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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

Connected Transaction

Acquisition of Equity Interests in Shanghai Ri Yong-JEA Gate Electric Co., Ltd., Changchun Ri Yong JEA Gate Electric Co., Ltd. and Chengdu Ri Yong JEA Gate Electric Co., Ltd.

The Board of Johnson Electric announces that after trading hours on 14 July 2016, JEA Limited, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreements with Shanghai Mechanical & Electrical Industry Co., Ltd. ("SMEI") to acquire the Equity Interests in Shanghai Ri Yong-JEA Gate Electric Co., Ltd. ("SHRY"), Changchun Ri Yong JEA Gate Electric Co., Ltd. ("CCRY") and Chengdu Ri Yong JEA Gate Electric Co., Ltd. ("CDRY") for a total cash consideration of RMB128,260,900. On completion of the Acquisition, the Company's attributable interests in each of SHRY, CCRY and CDRY will increase from 60% to 70% through the Purchaser's acquisition of the Equity Interests.

As the Seller is a substantial shareholder of SHRY, CCRY and CDRY and such companies are subsidiaries of the Company, the Seller is a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company as defined under the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Completion of the Acquisition under the Equity Transfer Agreements is conditional upon, among other things, the Seller and the Purchaser obtaining all necessary approvals of relevant regulatory bodies in the PRC.

INTRODUCTION

The Board of Johnson Electric announces that after trading hours on 14 July 2016, the Purchaser entered into the Equity Transfer Agreements with the Seller to acquire the Equity Interests in SHRY, CCRY and CDRY for a total cash consideration of RMB128,260,900.

The Directors, including the independent non-executive Directors, consider that the Equity Transfer Agreements have been entered into 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 Acquisition and other information relating thereto are set out below:

EQUITY TRANSFER AGREEMENTS

Date

14 July 2016

Parties

Purchaser : JEA Limited, an indirect wholly-owned subsidiary of the Company
Seller : Shanghai Mechanical & Electrical Industry Co., Ltd.*

Subject of the Acquisition

Pursuant to the Equity Transfer Agreements, the Seller agreed to sell and the Purchaser agreed to purchase the Equity Interests. As the Equity Interests are state-owned assets, the Seller was required, among other things, to go through tender, auction and listing-for-sale procedures for the sale of the Equity Interests.

Consideration

The total consideration is RMB128,260,900, representing the aggregate of the listing-for-sales prices specified by the Seller for the Equity Interests under the tender, auction and listing-for-sale procedures effected through Shanghai Exchange in accordance with the PRC laws and regulations applicable to the sale of state-owned assets. In agreeing to the consideration, the Company took into account the information referred to under "Information on SHRY, CCRY and CDRY".

The total consideration will be financed from the Group's internal cash reserves and is payable in the following manner in accordance with the rules of the Shanghai Exchange:

- (a) a deposit in the total amount of RMB38,460,000 representing 30% of the total consideration has been paid by the Purchaser to the designated bank account of Shanghai Exchange on 6 July 2016, which shall be deemed as part payment of the consideration upon the Equity Transfer Agreements becoming effective;
- (b) the remaining balance of the consideration in the amount of RMB89,800,900 shall be payable by the Purchaser to the Shanghai Exchange within five business days upon obtaining the approval from the Shanghai Municipal Commission of Commerce on the Equity Transfer Agreements; and
- (c) all the consideration in the amount of RMB128,260,900 shall be remitted by Shanghai Exchange to the Seller after the transaction certificates are issued.

Completion and Conditions Precedent

Completion of the Acquisition under the Equity Transfer Agreements is conditional upon, among other things, the Seller and the Purchaser obtaining all necessary approvals of relevant regulatory bodies in the PRC.

On completion of the Acquisition, the Company's attributable interests in each of SHRY, CCRY and CDRY will increase from 60% to 70% through the Purchaser's acquisition of the Equity Interests.

INFORMATION ON SHRY, CCRY AND CDRY

SHRY is a company established in the PRC in 1998 with registered capital of USD17,000,000, which is fully paid up and is owned as to 60% by the Purchaser and 40% by the Seller. SHRY is principally an investment holding company and holds interests in a number of limited liability companies in the PRC, including CCRY and CDRY.

CCRY is a company established in the PRC in 2007 with registered capital of RMB10,000,000, which is fully paid up and is owned as to 50% by SHRY, 30% by the Purchaser and the remaining 20% by the Seller. CCRY engages in the design, manufacture and sales of subsystems for automotive applications.

CDRY is a company established in the PRC in 2013 with registered capital of RMB20,000,000, which is fully paid up and is owned as to 50% by SHRY, 30% by the Purchaser and the remaining 20% by the Seller. CDRY engages in the design, manufacture and sales of subsystems for automotive applications.

As of 31 December 2015, the book value of the Equity Interests was RMB66,732,264.

For the year ended 31 December 2014, the audited consolidated net profits before and after taxation attributable to the Equity Interests were approximately RMB14,564,510 and RMB12,508,551 respectively.

For the year ended 31 December 2015, the audited consolidated net profits before and after taxation attributable to the Equity Interests were approximately RMB18,644,027 and RMB16,174,514 respectively.

The Seller's original acquisition cost of the Equity Interests was its contribution of registered capital of SHRY, CCRY and CDRY.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Johnson Electric Group is a leading global manufacturer of precision motors, motion subsystems and related electro-mechanical components serving a range of end markets, including the automotive industry. The Seller engages in the manufacture and distribution of mechanical and electrical equipment. SHRY, CCRY and CDRY are subsidiaries of the Company that together comprise a group of companies that supply cooling fan modules to the PRC automotive market.

In view of the long term growth prospects of the PRC automotive industry and the increasing requirement to manage and direct Johnson Electric Group's automotive components operations on a consistent and integrated global basis, the Directors consider the Acquisition to be in the Group's strategic and commercial interest and on terms that are appropriate and reasonable.

IMPLICATIONS UNDER THE LISTING RULES

As the Seller is a substantial shareholder of SHRY, CCRY and CDRY and such companies are subsidiaries of the Company, the Seller is a connected person of the Company at the subsidiary level. Accordingly, the

Acquisition constitutes a connected transaction of the Company as defined under the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Acquisition or was required to abstain from voting on the resolutions passed by the Board to approve the Acquisition.

DEFINITIONS

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

Acquisition	the acquisition of the Equity Interests by the Purchaser from the Seller pursuant to the Equity Transfer Agreements
Board	the board of Directors
CCRY	長春日用友捷汽車電氣有限公司 (Changchun Ri Yong JEA Gate Electric Co., Ltd.*), a company incorporated in the PRC, whose principal activities are design, manufacture and sales of subsystems for automotive applications. SHRY, the Purchaser and the Seller hold 50%, 30% and 20% interests in CCRY respectively
CDRY	成都日用友捷汽車電氣有限公司 (Chengdu Ri Yong JEA Gate Electric Co., Ltd.*), a company incorporated in the PRC, whose principal activities are design, manufacture and sales of subsystems for automotive applications. SHRY, the Purchaser and the Seller hold 50%, 30% and 20% interests in CDRY respectively
Company or Johnson Electric	Johnson Electric Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange, the subsidiaries of which are engaged in the manufacture of precision motors, motion subsystems and related electro-mechanical components
connected person(s)	has the meaning ascribed to it in the Listing Rules
Directors	the directors of the Company
Equity Interests	the Seller's 10% equity interest in the registered capital of SHRY, 5% equity interest in the registered capital of CCRY and 5% equity interest in the registered capital of CDRY
Equity Transfer Agreements	the equity transfer agreements dated 14 July 2016 entered into between the Seller and the Purchaser relating to the Equity Interests
Group or Johnson Electric Group	the Company and its subsidiaries
Hong Kong	Hong Kong Special Administrative Region of the PRC

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
PRC	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area
Purchaser	JEA Limited, a company incorporated in Hong Kong and indirectly wholly owned by the Company, whose principal activity is investment holding
RMB	Renminbi, the lawful currency of the PRC
Seller or SMEI	上海機電股份有限公司 (Shanghai Mechanical & Electrical Industry Co., Ltd.*), a company incorporated in the PRC and listed on the Shanghai Stock Exchange, whose principal activities are manufacturing and distribution of mechanical and electrical equipment
Shanghai Exchange	上海聯合產權交易所 Shanghai United Assets and Equity Exchange, an institution authorized by the State-owned Assets Supervision and Administration Commission to arrange transactions in assets and equity of state-owned enterprises under the Central People's Government of the PRC
SHRY	上海日用-友捷汽車電氣有限公司 (Shanghai Ri Yong-JEA Gate Electric Co., Ltd.*), an investment holding company established in the PRC. The Purchaser and the Seller hold 60% and 40% equity interests in SHRY respectively
Stock Exchange	The Stock Exchange of Hong Kong Limited
USD	United States dollar(s), the lawful currency of the United States of America
%	Percentage

* For identification 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, 14 July 2016

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