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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

DISCLOSEABLE TRANSACTION

ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST IN HALLA STACKPOLE CORPORATION

The Board of Johnson Electric announces that after trading hours on 21 March 2017, an indirect wholly-owned subsidiary of the Company entered into a Share Purchase Agreement with Halla Holdings Corporation to acquire an Equity Interest in Halla Stackpole Corporation for a total Consideration of up to KRW93,853,620,000 (subject to adjustments) (approximately US\$83.8 million). On Completion of the Acquisition, the Company's attributable interest in Halla Stackpole Corporation will increase from 30% to 80% through the Purchaser's acquisition of the Equity Interest.

Halla Stackpole Corporation together with its subsidiary is a major manufacturer of powder metal components primarily for the automotive industry in Asia. It is headquartered in Ochang, Republic of Korea and it has production facilities in Korea and China.

Completion of the Acquisition under the Share Purchase Agreement is conditional upon, among other things, the Purchaser obtaining all necessary approvals of relevant regulatory bodies in Korea.

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.

INTRODUCTION

The Board of Johnson Electric announces that after trading hours on 21 March 2017, the Purchaser entered into a Share Purchase Agreement with the Seller to acquire an Equity Interest in HSC for a total Consideration of up to KRW93,853,620,000 (subject to adjustments) (approximately US\$83.8 million).

The Directors, including the independent non-executive Directors, consider that the Share Purchase Agreement has been entered into in the ordinary course of business of the Group on normal commercial terms, and is 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:

THE SHARE PURCHASE AGREEMENT

Date

21 March 2017

Parties

Purchaser : Johnson Electric International (UK) Limited, an indirect wholly-owned subsidiary of the Company

Seller : Halla Holdings Corporation

To the best of the Directors' knowledge, information and belief, and having made reasonable enquiries, the Seller and its 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 Seller agreed to sell and the Purchaser agreed to purchase the Equity Interest. The Seller is the record and beneficial owner of the Equity Interest.

Consideration

The Consideration payable for the Equity Interest will amount up to KRW93,853,620,000 (approximately US\$83.8 million). It was determined on an arm's length basis following due diligence by the Company and negotiations with the Seller. 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 date of Completion (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.

Completion and Conditions Precedent

Subject to satisfaction of customary regulatory approvals required for the transfer of the Equity Interest, Completion is currently expected to take place in the second quarter of 2017 unless otherwise agreed in writing by the Parties.

On Completion of the Acquisition, the Company's attributable interests in HSC will increase from 30% to 80% through the Purchaser's acquisition of the Equity Interest.

INFORMATION ON THE TARGET GROUP

The Target Group is a major manufacturer of powder metal components, primarily for automotive applications. It serves a blue-chip customer base comprised mainly of leading automotive original equipment manufacturers and their Tier 1 suppliers.

The Target Group is headquartered in Ochang, Korea. It employs over 500 individuals at two manufacturing facilities, one in Korea and the other in Beijing, China.

Established in 2008, HSC is a joint venture between the Seller and Stackpole International. Following the acquisition of Stackpole International by Johnson Electric on 27 October 2015, HSC became a 30% owned affiliated company of the Group.

The table below shows the revenue, reported EBITDA, profits, and net assets of the Target Group for 2015 and 2016. The financial information shown for the year ended 31 December 2015 are extracted from the audited consolidated financial statements, which were prepared in accordance with Korean International Financial Reporting Standards. Financial information for the year ended 31 December 2016 consist of the audited consolidated financial information of the Target Group, prepared in accordance with Korean International Financial Reporting Standards.

	For the year ended 31 December 2016 (audited)	For the year ended 31 December 2015 (audited)
(1) Revenue of the Target Group	KRW158.1 billion	KRW147.9 billion
(2) Reported EBITDA	KRW29.6 billion	KRW25.8 billion
(3) Reported profit before taxation and extraordinary items	KRW21.8 billion	KRW18.7 billion
(4) Net profit after taxation and extraordinary items	KRW16.9 billion	KRW14.8 billion
(5) Net assets	KRW119.6 billion	KRW106.6 billion

REASONS FOR AND BENEFITS OF THE ACQUISITION

Johnson Electric Group is a leading global manufacturer of electric motors, actuators, 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 increase the Group's exposure to the rapidly growing powder metal market in Asia. Acquiring a substantial majority shareholding in HSC will enable the Group, through its Stackpole International business unit, to manage and direct its powder metal operations on a more integrated global basis. Stackpole International is already a recognised market leader in the powder metal industry in North America and this complementary investment provides a platform for accelerating sales growth and strengthening the Group's position as a global supplier to key engine, transmission, suspension and steering applications that contribute to improved fuel economy, reduced emissions and increased passenger comfort.

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.

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.

DEFINITIONS

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

Acquisition	the acquisition of the Equity Interest by the Purchaser from the Seller pursuant to the Share Purchase Agreement
affiliated company	has the meaning ascribed thereto under the Listing Rules
Board	the board of Directors
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 Equity Interest in accordance with the Share Purchase Agreement
connected person	has the meaning ascribed thereto under the Listing Rules
Consideration	the consideration payable by the Purchaser for the Equity Interest, payable in cash
Directors	the directors of the Company
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Equity Interest	the Seller's 3,780,000 shares representing 50% of the entire outstanding share capital of HSC
Group or Johnson Electric Group	the Company and its subsidiaries
Halla Stackpole (Beijing) Automotive Co., Ltd.	a wholly owned subsidiary of HSC, a company incorporated and existing under the laws of the People's Republic of China
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China

HSC	Halla Stackpole Corporation, a company incorporated and existing under the laws of Korea, an affiliated company of the Company. The Company currently indirectly owns 30% of the equity interests in HSC through Stackpole Investments Limited, an indirect wholly-owned subsidiary
Korea	Republic of Korea
KRW	Korean Won(s), the lawful currency of Korea
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
Locked Box Date	31 May 2016
Parties	Purchaser and Seller
Purchaser	Johnson Electric International (UK) Limited, a limited liability company incorporated in the United Kingdom, an indirect wholly-owned subsidiary of the Company
Seller	Halla Holdings Corporation, a company incorporated and existing under the laws of Korea
Share Purchase Agreement	a share purchase agreement dated 21 March 2017 and entered into between the Parties in relation to the sale and purchase of the Equity Interest
Stackpole International	the Company's business in engine and transmission pumps and powder metal components operating under the trading name of Stackpole International
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	has the meaning ascribed thereto under the Listing Rules
Target Group	HSC together with its subsidiary Halla Stackpole (Beijing) Automotive Co., Ltd., who are engaged in the manufacture of powder metal components under the trading name of Halla Stackpole
US\$	United States dollar(s), the lawful currency of the United States of America
%	Percentage

The translations of KRW into US\$ throughout this announcement, unless otherwise stated, are based on the exchange rate of US\$1.00 to KRW1120.18 (the spot rate quoted at 2:30 p.m. Hong Kong time on 20 March 2017 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, 21 March 2017

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