

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Johnson Electric Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

### **DISCLOSEABLE TRANSACTION ACQUISITION OF AML DÉVELOPPEMENT**

The Board of Johnson Electric announces that after trading hours on 4 February 2016, an indirect wholly-owned subsidiary of the Company entered into a Put Option Agreement with the shareholders of AML Développement. Subject to the Sellers exercising the Put Option following information and consultation processes with the employees and their representatives at the Target Group, Johnson Electric shall execute the Share Purchase Agreement as the Purchaser and acquire the entire share capital of AML Développement.

AML Développement is the holding company of AML Systems, a leading manufacturer of headlamp levelers, smart actuators and headlamp cleaning systems for the automotive industry. The Target Group is headquartered in Le Bourget, France.

Under the terms of the Acquisition, the Consideration payable for the entire share capital of AML Développement will amount up to an estimated €65.0 million (equivalent to approximately US\$72.4 million) (subject to adjustments). After Completion, the Purchaser shall cause AML Développement to repay the existing financial indebtedness, which amounted to €7.5 million (equivalent to approximately US\$8.4 million) as of the Locked Box Date. The Purchaser intends to repay the existing financial indebtedness using the Target Group's cash reserves (which amounted to €10.6 million as of Locked Box Date) and the cash accrued after the Locked Box Date.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios exceed 5% but are less than 25% and is subject to the notification and announcement requirements under the Listing Rules.

#### **A. INTRODUCTION**

The Board of Johnson Electric announces that after trading hours on 4 February 2016, the Purchaser (as promisor) entered into the Put Option Agreement with the Sellers (as beneficiaries) with respect to the Acquisition. Subject to the Sellers exercising the Put Option following information and consultation processes with the employees and their representatives at the Target Group, the Purchaser shall execute the Share Purchase Agreement and acquire the entire share capital of AML Développement.

The Directors, including the independent non-executive Directors, consider that the Put Option Agreement and the Share Purchase Agreement have been agreed to in the ordinary course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The prescribed particulars of the Put Option Agreement, the Share Purchase Agreement and other information relating to the Acquisition are set out below:

## **B. PUT OPTION AGREEMENT**

On 4 February 2016, the Sellers (as beneficiaries) and Purchaser (as promisor) entered into the Put Option Agreement. The key terms of the Put Option Agreement are summarised as follows:

### **Put Option**

The Purchaser irrevocably undertakes to acquire, directly or indirectly, all of the Securities from the Sellers in accordance with the provisions of the Share Purchase Agreement upon receiving a Put Option Notice from the Sellers.

### **Exercise of the Put Option**

The Put Option shall be exercisable by the Sellers no later than five (5) business days from completion of the information and consultation processes with the employees and their representatives at the Target Group. The Sellers shall exercise the Put Option by serving a Put Option Notice, which shall be irrevocable when served.

### **Exclusivity**

As from the date of the Put Option Agreement until the first date of (i) Expiry Date or (ii) the date of execution of the Share Purchase Agreement, the Sellers will not initiate or participate in any discussions with any third party regarding the transfer of the Securities; and undertake not to sell, transfer, contribute or otherwise dispose of any of the Securities to any third party.

## **C. SHARE PURCHASE AGREEMENT**

The key terms of the Share Purchase Agreement are summarised as follows:

### **Date**

To be executed within five (5) business days following the Put Option Notice.

### **Parties**

Purchaser : Johnson Electric International AG

Sellers : Syntegra Investments III Sàrl, Mr. Jean-Louis Coutin, Mr. Jacques Le Morvan, Mr. Christian Rumpler, Advancy Capital Partners, Picardie Investissement, TreborAsset, Mrs. Charlotte Rey, Mr. Benjamin Rey, Mr. Evrard Guelton, EG Holding, Mr. Eric de Bettignies, Mr. Eric Julien, Mr. Jean-Eric Peugeot, Mr. Denis Goudigan, Mr. Stéphane Menard, and Manager Demain

To the best of the Directors' knowledge, information and belief, and having made reasonable enquiries, the Sellers and their ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Group.

### **Subject of the Acquisition**

Pursuant to the Share Purchase Agreement, the Sellers agreed to sell and the Purchaser agreed to purchase the Securities, which constitute the entire equity interest in AML Développement.

### **Consideration**

The Consideration payable for Securities will amount up to €65.0 million. It was determined on an arm's length basis following due diligence by the Company and negotiations with the Sellers. At Completion, the Consideration will be adjusted by deducting any leakage of the Target Group that has accrued or been paid or incurred by any member of the Target Group between the Locked Box Date and the Completion Date (other than permitted leakage as agreed by the Parties in the Share Purchase Agreement). The Consideration is payable in cash at Completion and will be financed from the Group's internal cash reserves and available credit facilities.

After Completion, the Purchaser shall cause AML Développement to repay the existing financial indebtedness, which amounted to €7.5 million as of the Locked Box Date. The Purchaser intends to repay the existing financial indebtedness using the Target Group's cash reserves (which amounted to €10.6 million as of Locked Box Date) and the cash accrued after the Locked Box Date.

### **Completion and Conditions Precedent**

Subject to satisfaction of customary regulatory approvals for the transfer of AML Développement, Completion is currently expected to take place in the second quarter of 2016.

## **D. INFORMATION ON TARGET GROUP**

AML Développement is the holding company of AML Systems. AML Systems is a leading manufacturer of headlamp levelers, smart actuators and headlamp cleaning systems for the automotive industry. Headquartered in Le Bourget, France, the Target Group employs approximately 500 individuals. It operates two production facilities, one in France and one in China. The Target Group has a strong R&D team of 60 employees located in France and China serving automotive suppliers worldwide.

AML Systems was formerly part of Valeo Group. Since its spin-off in 2010, the Target Group has been under majority ownership by Syntegra Capital, a private equity firm.

The table below is based on the consolidated audited financial information, prepared in accordance with International Financial Reporting Standards, of the Target Group for the two years ended 30 June 2014 and 2015.

	<b>For the year ended 30 June 2015</b>	<b>For the year ended 30 June 2014</b>
(1) Revenue of Target Group	€99.6 million	€90.5 million
(2) Reported EBITDA of Target Group	€9.2 million	€8.7 million
(3) Reported profit before taxation and extraordinary items	€6.5 million	€5.0 million
(4) Net profit after taxation and extraordinary items	€4.5 million	€3.4 million
(5) Net assets of Target Group	€22.7 million	€16.7 million

## **E. REASONS FOR AND BENEFITS OF THE ACQUISITION**

Johnson Electric Group is a leading global manufacturer of electric motors, motion subsystems and related electro-mechanical components serving a range of end markets, including the automotive industry. As previously announced, it is a key strategic priority of the Group to supplement its organic growth through selective acquisitions which can bring complementary adjacent technologies and strengthen the Group's position in key markets.

The Board views the Acquisition as an attractive opportunity to accelerate sales growth and enhance the Group's product portfolio in the headlamp actuation segment. Acquiring the Target Group's know-how and over 20 years of experience in the segment will enable the Group to provide solutions that improve visibility and enhance safety of drivers and other road users.

The Directors, including the independent non-executive Directors, consider the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **F. IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios exceed 5% but are less than 25% and is subject to the notification and announcement requirements under the Listing Rules.

## G. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings :

Acquisition	the acquisition of the Securities by the Purchaser from the Sellers pursuant to the Share Purchase Agreement
AML Développement	a <i>société par actions simplifiée</i> incorporated under the laws of France. AML Développement owns the 100% shareholding interest in AML Systems
AML Systems	a <i>société par actions simplifiée</i> incorporated under the laws of France
Board	the board of Directors of the Company
Company or Johnson Electric	Johnson Electric Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
Completion	the completion of the sale and purchase of the Securities in accordance with the Share Purchase Agreement
Completion Date	the date on which Completion occurs
connected persons	has the meaning ascribed thereto under the Listing Rules
Consideration	€65.0 million
Directors	the directors of the Company
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Expiry Date	15 May 2016
Group or Johnson Electric Group	the Company and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
Locked Box Date	30 June 2015
Parties	Purchaser and Sellers

Purchaser	Johnson Electric International AG, a company organized under the laws of Switzerland, an indirect wholly-owned subsidiary of the Company
Put Option	the put option granted by Purchaser in favour of the Sellers with respect to the Acquisition under the Put Option Agreement
Put Option Agreement	the put option agreement regarding the Acquisition dated 4 February 2016 entered into between the Sellers (as beneficiaries) and the Purchaser (as promisor)
Put Option Notice	a notice served by the Sellers to the Purchaser by which the Put Option is exercised
Securities	100% of the issued shares (with the warrants attached to these shares) of AML Développement on the Completion Date
Sellers	Syntegra Investments III Sàrl, Mr. Jean-Louis Coutin, Mr. Jacques Le Morvan, Mr. Christian Rumpler, Advancy Capital Partners, Picardie Investissement, TreborAsset, Mrs. Charlotte Rey, Mr. Benjamin Rey, Mr. Evrard Guelton, EG Holding, Mr. Eric de Bettignies, Mr. Eric Julien, Mr. Jean-Eric Peugeot, Mr. Denis Goudigan, Mr. Stéphane Menard, and Manager Demain
Share Purchase Agreement	a sale and purchase agreement in relation to the sale and purchase of the Securities; its final agreed form has been attached to the Put Option Agreement
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subsidiary	has the meaning ascribed thereto under the Listing Rules
Target Group	AML Développement together with its subsidiaries, together constitute the Sellers' business in headlamp actuation operating under the trading name of AML and AML Systems
US\$	United States dollar(s), the lawful currency of the United States of America
€	Euro(s), the lawful currency of the European Union
%	Percentage

*The translations of € into US\$ throughout this announcement, unless otherwise stated, are based on the exchange rate of €1.00 to US\$1.1143 (the spot rate quoted at 5:00 p.m. Hong Kong time on 4 February 2016 on Bloomberg) and are provided for information purposes only.*

**Board of Directors**

As of the date of this announcement, the Board comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Austin Jesse Wang being the Executive Directors and Yik-Chun Koo Wang, Peter Kin-Chung Wang being the Non-Executive Directors and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Joseph Chi-Kwong Yam and Christopher Dale Pratt being the Independent Non-Executive Directors.

By Order of the Board  
**Johnson Electric Holdings Limited**  
**Lai-Chu Cheng**  
*Company Secretary*

Hong Kong, 5 February 2016

*[www.johnsonelectric.com](http://www.johnsonelectric.com)*