



Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 179)

TRADING UPDATE

This announcement is made pursuant to Rule 13.09 of the Listing Rules. Johnson Electric Holdings Limited announces details of information to be covered in discussions with investors and securities analysts ahead of its results announcement for the twelve months ended 31st March 2009.

On 5th June 2009, Johnson Electric Holdings Limited (“Johnson Electric” or “the company”) is scheduled to report its results for the twelve month period which will end on 31st March 2009. In light of the significant downturn in world markets and the resulting adverse impacts on revenues and profitability, however, the company is providing this update on its market and operating environments.

Sales Performance (US\$)

For the six months to 30th September 2008, Johnson Electric reported total sales of US\$1.130 billion, an increase of 3.3% over the comparable period in the previous year. That six month period ended as the global economic slowdown began and, as was noted in the Chairman’s Statement issued with the half-year results on 5th December 2008, sales activity in October and November had already started to show weakness. Since then, the demand in some of the company’s markets has contracted severely.

The sharp weakening in demand for new vehicles which began in the US last year has spread rapidly to Europe and Asia. During the company’s second half many vehicle manufacturers are experiencing sales and order book reductions at rates in excess of 40% compared to levels a year ago. Consequently, the demand for the Automotive Products Group’s (APG) motors and motion systems which form part of the sub-assemblies for these vehicles has reduced proportionately. In Europe, this sales reduction during the company’s second half has been exacerbated by the falling value of the Euro relative to the US\$.

The demand in the Industrial Products Group (IPG) and in the Parlex business has been weakening too, but to a slightly lesser degree. Concerns amongst consumers about their job and income stability as well as their increasing inclination to save, not spend, has resulted in conservative buying behavior for household and lifestyle products which contain the company's motors and motion systems. During the company's second half the demand for these types of consumer products is down from a year ago by approximately 30% in the US and Europe. Similarly, the reduction in demand for industrial and related products in European markets such as Germany is down by approximately 30%. The sales and order book declines in IPG and in Parlex have mirrored these regional and market trends.

As a result of this rapid and severe deterioration in economic conditions the company has been experiencing a significantly reduced level of sales in the second half of this fiscal year compared to the first half. Johnson Electric anticipates that weakened demand will continue through at least 2009, and probably well into 2010.

Profit and Cash Performance (US\$)

For the six months to 30th September 2008, Johnson Electric reported first half-year profit attributable to shareholders of US\$45.5 million after deducting a non-recurring charge of US\$27.5 million related to the cessation of new operations in its Trading business.

In the second half, the company has been reducing its variable costs such as direct labour and material purchases in line with the lower level of demand and has been introducing programmes as quickly as possible to reduce semi-variable costs such as production overheads. However, the rate at which sales and profit contributions have diminished has outpaced the company's ability to reduce its cost base. Consequently, the company expects to incur a loss in the second-half of this fiscal year, and for the year as a whole, including non-recurring charges.

Despite the shrinkage in sales and profits the company has continued to generate cash from operations in the second half of the year and its cash position remains healthy. Programmes launched during the second-half to reduce working capital levels as well as to reduce capital expenditure commitments for the coming year are being closely managed and monitored.

Chairman's Comments

Commenting on this update for shareholders, Mr. Patrick Wang, Chairman and Chief Executive of Johnson Electric, said: "Like many companies around the world Johnson Electric is being hard hit by the extraordinary and rapid global economic changes currently occurring. These are very tough times indeed, unlike anything we have seen in our 50 year history. Nevertheless, I am confident we are responding appropriately to the immediate situation while keeping our sights firmly set on a more profitable future when the global economy recovers. Our focus is on conserving cash to fuel our operations and to preserve our ability to achieve a rapid recovery when conditions permit."

"Although we expect these challenging economic conditions to continue this year and next we will remain alert to opportunities to use our technology and innovation capabilities to generate new revenues. Consequently, we will continue investing in engineering, innovation and new product development to help make our customers successful, and to increase our penetration in markets where there are still some growth opportunities."

"We have already taken the necessary steps to curtail costs of a variable nature and we will extend our cost reduction initiatives further as the situation warrants. In particular, we will take this opportunity to simplify our global operations and infrastructure so we can immediately translate a recovery in demand into enhanced profitability."

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, the board of directors of the company comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Richard Li-Chung Wang, being the Executive Directors, and Yik-Chun Koo Wang, Peter Kin-Chung Wang, being the Non-executive Directors, and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Laura May-Lung Cha, Oscar de Paula Bernardes Neto, being the Independent Non-executive Directors.

By Order of the Board
Johnson Electric Holdings Limited
Patrick Shui-Chung Wang
Chairman and Chief Executive

9th March 2009

Website: www.johnsonelectric.com