**(1,677)**	(2,585)
Profit attributable to shareholders		**120,149**	55,884
Basic earnings per share for profit attributable to the shareholders for the period (expressed in US cents per share)	22	**13.03**	6.22
Diluted earnings per share for profit attributable to the shareholders for the period (expressed in US cents per share)	22	**12.99**	6.21

Please see Note 23 for details of dividend.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Note	Unaudited Six months ended 30 September 2023 US$'000	2022 US$'000
Profit for the period		**121,826**	58,469
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	13	**(4,434)**	21,346
– deferred income tax effect		**437**	(1,965)
Hedging instruments for transactions resulting in the recognition in inventories and subsequently recognized in the income statement upon consumption			
– raw material commodity contracts			
– fair value (losses), net		**(4,600)**	(43,756)
– transferred to inventory and subsequently recognized in the income statement	6(e)	**(9,820)**	(21,799)
– deferred income tax effect		**2,379**	10,817
Total items that will not be recycled to profit and loss directly		**(16,038)**	(35,357)
Items that will be recycled to profit and loss:			
Hedging instruments			
– forward foreign currency exchange contracts			
– fair value (losses), net		**(37,628)**	(39,641)
– transferred to the income statement		**(2,791)**	(8,860)
– deferred income tax effect		**8,204**	6,497
– net investment hedge			
– fair value gains, net		**9,856**	32,570
Currency translations of subsidiaries		**(44,598)**	(172,043)
Currency translations of associate and joint venture		**(111)**	(289)
Total items that will be recycled to profit and loss directly		**(67,068)**	(181,766)
Other comprehensive (expenses) for the period, net of tax		**(83,106)**	(217,123)
Total comprehensive income / (expenses) for the period, net of tax		**38,720**	(158,654)
Total comprehensive income / (expenses) attributable to:			
Shareholders		**38,978**	(152,299)
Non-controlling interests			
Share of profits for the period		**1,677**	2,585
Currency translations		**(1,935)**	(8,940)
		38,720	(158,654)

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

		Unaudited								
		Attributable to shareholders of the Company								
	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 2023		57,714	(158,408)	86,723	10,324	133,851	2,316,734	2,446,938	48,453	2,495,391
Profit for the period		-	-	-	-	-	120,149	120,149	1,677	121,826
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value losses, net		-	-	-	-	(4,600)	-	(4,600)	-	(4,600)
– transferred to inventory and subsequently recognized in the income statement	6(e)	-	-	-	-	(9,820)	-	(9,820)	-	(9,820)
– deferred income tax effect		-	-	-	-	2,379	-	2,379	-	2,379
– forward foreign currency exchange contracts										
– fair value losses, net		-	-	-	-	(37,628)	-	(37,628)	-	(37,628)
– transferred to the income statement		-	-	-	-	(2,791)	-	(2,791)	-	(2,791)
– deferred income tax effect		-	-	-	-	8,204	-	8,204	-	8,204
– net investment hedge										
– fair value gains, net		-	-	9,856	-	-	-	9,856	-	9,856
Defined benefit plans										
– remeasurements	13	-	-	-	-	-	(4,434)	(4,434)	-	(4,434)
– deferred income tax effect		-	-	-	-	-	437	437	-	437
Currency translations of subsidiaries		-	-	(42,742)	-	79	-	(42,663)	(1,935)	(44,598)
Currency translations of associate and joint venture		-	-	(111)	-	-	-	(111)	-	(111)
Total comprehensive (expenses) / income for the first half of FY23/24		-	-	(32,997)	-	(44,177)	116,152	38,978	(258)	38,720
Hyperinflation adjustments		-	(13)	(1,868)	-	-	2,042	161	-	161
Transactions with shareholders:										
Incentive share scheme										
– shares vested		20,614	(13,486)	-	(7,128)	-	-	-	-	-
– value of employee services		-	-	-	2,501	-	-	2,501	-	2,501
– purchase of shares		(3,660)	-	-	-	-	-	(3,660)	-	(3,660)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(2,090)	(2,090)
FY22/23 final dividend paid										
– cash paid		-	-	-	-	-	(37,431)	(37,431)	-	(37,431)
– shares issued in respect of scrip dividend		2,891	-	-	-	-	(2,891)	-	-	-
– scrip dividend for shares held for incentive share scheme		(245)	-	-	-	-	245	-	-	-
Total transactions with shareholders		19,600	(13,486)	-	(4,627)	-	(40,077)	(38,590)	(2,090)	(40,680)
As of 30 September 2023		**77,314 ****	**(171,907)**	**51,858**	**5,697**	**89,674**	**2,394,851**	**2,447,487**	**46,105**	**2,493,592**

* Other reserves mainly represent capital reserve, property revaluation reserve, statutory reserve, reserve arising from shares vested for incentive share scheme and goodwill on consolidation

** The total of US$77.3 million comprised share capital of US$6.0 million, share premium of US$83.8 million and shares held for incentive share scheme of US$(12.5) million

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

		Unaudited								
		Attributable to shareholders of the Company								
	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 2022		24,741	(232,564)	196,278	14,409	183,150	2,230,271	2,416,285	85,429	2,501,714
Profit for the period		-	-	-	-	-	55,884	55,884	2,585	58,469
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value losses, net		-	-	-	-	(43,756)	-	(43,756)	-	(43,756)
– transferred to inventory and subsequently recognized in the income statement	6(e)	-	-	-	-	(21,799)	-	(21,799)	-	(21,799)
– deferred income tax effect		-	-	-	-	10,817	-	10,817	-	10,817
– forward foreign currency exchange contracts										
– fair value losses, net		-	-	-	-	(39,641)	-	(39,641)	-	(39,641)
– transferred to the income statement		-	-	-	-	(8,860)	-	(8,860)	-	(8,860)
– deferred income tax effect		-	-	-	-	6,497	-	6,497	-	6,497
– net investment hedge										
– fair value gains, net		-	-	32,570	-	-	-	32,570	-	32,570
Defined benefit plans										
– remeasurements	13	-	-	-	-	-	21,346	21,346	-	21,346
– deferred income tax effect		-	-	-	-	-	(1,965)	(1,965)	-	(1,965)
Currency translations of subsidiaries		-	-	(165,507)	-	2,404	-	(163,103)	(8,940)	(172,043)
Currency translations of associate and joint venture		-	-	(289)	-	-	-	(289)	-	(289)
Total comprehensive (expenses) / income for the first half of FY22/23		-	-	(133,226)	-	(94,338)	75,265	(152,299)	(6,355)	(158,654)
Transactions with shareholders:										
Incentive share scheme										
– shares vested		6,703	-	-	(6,703)	-	-	-	-	-
– vested by cash settlement		310	-	-	(1,328)	-	-	(1,018)	-	(1,018)
– value of employee services		-	-	-	1,559	-	-	1,559	-	1,559
– purchase of shares		(575)	-	-	-	-	-	(575)	-	(575)
Acquisition of non-controlling interests		-	72,191	-	-	-	(41,196)	30,995	(30,995)	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(6,282)	(6,282)
FY21/22 final dividend paid										
– cash paid		-	-	-	-	-	(7,188)	(7,188)	-	(7,188)
– shares issued in respect of scrip dividend		12,437	-	-	-	-	(12,437)	-	-	-
– scrip dividend for shares held for incentive share scheme		(157)	-	-	-	-	157	-	-	-
Total transactions with shareholders		18,718	72,191	-	(6,472)	-	(60,664)	23,773	(37,277)	(13,504)
As of 30 September 2022		43,459	(160,373)	63,052	7,937	88,812	2,244,872	2,287,759	41,797	2,329,556

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

Consolidated Cash Flow Statement

For the six months ended 30 September 2023

	Note	Unaudited Six months ended 30 September 2023 US$'000	2022 US$'000
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortization	25	**291,031**	206,068
Other non-cash items	25	**17,401**	19,785
Change in working capital	25	**21,663**	(13,275)
Cash generated from operations	25	**330,095**	212,578
Interest paid		**(12,539)**	(10,411)
Income taxes paid		**(28,368)**	(7,837)
Net cash generated from operating activities		**289,188**	194,330
Investing activities			
Purchase of property, plant and equipment		**(87,673)**	(119,920)
Proceeds from disposal of property, plant and equipment		**1,191**	4,252
Capitalized expenditure of engineering development	5 & 20	**(776)**	(369)
Finance income received		**6,038**	1,883
		(81,220)	(114,154)
Investment in joint venture		**(3,000)**	-
Purchase of financial assets at fair value through profit and loss		**-**	(900)
Net cash used in investing activities		**(84,220)**	(115,054)

	Note	Unaudited Six months ended 30 September 2023 US$'000	2022 US$'000
Financing activities			
Acquisition of non-controlling interests		**-**	(50,810)
Principal element of lease payments		**(13,728)**	(13,233)
Proceeds from borrowings		**-**	4,173
Repayments of borrowings		**(103,347)**	(15,290)
Dividends paid to shareholders		**(37,431)**	(7,188)
Purchase of shares for incentive share scheme		**(3,660)**	(575)
Dividends paid to non-controlling interests		**(2,090)**	(6,282)
Net cash used in financing activities		**(160,256)**	(89,205)
Net increase / (decrease) in cash and cash equivalents		**44,712**	(9,929)
Cash and cash equivalents at beginning of the period		**408,664**	345,404
Currency translations on cash and cash equivalents		**(13,199)**	(37,310)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**440,177**	298,165

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

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Lease liabilities US$'000	Total US$'000
As of 31 March 2023	106,880	367,144	93,397	567,421
Currency translations	(280)	(2,479)	(3,289)	(6,048)
Cash flows				
– outflow from financing activities	(100,000)	(3,347)	(13,728)	(117,075)
– outflow from operating activities	-	(6,188)	(1,767)	(7,955)
Non-cash changes				
– new leases / extensions / modifications, net of terminations	-	-	1,284	1,284
– finance costs	2,190	4,356	1,861	8,407
– reclassification	299,322	(299,322)	-	-
As of 30 September 2023	308,112	60,164	77,758	446,034

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 (the “Company”) and its subsidiaries (together, “the Group”) are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

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

These 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 8 November 2023. They have 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 2023, 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 2023, which are disclosed in Note 30.

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 2023.

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

1.3 Exchange rates

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

		Closing rate		Average rate for the period	
				Six months ended 30 September	
		30 September 2023	31 March 2023	2023	2022
1 foreign currency unit to USD:					
Swiss Franc	CHF	**1.093**	1.095	**1.123**	1.036
Euro	EUR	**1.057**	1.091	**1.089**	1.036
British Pound	GBP	**1.220**	1.239	**1.260**	1.216
1 USD to foreign currency:					
Brazilian Real	BRL	**5.051**	5.097	**4.912**	5.074
Canadian Dollar	CAD	**1.349**	1.352	**1.342**	1.291
Renminbi	RMB	**7.180**	6.888	**7.095**	6.724
Hong Kong Dollar	HKD	**7.830**	7.850	**7.831**	7.847
Hungarian Forint	HUF	**370.370**	348.432	**347.222**	380.228
Israeli Shekel	ILS	**3.834**	3.598	**3.695**	3.371
Indian Rupee	INR	**83.195**	82.305	**82.440**	78.493
Japanese Yen	JPY	**149.254**	132.626	**140.845**	133.869
South Korean Won	KRW	**1,351.351**	1,298.701	**1,315.789**	1,298.701
Mexican Peso	MXN	**17.618**	18.093	**17.355**	20.149
Polish Zloty	PLN	**4.390**	4.286	**4.149**	4.531
Serbian Dinar	RSD	**111.111**	107.527	**107.527**	113.636
Turkish Lira	TRY	**27.405**	19.172	**23.425**	16.767

2. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (as defined in HKFRS). The chief operating decision maker has been identified as the Group's Executive Committee. Given the integrated nature of our business model, the Group has a single operating segment.

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

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

	Six months ended 30 September	
	2023 **US$'000**	2022 US$'000
Operating profit presented to management	**159,052**	76,390
Other (expenses), net (Note 16)	**(7,593)**	(7,359)
Operating profit per consolidated income statement	**151,459**	69,031

Sales

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

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

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

Sales from external customers by business unit were as follows:

	Six months ended 30 September	
	2023 **US$'000**	2022 US$'000
Automotive Products Group	**1,618,295**	1,397,179
Industry Products Group	**318,761**	372,720
	1,937,056	1,769,899

2. Segment Information *(Cont'd)*

Stackpole under APG is primarily engaged in the manufacture and sale of engine and transmission oil pumps and powder metal components and accounted for 23% of the Group's sales for the first half of FY23/24 (first half of FY22/23: 22%).

The cooling fan business including the "Gate" brand, under APG, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 17% of the Group's sales for the first half of FY23/24 (first half of FY22/23: 17%).

Sales by geography

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

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Europe, Middle East and Africa *	**598,726**	512,048
North America **	**632,529**	582,027
People's Republic of China ("PRC")	**482,354**	476,231
Asia-Pacific (excluding PRC)	**188,112**	168,981
South America	**35,335**	30,612
	1,937,056	1,769,899

* Included in Europe, Middle East and Africa were sales to external customers in Germany of US$128.7 million, Czech Republic of US$78.2 million and France of US$64.3 million for the first half of FY23/24 (first half of FY22/23: US$103.1 million, US$69.0 million and US$60.4 million respectively)

** Included in North America were sales to external customers in the USA of US$512.6 million for the first half of FY23/24 (first half of FY22/23: US$454.6 million)

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

2. Segment Information *(Cont'd)*

Segment assets

For the first half of FY23/24, the additions to non-current segment assets were US$80.4 million (first half of FY22/23: US$112.7 million).

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Additions to property, plant and equipment – owned assets	**76,562**	118,388
Additions / extensions / modifications to property, plant and equipment – right-of-use assets	**2,228**	2,143
Additions to intangible assets	**776**	369
Addition to investment in joint venture	**3,000**	-
(Reduction) to other non-current assets	**(2,193)**	(8,184)
Additions to non-current segment assets	**80,373**	112,716

The non-current segment assets (representing property, plant and equipment, investment property, intangible assets, investments in associate and joint venture, other non-current assets) by geographic location as of 30 September 2023 and 31 March 2023 were as follows:

	30 September 2023	31 March 2023
	US$'000	US$'000
Hong Kong ("HK") / PRC	**884,867**	1,001,484
Canada	**384,058**	358,000
Switzerland	**111,456**	116,781
Serbia	**87,496**	93,339
Others	**305,089**	321,767
	1,772,966	1,891,371

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 FY23/24							
As of 31 March 2023	429,699	748,378	193,672	93,632	45,338	120,351	1,631,070
Currency translations	(10,646)	(22,151)	(5,003)	(3,105)	(941)	(4,275)	(46,121)
Additions – owned assets	679	7,158	58,766	6,692	3,267	-	76,562
Additions – right-of-use assets	-	-	-	-	-	1,294	1,294
Extension / modification of leases	-	-	-	-	-	934	934
Transfer	9,936	67,247	(97,025)	14,644	5,198	-	-
Disposals / termination of leases	(60)	(194)	-	(32)	(132)	(4,228)	(4,646)
Impairment charges (Note 20 & 25)	(236)	(1,939)	(1,824)	(113)	-	-	(4,112)
Depreciation (Note 20)	(9,756)	(68,830)	-	(22,701)	(6,822)	(14,915)	(123,024)
As of 30 September 2023	**419,616** *	**729,669**	**148,586**	**89,017**	**45,908**	**99,161**	**1,531,957**
First half of FY22/23							
As of 31 March 2022	415,034	755,120	277,667	107,055	46,244	154,665	1,755,785
Currency translations	(40,069)	(76,700)	(27,584)	(10,647)	(3,054)	(14,747)	(172,801)
Additions – owned assets	1,353	14,407	94,511	5,719	2,398	-	118,388
Additions – right-of-use assets	-	-	-	-	-	1,816	1,816
Extension / modification of leases	-	-	-	-	-	327	327
Transfer	17,786	60,714	(96,075)	15,838	931	806	-
Disposals / termination of leases	(129)	(235)	-	(121)	(67)	(10,266)	(10,818)
Impairment charges (Note 20 & 25)	-	(174)	-	-	-	-	(174)
Depreciation (Note 20)	(8,990)	(65,020)	-	(25,437)	(6,320)	(14,795)	(120,562)
As of 30 September 2022	384,985	688,112	248,519	92,407	40,132	117,806	1,571,961

* As of 30 September 2023, freehold land, leasehold land and buildings included US$3.8 million (31 March 2023: US$3.9 million) for the leasehold land portion of buildings located in Hong Kong. The Group also has freehold land located in Europe, North America and South America

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

In the first half of FY23/24, impairment charges of US$4.1 million (first half of FY22/23: US$0.2 million) were mainly due to termination of customer projects and asset obsolescence.

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, equipment and other assets * US$'000	Total US$'000
First half of FY23/24				
As of 31 March 2023	33,545	81,969	4,837	120,351
Currency translations	(1,250)	(2,890)	(135)	(4,275)
Additions – right-of-use assets	-	146	1,148	1,294
Extension / modification of leases	-	898	36	934
Termination of leases	(3,314)	(892)	(22)	(4,228)
Depreciation	(449)	(13,215)	(1,251)	(14,915)
As of 30 September 2023	**28,532**	**66,016**	**4,613**	**99,161**
First half of FY22/23				
As of 31 March 2022	36,263	113,410	4,992	154,665
Currency translations	(3,726)	(10,551)	(470)	(14,747)
Additions – right-of-use assets	97	1,134	585	1,816
Extension / modification of leases	-	324	3	327
Transfer from assets under construction	806	-	-	806
Termination of leases	-	(10,210)	(56)	(10,266)
Depreciation	(469)	(13,084)	(1,242)	(14,795)
As of 30 September 2022	32,971	81,023	3,812	117,806

* Other assets comprise office equipment and motor vehicles

Purchase deposits for machinery and construction of factory included in other non-current assets in the balance sheet were US$11.1 million (31 March 2023: US$12.0 million). The amount will be transferred to property, plant and equipment on receipt of the assets. The other non-current assets by nature as of 30 September 2023 and 31 March 2023 were as follows:

	30 September 2023 US$'000	31 March 2023 US$'000
Purchase deposits for machinery and construction of factory	**11,138**	12,015
Deferred contract costs (Note 10)	**2,700**	3,899
Other deposits and prepayments	**3,802**	3,919
Total other non-current assets	**17,640**	19,833

4. Investment Property

	2023 US$'000	2022 US$'000
As of 31 March	**18,340**	18,999
Currency translation	**(394)**	(1,084)
As of 30 September	**17,946**	17,915

The valuation method and assumptions of investment property are discussed in Note 28.

5. Intangible Assets

	Technology, patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Total US$'000
First half of FY23/24				
As of 31 March 2023	28,595	29,780	157,730	216,105
Currency translations	(492)	13	(1,655)	(2,134)
Capitalization of engineering development costs (Note 20)	776	-	-	776
Amortization (Note 20 & 25)	(6,184)	(2,055)	(9,056)	(17,295)
As of 30 September 2023	**22,695**	**27,738**	**147,019**	**197,452**
First half of FY22/23				
As of 31 March 2022	37,625	33,971	158,286	229,882
Currency translations	(3,110)	(2,868)	(15,488)	(21,466)
Capitalization of engineering development costs (Note 20)	369	-	-	369
Amortization (Note 20 & 25)	(6,850)	(2,053)	(8,354)	(17,257)
As of 30 September 2022	28,034	29,050	134,444	191,528

5. Intangible Assets *(Cont'd)*

Total intangible assets as of 30 September 2023 and 31 March 2023 were denominated in the following underlying currencies:

	30 September 2023 US$'000	31 March 2023 US$'000
In CAD	**116,915**	127,155
In EUR	**60,997**	67,283
In KRW	**12,953**	14,201
In USD	**4,307**	4,927
In GBP	**2,280**	2,539
Total intangible assets	**197,452**	216,105

6. Other Financial Assets and Liabilities

	30 September 2023			31 March 2023		
	Assets US$'000	**(Liabilities) US$'000**	**Net US$'000**	Assets US$'000	(Liabilities) US$'000	Net US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	**8,893**	**(88)**	**8,805**	19,402	(116)	19,286
– forward foreign currency exchange contracts (Note a (ii))	**119,469**	**(21,581)**	**97,888**	152,159	(13,345)	138,814
Net investment hedge (Note b)						
– forward foreign currency exchange contracts and cross-currency interest rate swaps	**19,045**	**-**	**19,045**	12,692	(2,519)	10,173
Fair value hedge (Note c)						
– forward foreign currency exchange contracts	**43,245**	**-**	**43,245**	43,176	-	43,176
Held for trading (Note d)	**-**	**(3,674)**	**(3,674)**	-	(6,156)	(6,156)
Total (Note f)	**190,652**	**(25,343)**	**165,309**	227,429	(22,136)	205,293
Current portion	**55,865**	**(16,547)**	**39,318**	54,406	(8,818)	45,588
Non-current portion	**134,787**	**(8,796)**	**125,991**	173,023	(13,318)	159,705
Total	**190,652**	**(25,343)**	**165,309**	227,429	(22,136)	205,293

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

Note:

(a) Cash flow hedge

(i) Raw material commodity contracts

Copper, silver, aluminium and iron ore forward commodity contracts as per the table below 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 contracts) volumes are consumed and sold.

As of 30 September 2023, the Group had the following outstanding contracts:

	Notional amount	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market price (US$)	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Cash flow hedge contracts								
Copper commodity	4,250 metric ton	6,864	8,231	8,277	1 – 18	29.2	5.8	6,002
Silver commodity	65,000 oz	20.02	23.08	22.80	1 – 7	1.3	0.2	181
Aluminium commodity	850 metric ton	2,280	2,308	2,356	1 – 7	1.9	-	64
Iron ore commodity	126,000 metric ton	86.03	118.05	106.34	1 – 30	10.8	4.0	2,558
Total						43.2	10.0	8,805

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

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

Estimated future cash flow is calculated based on the contracts' price / rate at maturity compared to the spot price / exchange rate for the agreements as of 30 September 2023.

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

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

(ii) Forward foreign currency exchange contracts

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

- Sell EUR contracts to create an economic hedge for EUR denominated export sales into USD
- Buy MXN, PLN, RSD, TRY, ILS, HUF and RMB contracts to create an economic hedge for production 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).

As of 30 September 2023, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts									
Sell EUR forward *	USD	EUR 335.2	1.36	1.06	1.12	1 – 60	457.0	102.8	82,198
Buy MXN forward	USD	MXN 1,868.1	27.27	17.62	20.09	1 – 57	68.5	37.5	24,460
Buy PLN forward	EUR	PLN 267.4	4.98	4.64	4.77	1 – 37	56.8	4.1	2,429
Buy RSD forward	EUR	RSD 419.2	121.15	117.41	117.47	1 – 5	3.7	0.1	114
Buy TRY forward	EUR	TRY 17.5	23.70	28.96	31.50	1 – 9	0.8	(0.1)	(193)
Buy ILS forward	USD	ILS 14.2	3.45	3.83	3.78	1 – 17	4.1	(0.4)	(362)
Buy HUF forward	EUR	HUF 13,495.7	357.20	391.35	410.56	1 – 32	39.9	(3.5)	(5,189)
Buy RMB forward	USD	RMB 6,022.5	7.06	7.18	7.11	1 – 49	853.0	(14.1)	(5,569)
Total							1,483.8	126.4	97,888

* The EUR to USD is stated in the inverse order

During the period, the decrease in fair value of US$40.0 million for derivatives of raw material commodity and forward foreign currency exchange contracts designated as cash flow hedges approximated the fair value movement of the underlying hedged items. There was no hedge ineffectiveness during the period.

As of 30 September 2023, the pre-tax fair value gains recognized in cash flow hedge reserve were US$109.3 million (31 March 2023: US$164.0 million).

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

(b) Net investment hedge

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

As of 30 September 2023, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Net investment hedge contracts									
Sell EUR forward *	USD	EUR 40.0	1.30	1.06	1.08	3 – 15	52.0	9.8	8,866
Cross-currency interest rate swaps * (pay EUR, receive USD)	USD	EUR 242.6	1.13	1.06	1.09	10	275.2	15.3	10,179
Total							327.2	25.1	19,045

* The EUR to USD is stated in the inverse order

As of 30 September 2023, the carrying amount of net assets denominated in EUR was US$675.3 million in USD equivalent.

During the period, the fair value movement of derivatives approximated the fair value movement of the hedged item. There was no hedge ineffectiveness during the period.

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

(c) Fair value hedge

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

As of 30 September 2023, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Fair value hedge contracts									
Sell EUR forward *	USD	EUR 159.7	1.40	1.06	1.13	1 – 55	223.0	54.2	43,245

* The EUR to USD is stated in the inverse order

As of 30 September 2023, the carrying amount of intragroup net receivables denominated in EUR (the hedged item) was US$223.0 million. In the first half of FY23/24, hedge ineffectiveness of US$4.5 million was charged to profit and loss in "Other expenses, net" (first half of FY22/23: US$3.1 million charged to profit and loss).

(d) Held for trading

The ineffective portion of HUF forward foreign currency exchange contracts (resulting from the shutdown of a manufacturing facility in Hungary) was designated as held for trading. Fair value gains and losses on the forward contracts are immediately recognized in the income statement.

As of 30 September 2023, the ineffective portion of the outstanding contracts was:

	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	(Liabilities), net carrying value (US$'000)
Held for trading contracts									
Buy HUF forward	EUR	HUF 9,351.7	353.96	391.35	407.61	1 – 30	27.9	(2.7)	(3,674)

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

(e) The income statement effect from raw material commodity and foreign currency exchange contracts (excluding structured contracts, see Note 7) and the cross-currency interest rate swaps recognized in the first half of FY23/24 was a net gain of US$18.2 million (first half of FY22/23: net gain of US$59.5 million).

	Six months ended 30 September	
Benefit / (expense)	**2023 US$'000**	2022 US$'000
Cost of goods sold includes:		
Effect of raw material commodity contracts	**9,820**	21,799
Effect of forward foreign currency exchange contracts	**(2,850)**	4,087
Effect on cost of goods sold	**6,970**	25,886
Other expense, net includes:		
Effect of unrealized forward foreign currency exchange contracts (Note 16)	**3,206**	23,763
Selling and administrative expenses includes:		
Effect of forward foreign currency exchange contracts (Note 17)	**9,290**	6,410
Finance costs includes:		
Cross-currency interest rate swaps	**(1,254)**	3,471
Effect of other financial assets and liabilities in consolidated income statement, net gain	**18,212**	59,530

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

(g) Net cash generated from operating activities due to the realized hedge contracts was US$11.9 million (first half of FY22/23: US$25.2 million).

(h) Estimate of future cash flow
In terms of estimating future cash flow, the contracts' price / rate at maturity compared to the spot price / exchange rate for the currency and commodity agreements as of 30 September 2023 would result in approximately US$213 million cash flow benefit (31 March 2023: US$244 million).

(i) As of 30 September 2023, the balance in the exchange reserve for continuing hedges that are accounted for as a net investment hedge was US$76.7 million (31 March 2023: US$66.8 million).

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

7. Financial Assets at Fair Value through Profit and Loss

	30 September 2023 US$'000	31 March 2023 US$'000
Unlisted preference shares (Note a)	**29,205**	29,205
Structured foreign currency contracts (Note b)	**27,108**	30,208
Other investment (Note c)	**9,077**	8,805
Total (Note d)	**65,390**	68,218
Current portion	**21,160**	19,411
Non-current portion	**44,230**	48,807
Total	**65,390**	68,218

Note:

(a) 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 unlisted preference shares as of 30 September 2023 remained unchanged at US$29.2 million. The equity value of the unlisted preferences shares is determined using a Black-Scholes model and Equity Allocation model.

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

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

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

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

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

As of 30 September 2023, the Group only had EUR structured foreign currency contracts. The Group's exposure to EUR cash flows over the remaining maturity periods is summarized below:

	Sell EUR (EUR million)
Hedged amount – by plain vanilla contracts	335.2
Economic hedge – by structured forward contracts	
– minimum possible hedge	53.9
– maximum possible hedge	104.8
Percentage of currency exposure hedged *	
– by plain vanilla contracts	43%
– by plain vanilla and structured forward – minimum	50%
– by plain vanilla and structured forward – maximum	56%

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

In the first half of FY23/24, net gains on structured foreign currency contracts increased net profit by US$3.7 million, net of tax (pre-tax US$4.1 million) (first half of FY22/23: gains increased net of tax profit by US$21.0 million, pre-tax US$23.8 million). Please see Note 16 & 17.

As of 30 September 2023, the Group had the following structured foreign currency contracts:

	Settlement currency	Notional value – minimum (million)	Notional value – maximum (million)	Range of contract rates	Weighted average contract rate	Mark-to-market rate	Remaining maturities range (months)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
Structured foreign currency contracts (With option features: Reduction of notional amount)									
Sell EUR (for sales) *	USD	EUR 53.9	EUR 104.8	1.30 – 1.39	1.35	1.21	1 – 11	15.9	15,031
Sell EUR (for net investment) *	USD	EUR 40.0	EUR 80.0	1.37 – 1.40	1.39	1.24	3 – 15	13.2	12,077
Total								29.1	27,108

* The EUR to USD is stated in the inverse order

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

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

Sensitivity

As of 30 September 2023, a 1% change in the exchange rate for EUR against USD will have the following impact to the Group's income statement:

EUR contracts	Profit before income tax increase / (decrease)
Increase by 1%	US$(1.0) million
Decrease by 1%	US$1.0 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 of 1% change in exchange rate).

Estimate of future cash flow

In terms of estimating future cash flow, the structured contract rates at maturity compared to exchange rates as of 30 September 2023 would give rise to a cash flow benefit of approximately US$29 million (assuming minimum delivery for EUR contracts depending on the contract delivery rate) (31 March 2023: US$33 million).

(c) Other investment

As of 30 September 2023, the Group had total cash investment to US$5.6 million in a venture capital fund comprising a diversified portfolio, including, but not limited to, life sciences, hardware and food start-up companies, out of a total investment commitment of US$6.0 million. In addition, the Group recognized a cumulative fair value gain of US$3.5 million, resulting in a US$9.1 million carrying value of the investment as of 30 September 2023 (carrying value as of 31 March 2023: US$8.8 million). The change in fair value of US$0.3 million in the first half of FY23/24 (first half of FY22/23: US$0.7 million) is reflected in Note 16 "Other expenses, net".

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

8. Trade and Other Receivables

	30 September 2023 US$'000	31 March 2023 US$'000
Trade receivables – gross *	**686,524**	705,522
Less: impairment of trade receivables	**(5,171)**	(3,188)
Trade receivables – net	**681,353**	702,334
Prepayments and other receivables	**118,577**	105,914
	799,930	808,248

* The balance included bank acceptance drafts from customers amounting to US$26.7 million (31 March 2023: US$42.5 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 120 days to its trade customers. No significant element of financing is deemed present as the sales are made with a credit term which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see Note 14. It has a policy in place to evaluate customer credit risk by considering their current financial position, past payment history, common credit-risk characteristics, and the macroeconomic factor and economic environment in which the customers operate. Management monitors overdue amounts to identify and resolve collection issues. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include the failure of a debtor to commit to a repayment plan.

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

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.

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

	Gross carrying amount US$'000	Impairment of trade receivables US$'000	Trade receivables – net US$'000
As of 30 September 2023			
Current	644,670	(48)	644,622
1 – 30 days overdue	26,298	(34)	26,264
31 – 90 days overdue	4,204	(51)	4,153
Over 90 days overdue	11,352	(5,038)	6,314
Total	686,524	(5,171)	681,353
As of 31 March 2023			
Current	665,447	(50)	665,397
1 – 30 days overdue	21,730	(14)	21,716
31 – 90 days overdue	7,821	(22)	7,799
Over 90 days overdue	10,524	(3,102)	7,422
Total	705,522	(3,188)	702,334

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

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

	30 September 2023 US$'000	31 March 2023 US$'000
0 – 30 days	**398,453**	408,357
31 – 90 days	**259,204**	266,047
Over 90 days	**28,867**	31,118
Total	**686,524**	705,522

9. Trade and Other Payables

	30 September 2023 US$'000	31 March 2023 US$'000
Trade payables	**452,982**	393,766
Accrual for property, plant and equipment and other production consumables	**131,344**	148,222
Accrued payroll and other staff related costs	**107,725**	118,492
Contract liabilities (Note 10)	**35,062**	35,536
Deferred income *	**31,487**	34,095
Other creditors and accrued charges	**72,234**	85,988
	830,834	816,099
Current portion	**787,217**	771,291
Non-current portion	**43,617**	44,808

* Mainly comprised of government grants

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

	30 September 2023 US$'000	31 March 2023 US$'000
0 – 60 days	**320,553**	276,754
61 – 90 days	**77,780**	53,918
Over 90 days	**54,649**	63,094
Total	**452,982**	393,766

10. Contract Balances

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

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

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

	30 September 2023 US$'000	31 March 2023 US$'000
Deferred contract costs included in:		
Trade and other receivables	**1,501**	1,583
Other non-current assets (Note 3)	**2,700**	3,899
Total deferred contract costs	**4,201**	5,482
Contract liabilities balances included in:		
Trade and other payables – current	**(19,898)**	(20,960)
Trade and other payables – non-current	**(15,164)**	(14,576)
Total contract liabilities (Note 9)	**(35,062)**	(35,536)

In the first half of FY23/24, US$8.9 million (first half of FY22/23: US$9.1 million) included in the contract liability balance at the previous year end date was recognized in profit and loss.

11. Borrowings

	30 September 2023			31 March 2023		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Bonds (Note a)	**301,496**	**-**	**301,496**	-	301,165	301,165
Loan from Export Development Canada ("EDC") (Note b)	**-**	**-**	**-**	99,984	-	99,984
Loan from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") (Note c)	**6,616**	**56,234**	**62,850**	6,896	62,061	68,957
Other borrowings	**-**	**3,930**	**3,930**	-	3,918	3,918
Total borrowings	**308,112**	**60,164**	**368,276**	106,880	367,144	474,024

Note:

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

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

The market value of the bonds was 98.1% of the face value of the bonds as of 30 September 2023 (31 March 2023: 98.5% of the face value of the bonds).

(b) Loan from EDC
The principal amount of US$100.0 million 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 was fully repaid at the maturity date of 6 June 2023.

(c) Loan from HSBC
The Group received a RMB475 million three-year credit facility from HSBC to refinance the loan from The Export-Import Bank of China in FY22/23. The first repayment was made in May 2023, with further repayments every six months until November 2025.

11. Borrowings *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Bonds and other borrowings	
	30 September 2023 US$'000	31 March 2023 US$'000	**30 September 2023 US$'000**	31 March 2023 US$'000
Less than 1 year	**6,616**	6,896	**301,496**	99,984
1 – 2 years	**9,924**	6,896	**3,930**	303,516
2 – 5 years	**46,310**	55,165	**-**	1,567
	62,850	68,957	**305,426**	405,067

As of 30 September 2023, the interest rate charged on the significant outstanding balances ranged from 3.0% to 4.1% per annum (31 March 2023: 3.2% 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 5.0% (31 March 2023: 4.5%). Interest expense is disclosed in Note 19.

Johnson Electric subscribes to both Moody's Investors Service and S&P Global Ratings to provide independent long-term credit ratings. As of 30 September 2023, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, resilience and prudent financial leverage.

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

12. Lease liabilities

	2023 **US$'000**	2022 US$'000
As of 31 March	**93,397**	127,527
Currency translations	**(3,289)**	(11,876)
New leases / extensions / modifications	**2,228**	2,046
Termination of leases	**(944)**	(10,718)
Finance costs	**1,861**	2,272
Principal element of lease payments	**(13,728)**	(13,233)
Interest element of lease payments	**(1,767)**	(3,174)
As of 30 September	**77,758**	92,844
Current portion	**20,495**	23,783
Non-current portion	**57,263**	69,061

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

	Six months ended 30 September	
	2023 **US$'000**	2022 US$'000
Expense relating to short-term leases	**1,232**	966
Expense relating to leases of low-value assets	**13**	38
Expense relating to variable lease payments	**1,244**	573
	2,489	1,577

13. 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 FY23/24			
As of 31 March 2023	4,917	4,736	9,653
Currency translations	(700)	(144)	(844)
Charges	3,081	4,746	7,827
Utilizations	(3,440)	(4,394)	(7,834)
Remeasurements *	4,434	-	4,434
As of 30 September 2023	**8,292**	**4,944**	**13,236**
First half of FY22/23			
As of 31 March 2022	23,498	3,530	27,028
Currency translations	(1,578)	(418)	(1,996)
Charges	3,020	4,511	7,531
Utilizations	(2,531)	(4,289)	(6,820)
Remeasurements *	(21,346)	-	(21,346)
As of 30 September 2022	1,063	3,334	4,397

* Remeasurements represent actuarial (gains) and losses. In the first half of FY23/24, the actuarial losses of US$4.4 million mainly arose from changes in financial assumptions

The retirement benefit plans are located in the United Kingdom, Canada, Switzerland, Israel, South Korea, Germany, Italy and France. Net obligations of US$8.3 million (31 March 2023: US$4.9 million) comprised the gross present value of obligations of US$191.5 million (31 March 2023: US$193.0 million) less the fair value of plan assets of US$183.2 million (31 March 2023: US$188.1 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 2023 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	319	406	725
Non-current portion	25,860	4,538	30,398
Defined benefit pension plan assets:			
Non-current portion	(17,887)	-	(17,887)
As of 30 September 2023	**8,292**	**4,944**	**13,236**

14. Provisions and Other Liabilities

	Legal and warranty US$'000	Restructuring and severance US$'000	Reinstatement cost of right-of-use assets US$'000	Total US$'000
First half of FY23/24				
As of 31 March 2023	32,362	716	998	34,076
Currency translations	(414)	(19)	(26)	(459)
Charged / (credited) to income statement				
– additional provisions	12,099	-	-	12,099
– unused amounts reversed	(116)	-	-	(116)
– finance costs	-	-	9	9
Utilizations	(5,038)	(160)	-	(5,198)
As of 30 September 2023	**38,893**	**537**	**981**	**40,411**
Current portion	30,632	537	-	31,169
Non-current portion	8,261	-	981	9,242
As of 30 September 2023	**38,893**	**537**	**981**	**40,411**
First half of FY22/23				
As of 31 March 2022	31,409	4,498	1,090	36,997
Currency translations	(1,318)	(347)	(116)	(1,781)
Charged / (credited) to income statement				
– additional provisions	5,840	700	-	6,540
– unused amounts reversed	(1,726)	-	-	(1,726)
– finance costs	-	-	9	9
Utilizations	(4,879)	(4,353)	-	(9,232)
As of 30 September 2022	29,326	498	983	30,807

15. Share Capital

	Share capital – ordinary shares (thousands)	Shares held for incentive share scheme (thousands)	Total shares (thousands)
First half of FY23/24			
As of 31 March 2023	928,687	(8,086)	920,601
Shares purchased by trustee for incentive share scheme	-	(2,888)	(2,888)
Shares vested to Directors and employees for incentive share scheme	-	4,116	4,116
Shares issued in lieu of cash dividends	2,166	-	2,166
Scrip dividend for shares held for incentive share scheme	-	(184)	(184)
As of 30 September 2023	**930,853**	**(7,042)**	**923,811**
First half of FY22/23			
As of 31 March 2022	906,003	(11,106)	894,897
Shares purchased by trustee for incentive share scheme	-	(500)	(500)
Shares vested to Directors and employees for incentive share scheme	-	3,825	3,825
Shares issued in lieu of cash dividends	10,212	-	10,212
Scrip dividend for shares held for incentive share scheme	-	(130)	(130)
As of 30 September 2022	916,215	(7,911)	908,304

As of 30 September 2023, the total authorized number of ordinary shares was 1,760.0 million (31 March 2023: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2023: HK$0.05 per share). All issued shares were fully paid.

15. Share Capital *(Cont'd)*

	Share capital – ordinary shares US$'000	Shares held for incentive share scheme US$'000	Share premium US$'000	Total US$'000
First half of FY23/24				
As of 31 March 2023	5,989	(20,479)	72,204	57,714
Shares purchased by trustee for incentive share scheme	-	(3,660)	-	(3,660)
Shares vested to Directors and employees for incentive share scheme	-	11,932	8,682	20,614
Shares issued in lieu of cash dividends	14	-	2,877	2,891
Scrip dividend for shares held for incentive share scheme	-	(245)	-	(245)
As of 30 September 2023	**6,003**	**(12,452)**	**83,763**	**77,314**
First half of FY22/23				
As of 31 March 2022	5,844	(30,733)	49,630	24,741
Shares purchased by trustee for incentive share scheme	-	(575)	-	(575)
Shares vested to Directors and employees for incentive share scheme	-	11,189	(4,176)	7,013
Shares issued in lieu of cash dividends	65	-	12,372	12,437
Scrip dividend for shares held for incentive share scheme	-	(157)	-	(157)
As of 30 September 2022	5,909	(20,276)	57,826	43,459

Scrip dividend

During the period, 2.2 million shares were issued to shareholders who elected to receive shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend of FY22/23. The Group's scrip price was the average closing price in the period during 18 July 2023 to 24 July 2023 discounted by 4% on the average price – the actual scrip price was HK$10.45 (US$1.34). The date of allotment of the scrip shares was 6 September 2023.

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at the Company's AGM held on 13 July 2023 empowering the Board to repurchase shares up to 10% (92.9 million shares) of the aggregate nominal amount of the issued share capital of the Company. This mandate which had also existed in the previous year was extended to the next 12-month period. No shares were purchased in the first half of FY23/24 for cancellation (first half of FY22/23: nil).

15. Share Capital *(Cont'd)*

Incentive share scheme

A new Restricted and Performance Stock Unit Plan ("2023 Stock Unit Plan") was approved by the shareholders on 13 July 2023. The Restricted and Performance Stock Unit Plan which was adopted on 9 July 2015 ("2015 Stock Unit Plan") was terminated by the shareholders on 13 July 2023 and no further grants of share awards under the 2015 Stock Unit Plan could be made afterwards. Unvested shares awards granted under the 2015 Stock Unit Plan continue to be valid subject to the provisions of the 2015 Stock Unit Plan. The Board may grant time-vested units (Restricted Stock Units, "RUSs") and performance-vested units (Performance Stock Units, "PSUs") or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the 2023 Stock Unit Plan.

Senior management of the Group receive annual grants of RSUs and PSUs, typically on 1 June of the year. According to current granting policy, RSUs typically vest after three years. PSUs vest after three years, subject to achievement of performance conditions over a three-year performance period. The measure for grants since FY19/20 is the three-year cumulative earnings per share.

If the primary condition is met in full, then the entire grant of PSUs will vest at the end of the vesting period. If the primary performance condition is not met, then the secondary performance conditions are considered. The secondary performance conditions consist of a series of one-year earnings per share targets for the Group set at the beginning of each year of the three-year performance period. Partial vesting occurs if one or more of the one-year targets is met.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
First half of FY23/24			
Unvested units granted, as of 31 March 2023	10,205	6,826	17,031
Units granted to Directors and employees during the period	4,042	3,604	7,646
Units vested to Directors and employees during the period	(3,769)	(1,210)	(4,979)
Forfeited during the period	(302)	(470)	(772)
Unvested units granted, as of 30 September 2023	**10,176**	**8,750**	**18,926**
First half of FY22/23			
Unvested units granted, as of 31 March 2022	10,455	6,075	16,530
Units granted to Directors and employees during the period	4,658	3,825	8,483
Units vested to Directors and employees during the period	(3,991)	(591)	(4,582)
Forfeited during the period	(762)	(2,416)	(3,178)
Unvested units granted, as of 30 September 2022	10,360	6,893	17,253

15. Share Capital *(Cont'd)*

The weighted average fair value of the unvested units granted during the period was HK$9.48 (US$1.22) (first half of FY22/23: HK$10.52 (US$1.35)).

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the period is HK$9.60 (US$1.23).

In the first half of FY23/24, the Company did not issue any new shares under this program, and the program is currently operated through purchasing existing shares from the market.

The total fair value of unvested units at the date of grant was US$7.8 million (first half of FY22/23: US$10.1 million). As the Directors and employees are not entitled to dividends or dividend equivalents between the grant date and the vesting date, the grant date valuation of the rights to shares were reduced by the present value of dividends expected to be paid during the vesting period (interim dividend of HK cents 17 and final dividend of HK cents 34 for each year), discounted by the local currency government bond yields on the corresponding grant dates with tenor equal to the vesting periods (fair value of unvested units granted on 1 June 2023 was discounted using 3.6%).

As of 30 September 2023, the number of unvested units outstanding under the 2015 Stock Unit Plan was as follows:

	Number of unvested units granted (thousands)		
Vesting year *	Restricted Stock Units	Performance Stock Units	Total
FY23/24	5	-	5
FY24/25	1,827	1,687	3,514
FY25/26	4,365	3,492	7,857
FY26/27	3,979	3,571	7,550
Total unvested units granted	**10,176**	**8,750**	**18,926**

* Shares are typically vested on 1 June of the year

16. Other (Expenses), Net

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Gross rental income from investment property	**584**	651
Net gains / (losses) on financial assets at fair value through profit and loss	**274**	(1,142)
Fair value gains on put option written to a non-controlling interest	**-**	2,920
Gains on disposal of property, plant and equipment	**1,130**	4,152
Unrealized net gains on other financial assets and liabilities (Note 6(e))	**3,206**	23,763
Unrealized net (losses) from revaluation of monetary assets and liabilities	**(12,296)**	(63,717)
Unrealized net (losses) / gains on structured foreign currency contracts	**(3,102)**	14,954
Subsidies and other income	**2,611**	11,060
Other (expenses), net	**(7,593)**	(7,359)

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

17. Selling and Administrative Expenses

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Selling expenses	**59,866**	75,904
Administrative expenses	**210,173**	201,774
Legal and warranty	**11,983**	4,114
Net (gains) on realization of other financial assets and liabilities (Note 6(e))	**(9,290)**	(6,410)
Net losses on realization of monetary assets and liabilities	**4,975**	10,853
Net (gains) on realization of structured foreign currency exchange contracts	**(7,180)**	(8,803)
Selling and administrative expenses	**270,527**	277,432

18. Restructuring and Other Related Costs

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Restructuring costs	**-**	684
Other related costs	**-**	16
Restructuring and other related costs	**-**	700

Note: The restructuring and other related costs in the first half of FY22/23 primarily consisted of severance payments in relation to initiatives to simplify the manufacturing footprint in Europe

19. Finance Income / (Costs), Net

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Interest income	**6,038**	1,883
Interest expense on:		
Borrowings	**(6,483)**	(3,379)
Bonds	**(6,518)**	(6,504)
	(13,001)	(9,883)
Interest expense capitalized *	**58**	711
Total interest expense	**(12,943)**	(9,172)
Net finance (costs) (Note 25)	**(6,905)**	(7,289)

* Interest expense has been capitalized in property, plant and equipment at major new or expanded production sites at an average effective interest rate of 5.4% per annum including the impact of interest rate swaps (first half of FY22/23: 3.1% per annum)

Borrowings are discussed in Note 11.

20. Expenses by Nature

Operating profit was stated after crediting and charging the following:

	Six months ended 30 September 2023 US$'000	2022 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**123,024**	120,562
Less: amounts capitalized in assets under construction	**(747)**	(782)
Net depreciation (Note 25)	**122,277**	119,780
Engineering expenditure		
Engineering expenditure *	**77,930**	91,011
Less: capitalization of engineering development costs (Note 5)	**(776)**	(369)
Net engineering expenditure	**77,154**	90,642
Employee compensation		
Wages, salaries and other benefits	**451,016**	448,818
Share-based payments	**2,988**	2,227
Social security costs	**58,170**	51,713
Pension costs – defined benefit plans	**3,081**	3,020
Pension costs – defined contribution plans	**4,360**	4,294
	519,615	510,072
Less: amounts capitalized in assets under construction	**(3,804)**	(2,208)
	515,811	507,864
Other items:		
Cost of goods sold **	**1,507,477**	1,415,377
Auditors' remuneration	**1,426**	1,411
Amortization of intangible assets (Note 5 & 25)	**17,295**	17,257
Impairment of inventories	**6,906**	7,133
Reversal of impairment of inventories	**(6,692)**	(5,206)
Impairment of property, plant and equipment (Note 3 & 25)	**4,112**	174
Impairment of trade receivables / bad debt expense	**2,386**	583

In the first half of FY23/24, the Group did not receive any subsidies related to the Covid-19 pandemic (first half of FY22/23: US$1.2 million. These were offset against relevant costs in the income statement including employee compensation which represents the majority of the subsidies).

* Engineering expenditure as a percentage of sales was 4.0% in the first half of FY23/24 (first half of FY22/23: 5.1%)

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

21. Taxation

The amount of taxation in the consolidated income statement represents:

	Six months ended 30 September	
	2023 **US$'000**	2022 US$'000
Current income tax		
Charges for the period	**34,219**	20,091
(Reduction) / additions of tax for prior years	**(61)**	341
	34,158	20,432
Deferred income tax	**(12,371)**	(17,803)
Total income tax expense	**21,787**	2,629
Effective tax rate	**15.2%**	4.3%

Tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the period. The overall global effective tax rate for the first half of FY23/24 was 15.2% (first half of FY22/23: 4.3%). The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% (first half of FY22/23: 16.5%) as follows:

	Six months ended 30 September 2023		Six months ended 30 September 2022	
		US$'000		US$'000
Profit before income tax		**143,613**		61,098
Tax charged at Hong Kong profits tax rate	**16.5%**	**23,696**	16.5%	10,081
Effect of different tax rates in other countries				
– countries with taxable profit	**4.1%**	**5,923**	6.0%	3,663
– countries with taxable loss	**(0.9%)**	**(1,292)**	(2.4%)	(1,488)
(Reductions) of tax for prior years – current and deferred	**(0.0%)**	**(52)**	(0.2%)	(103)
Withholding tax	**5.0%**	**7,176**	11.3%	6,903
Effect of income, net of expenses, not subject to tax	**(7.5%)**	**(10,823)**	(20.2%)	(12,358)
Effect of permanent and temporary differences, tax losses and other taxes	**(2.0%)**	**(2,841)**	(6.7%)	(4,069)
Total income tax expense	**15.2%**	**21,787**	4.3%	2,629

22. 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 the Company for incentive share scheme.

	Six months ended 30 September	
	2023	2022
Profit attributable to shareholders (thousands US Dollar)	**120,149**	55,884
Weighted average number of ordinary shares in issue (thousands)	**922,343**	898,604
Basic earnings per share (US cents per share)	**13.03**	6.22
Basic earnings per share (HK cents per share)	**102.02**	48.80

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	
	2023	2022
Profit attributable to shareholders (thousands US Dollar)	**120,149**	55,884
Weighted average number of ordinary shares issued and outstanding (thousands)	**922,343**	898,604
Adjustments for incentive shares granted		
– incentive share scheme - Restricted Stock Units	**2,409**	1,201
– incentive share scheme - Performance Stock Units	**-**	318
Weighted average number of ordinary shares (diluted) (thousands)	**924,752**	900,123
Diluted earnings per share (US cents per share)	**12.99**	6.21
Diluted earnings per share (HK cents per share)	**101.75**	48.72

23. Interim Dividend

	Six months ended 30 September 2023 US$'000		2022 US$'000
Interim, of 17 HK cents (2.18 US cents) per share, to be paid in January 2024 (FY22/23: 17 HK cents or 2.18 US cents)	**20,058**	*	19,671

* Interim dividend, with a scrip dividend option offered to shareholders, is calculated based on the total number of shares as of 30 September 2023. The interim dividend will be payable on 17 January 2024 to shareholders whose names appear on the Register of Shareholders of the Company on 5 December 2023

24. Commitments

	30 September 2023 US$'000	31 March 2023 US$'000
Capital commitments, contracted but not provided for:		
Property, plant and equipment	**35,289**	40,566

25. Cash Generated from Operations

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Profit before income tax	**143,613**	61,098
Add: Depreciation of property, plant and equipment (Note 20)	**122,277**	119,780
Amortization of intangible assets (Note 5 & 20)	**17,295**	17,257
Net finance costs (Note 19)	**6,905**	7,289
Dividend receipts from associate and joint venture less share of losses	**941**	644
EBITDA*	**291,031**	206,068
Other non-cash items		
(Gains) on disposal of property, plant and equipment	**(1,130)**	(4,152)
Impairment of property, plant and equipment (Note 3 & 20)	**4,112**	174
Net (gains) / losses on financial assets at fair value through profit and loss	**(274)**	1,142
Fair value (gains) on put option written to a non-controlling interest	**-**	(2,920)
Share-based payments	**2,501**	541
Unrealized currency losses	**12,192**	25,000
	17,401	19,785
EBITDA * net of other non-cash items	**308,432**	225,853
Change in working capital		
(Increase) in inventories	**(30,215)**	(73,146)
(Increase) in trade and other receivables	**(3,730)**	(26,852)
Decrease / (increase) in other non-current assets	**851**	(2,925)
Increase in trade and other payables	**51,954**	104,333
(Decrease) / increase in retirement benefit obligations **	**(7)**	711
Increase / (decrease) in provisions and other liabilities	**6,785**	(4,418)
Change in other financial assets and liabilities	**(3,975)**	(10,978)
	21,663	(13,275)
Cash generated from operations	**330,095**	212,578

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

** Net of defined benefit pension plan assets

26. Related Party Transactions

26.1 Directors' remuneration

The remuneration of Directors was as follows:

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Fees	**282**	276
Salary *	**723**	711
Discretionary bonus	**1,316**	145
Share-based payment	**1,286**	776
Employer's contribution to retirement benefit scheme	**87**	85
	3,694	1,993

Directors' remuneration represents the amounts paid during the period

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

26.2 Senior management compensation

Other than the directors' remuneration disclosed above, emoluments paid to 7 members (first half of FY22/23: 6) of senior management were as follows:

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
Salaries, allowances and other benefits	**1,871**	1,705
Retirement scheme contributions	**186**	156
Share-based payment	**1,586**	1,073
Bonuses	**2,418**	583
	6,061	3,517

Senior management compensation represents the amounts paid during the period

Except for the remuneration to Directors and senior management compensation disclosed above, the Group had no material related party transactions during the period.

27. 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 2023.

There has been no change in the Group's risk management policies since 31 March 2023.

28. Fair Value Estimation

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

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

Level 2 : The Group's level 2 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 at fair value through profit and loss are mainly structured foreign currency contracts with option features and investments in unlisted preference shares. The fair values 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.

28. 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 2023 and 31 March 2023.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As of 30 September 2023				
Assets				
Investment property				
– industrial property	-	-	9,332	9,332
– residential property and car parks	-	91	8,523	8,614
Other financial assets				
– derivatives used for hedging	-	190,652	-	190,652
Financial assets at fair value through profit and loss				
– unlisted preference shares	-	-	29,205	29,205
– structured foreign currency contracts	-	-	27,108	27,108
– other investment	-	-	9,077	9,077
Total assets	-	190,743	83,245	273,988
Liabilities				
Other financial liabilities				
– derivatives used for hedging	-	21,669	-	21,669
– derivatives held for trading	-	3,674	-	3,674
Total liabilities	-	25,343	-	25,343
As of 31 March 2023				
Assets				
Investment property				
– industrial property	-	-	9,726	9,726
– residential property and car parks	-	91	8,523	8,614
Other financial assets				
– derivatives used for hedging	-	227,429	-	227,429
Financial assets at fair value through profit and loss				
– unlisted preference shares	-	-	29,205	29,205
– structured foreign currency contracts	-	-	30,208	30,208
– other investment	-	-	8,805	8,805
Total assets	-	227,520	86,467	313,987
Liabilities				
Other financial liabilities				
– derivatives used for hedging	-	15,980	-	15,980
– derivatives held for trading	-	6,156	-	6,156
Total liabilities	-	22,136	-	22,136

28. 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 3

Fair values of industrial property and residential property are derived using the income capitalization and market comparison method respectively. The significant inputs used to determine the fair value are market rates / rents and market yields.

(ii) Other financial assets and liabilities

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 prices and foreign currency exchange rates are the key observable inputs in the valuation.

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

The majority of the Group's financial assets at fair value through profit and loss are structured foreign currency contracts with option features, investments in a venture capital fund 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 investments in the venture capital fund that are not traded in an active market are valued based on information derived from fund reports, or audited reports received from the venture capital fund and adjusted by other relevant factors if deemed necessary. The main input includes the use of recent arm's length transactions and substantially similar instruments, with reference to portfolio reports. For the investment in unlisted preference shares, the Group obtained a valuation performed by an independent, professionally qualified valuer. The valuation has been determined using a Black-Scholes model and Equity Allocation model. The key inputs in the valuation are recent transaction price, probability for initial public offering, probability for liquidation, probability for redemption, volatility, time to maturity and risk free rate.

28. Fair Value Estimation *(Cont'd)*

The following table presents the changes in level 3 assets for the first half of FY23/24 and FY22/23:

	Investment property							
	Industrial property		Residential property		Financial assets at fair value through profit and loss		Total	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000
As of 31 March	9,726	10,220	8,523	8,688	68,218	74,043	**86,467**	92,951
Currency translations	(394)	(1,084)	-	-	-	(341)	**(394)**	(1,425)
Additions	-	-	-	-	-	900	**-**	900
Settlement / disposal	-	-	-	-	(7,180)	(10,678)	**(7,180)**	(10,678)
Fair value gains	-	-	-	-	4,352	24,490	**4,352**	24,490
As of 30 September	9,332	9,136	8,523	8,688	65,390	88,414	**83,245**	106,238
Change in unrealized gains for the period included in the income statement for assets held at balance sheet date	-	-	-	-	4,079	22,433	**4,079**	22,433
Total gains for the period included in the income statement	-	-	-	-	4,352	22,615	**4,352**	22,615

29. 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 two 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 2023			
Assets as per balance sheet			
Other non-current assets	3,051	-	3,051
Government Green Bonds at amortized cost	4,875 *	-	4,875
Other financial assets	-	190,652	190,652
Financial assets at fair value through profit and loss	-	65,390	65,390
Trade and other receivables excluding prepayments	716,221	-	716,221
Cash and cash equivalents	440,177	-	440,177
Total financial assets	1,164,324	256,042	1,420,366
Liabilities as per balance sheet			
Other financial liabilities	-	(25,343)	(25,343)
Trade and other payables	(635,902)	-	(635,902)
Borrowings	(368,276)	-	(368,276)
Lease liabilities	(77,758)	-	(77,758)
Total financial liabilities	(1,081,936)	(25,343)	(1,107,279)
As of 31 March 2023			
Assets as per balance sheet			
Other non-current assets	3,197	-	3,197
Government Green Bonds at amortized cost	5,081 *	-	5,081
Other financial assets	-	227,429	227,429
Financial assets at fair value through profit and loss	-	68,218	68,218
Trade and other receivables excluding prepayments	735,744	-	735,744
Cash and cash equivalents	408,664	-	408,664
Total financial assets	1,152,686	295,647	1,448,333
Liabilities as per balance sheet			
Other financial liabilities	-	(22,136)	(22,136)
Trade and other payables	(598,739)	-	(598,739)
Borrowings	(474,024)	-	(474,024)
Lease liabilities	(93,397)	-	(93,397)
Total financial liabilities	(1,166,160)	(22,136)	(1,188,296)

* The Government Green Bonds were issued by the Hong Kong Monetary Authority in 2022. This investment of the Group will be held until maturity in November 2024. As of 30 September 2023 and 31 March 2023, the fair value of the Government Green Bonds at amortized cost approximately equals its carrying amount

30. Effect of Adopting New, Revised and Amended HKFRS

Standards, interpretation and amendments to published standards effective since 1 April 2023 which are relevant to the Group

In the first half of FY23/24, the Group adopted the new, revised and amended standards of HKFRS listed below, relevant to its operations and having an impact on the consolidated financial statements:

HKAS 1 (amendment) and HKFRS Practice Statement 2	Disclosure of accounting policies
HKAS 8 (amendment)	Definition of accounting estimates
HKAS 12 (amendment)	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (amendment)	Income taxes: International Tax Reform— Pillar Two Model Rules
HKFRS 17	Insurance contracts

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

HKAS 12 (amendment) Income taxes: International Tax Reform – Pillar Two Model Rules

The amendments clarify the application of HKAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules ("Pillar Two income taxes").

The amendments provide a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". In adopting these amendments the Group has applied the mandatory temporary exception from recognizing and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two Model Rules. The disclosures in respect of the current tax expense related to the Pillar Two income taxes and the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after 1 January 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before 31 December 2023. The Group is in the process of making an assessment of the impact to the current tax expense and will make the disclosure in the annual report for the year ending 31 March 2024.

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 *SBS, JP*
Chairman and Chief Executive
Austin Jesse WANG

Non-Executive Directors

WANG KOO Yik-Chun
Honorary Chairman
MAK WANG Wing-Yee Winnie
Vice-Chairman
Peter Kin-Chung WANG
Patrick Blackwell PAUL *CBE, FCA* *
Michael John ENRIGHT *
Joseph Chi-Kwong YAM *GBM, GBS, JP* *
Christopher Dale PRATT *CBE* *
Catherine Annick Caroline BRADLEY *CBE* *
Michelle Mei-Shuen LOW *

* *Independent Non-Executive Director*

Company Secretary

Lai-Chu CHENG

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Share Registrars and Transfer Offices

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

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

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong Head Office

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

Principal Bankers

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

Rating Agencies

Moody's Investors Service
S&P Global Ratings

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)
1 – 5 December 2023 (Fri – Tue)

Dividends (per Share)

Interim Dividend	: 17 HK cents
Dividend Warrants and Share Certificates for Interim Dividend	: 17 January 2024 (Wed)

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 2023 will be despatched to the shareholders and available on the same websites.

Board of Directors

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

On behalf of the Board

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

Hong Kong, 8 November 2023

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