JOHNSON ELECTRIC
HOLDINGS LIMITED

Johnson Electric Holdings Limited 2001 Annual Report

CORPORATE PROFILE

JOHNSON ELECTRIC is a **global leader** in the design and manufacture of micromotors and integrated motor systems. It is a major supplier to the following industry segments: Automotive, Power Tools, Home Appliances, Business Equipment, Personal Products and Audio-visual. Its products are sold under the "Johnson Electric" and "Gate" brand names to more than 20 countries.

Johnson Electric's **goal** is the **creation of shareholder and customer value**. The Group's business strategy focuses on **working with customers** in an efficient and effective manner to supply products that meet or exceed end-users' expectations. Johnson Electric's principal financial objective is to maximize long-term cash flow by investing in markets and product segments that offer **superior growth prospects** and in areas where the Group can leverage its substantial resources and competencies.

Founded in 1959, Johnson Electric is headquartered in Hong Kong with regional offices in Michigan, USA and Asti, Italy. The Group's production facilities are all QS-9000 and ISO-9000 accredited. The two major manufacturing sites are located in China and Thailand with other production plants in Italy and Mexico. Johnson Electric has established research, sales and marketing, and technical support centres in Hong Kong, Germany, Italy, Japan, China and the United States. It employs over 25,000 people worldwide, including contract manufacturing labour.

Listed on the Hong Kong Stock Exchange since 1984, Johnson Electric is a constituent stock of the Hang Seng Index. It is also a constituent stock of Morgan Stanley Capital International Index. It also has a sponsored American Depository Receipt Programme in the United States through the Bank of New York.

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CORPORATE INFORMATION

Johnson Electric Holdings Limited
(Incorporated in Bermuda with limited liability)

WANG KOO YIK CHUN
Honorary Chairman

BOARD OF DIRECTORS

WANG KOO YIK CHUN
Honorary Chairman

PATRICK WANG SHUI CHUNG JP
Chairman & Chief Executive

WINNIE WANG WING YEE
Vice-Chairman

RICHARD WANG LI-CHUNG

PETER WANG KIN CHUNG

LI FOOK-WO CBE, LLD, DSSc, FCIB, FHKIB, JP*

PETER JOHN WRANGHAM*

PETER STUART ALLENBY EDWARDS*

DAVID WYLIE GAIRNS JP*

IAN LORNE THOMPSON CONN*

COMPANY SECRETARY

SUSAN YIP CHEE LAN

HEAD OFFICE

Johnson Building
6-22 Dai Shun Street
Tai Po Industrial Estate, Tai Po
New Territories, Hong Kong

REGISTERED OFFICE

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank

SOLICITORS

Johnson, Stokes & Master

AUDITORS

PricewaterhouseCoopers

* *Independent Non-executive Director*

FINANCIAL HIGHLIGHTS

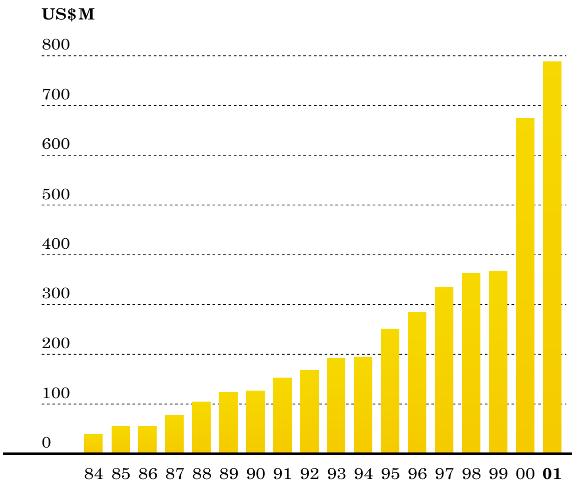
For the year ended 31st March 2001

	2001 US$ M	2000 US$ M	Percent increase/ (decrease)
Turnover	**790**	677	17%
Profit before taxation	**136**	155	(12%)
Profit attributable to shareholders	**145**	136	7%
Capital expenditures	**63**	40	58%
Shareholders' funds	**467**	385	21%
Earnings per share (cents)	**4.0**	3.7*	7%
Dividend per share (cents)	**1.32**	4.94	7%

* *Restated to reflect share subdivision on 14th August 2000.*

TURNOVER

A compound annual growth rate of 20 percent.



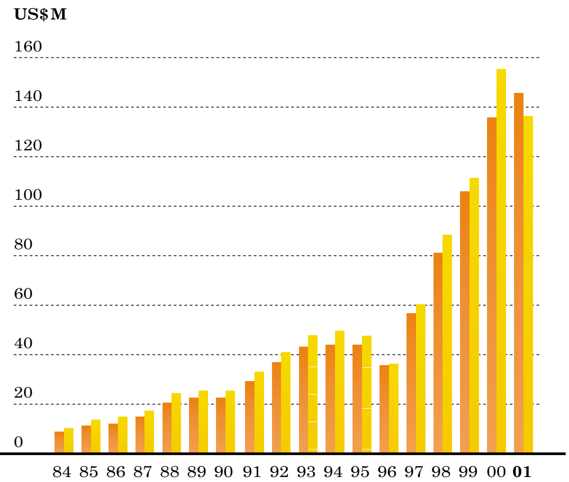
PROFIT BEFORE TAXATION/ PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit before taxation

Profit attributable to shareholders

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

A compound annual growth rate of 18 percent.



SALES BY PRODUCT APPLICATION

For the year ended 31st March 2001

	2001 US$'000	**%**	2000 US$'000	%
Automotive Components	**397,739**	**50**	329,773	49
Power Tools	**167,458**	**21**	159,179	23
Home Appliances	**108,518**	**14**	101,147	15
Business Equipment/Personal Products	**97,298**	**12**	77,954	12
Audio-Visual	**19,177**	**3**	9,091	1
Total	**790,190**	**100**	677,144	100

2001 2000

SALES BY GEOGRAPHIC DESTINATION

For the year ended 31st March 2001

	2001 US$'000	**%**	2000 US$'000	%
Europe	**312,918**	**40**	269,001	40
North America	**248,952**	**31**	210,864	31
Hong Kong/China	**155,547**	**20**	135,238	20
Asia Pacific (other than HK/China)	**72,773**	**9**	62,041	9
Total	**790,190**	**100**	677,144	100

2001 2000

Note: Certain comparative figures of sales by product application have been reclassified to conform with the current year's presentation.

A MESSAGE FROM PATRICK WANG

To Our Shareholders

For the financial year ended 31st March 2001, **JOHNSON ELECTRIC** achieved double-digit sales growth and a further year of increased earnings.

- Total sales rose to US$790 million; an increase of 17% over 2000.
- Net earnings before provision for restructuring costs increased by 20% to US$162 million.
- Net earnings after provision for restructuring costs increased to a record of US$145 million; up 7%.
- Earnings per share increased 7% to 4 US cents per share.
- Taking into account cash reserves, the Group ended the year debt free.

In the year 2001, Johnson Electric continued to make investments in people, technology, new product programmes, and new ventures in order to ensure that the competitive advantage of the Group is maintained for the longer term. As part of this effort, the decision was taken to accelerate the restructuring of our North American motor systems business which will result in the closure of one plant and the relocation of its activities to lower cost locations. While some of these initiatives have resulted in near-term cash outflows, we are highly confident that they form the necessary foundation for preserving and enhancing the value of our shareholders' equity.

DIVIDENDS

Your Board has recommended a final dividend of 0.94 US cents per share, which together with the interim dividend of 0.38 US cents, represents a total dividend of 1.32 US cents – an increase of 7% over 2000.

BUSINESS ENVIRONMENT

Notwithstanding a somewhat tougher operating environment in the second half of the year, Johnson Electric achieved year-on-year sales improvements in each of its core micromotor business segments. Excluding Johnson Electric Automotive, Inc. ("JEAI"), the European and US motor systems business acquired in 1999, overall micromotor sales increased by 11% to US$472 million.

The Group's activities span a number of product applications and geographic markets, each with its own pattern of end-user demand and competitive dynamics. In this regard, sales of Johnson Electric's products do not necessarily mirror the mainstream macro-economic indicators that have recently weakened in North America and, to a lesser extent, in Europe.

For example, in automotive components – which is Johnson Electric's largest product application segment – sales improved significantly during the second half of the financial year despite a general perception of a depressed global automotive market. Such improvements reflect the Group's very strong competitive position in certain product areas and the fact that the automotive industry operates according to car model cycles that can have a disproportionately positive impact on nominated component suppliers when a new model commences production.

In the power tools and home appliances sectors, on the other hand, the competitive environment worked against the Group in the second half of the year. Both sectors experienced a decline in second-half year-on-year sales, though recorded positive gains for the financial year overall. Again, the sales picture was quite varied across geographies: European sales were much weaker than in North America during the year as a result of competitive price pressures, a weaker Euro, and selected inventory reductions by some customers and distributors.

Business equipment and personal products segments both recorded strong double-digit sales gains. Audio-visual segment revenues grew at a triple-digit rate and included the first sales from Nidec Johnson Electric, a joint venture between Johnson Electric and Nidec Corporation of Japan, which commenced production in July 2000.

Sales of JEAI, which encompasses the two motor systems divisions of Johnson Electric Automotive Motors ("JEAM") in North America and Gate S.p.A. ("Gate") in Europe, grew to US$318 million, an increase of 26% over the previous financial year that included only nine months' contribution from these two businesses. Gate, which is substantially the larger division, performed quite satisfactorily given the market environment and weak Euro during the year. As previously announced, JEAM is undergoing a major restructuring program designed to enhance its competitiveness that will result in the closure of its manufacturing plant in Columbus, Mississippi, and the transfer of production responsibilities to plants in China and Mexico.

JOHNSON ELECTRIC MOTORS

Johnson Electric Motors are used in a variety of consumer
and business product applications,
including automotive components, power tools, home appliances,
business equipment, personal products and audio-visual.

OPERATING PROFITABILITY AND RESTRUCTURING PROVISION

The effects of several one-off factors had an impact on the Group's profitability during the year. Four factors contributed to a decline in margins to below the Group's normal target levels:

- First, the Nidec Johnson Electric joint venture commenced operations during the year, but as expected for a start-up business it will need to build further scale over the coming months in order to achieve its planned profitability levels;
- Second, the Group incurred higher raw material and operating costs. The additional production costs partly reflected investments made in preparation for the relocation of the products currently manufactured in the Columbus plant, and partly in anticipation of new product requirements in existing micromotor segments. Related to this is the fact that until the restructuring of JEAM is completed, the North American motor systems division is not making a material profit contribution;
- Third, as the Group's market position in Europe increased through the acquisition of Gate, so too did its exposure to the Euro. Gate, in fact, achieved improved earnings in Euro terms during 2001, but after translation into US dollars the weakness in the European currency reduced Johnson Electric's reported earnings;
- Fourth, as noted above, the weaker macro-economic environment in several OECD countries has had a mixed impact on Johnson Electric. While some sectors are showing healthy resilience, others are feeling the effects of a more uncertain and cautious appetite for spending on the part of consumers and businesses – and in some instances this has been reflected in price pressure and lower sales volumes for the Group's micromotor products.

Although each of the above factors individually had a relatively modest impact on margins, taken together the effects were clearly significant on this year's overall operating performance.

In addition, the Group incurred a one-time pre-tax provision for restructuring costs amounting to US$27 million to provide for the closure of the Columbus plant. Net provision after deduction of the relevant tax benefits, was US$17 million. Excluding the restructuring provision, the Group's net recurring profits attributable to shareholders amounted to US$162 million.

COMPETITIVE ADVANTAGE AND GROWTH

The current weakness in a number of North American and European manufacturing industries is symptomatic of a more fundamental restructuring in the global manufacturing supply chain. Globalisation, industry consolidation and excess capacity in some sectors are forcing manufacturers of all types to re-think how and where they source components and finished goods.

As we have noted in previous years' annual reports, Johnson Electric is particularly well placed to benefit from the trend of US and European manufacturers outsourcing the production of micromotors and motor systems. The Group has established a unique low cost production and sourcing platform in southern China that now has the scale and capabilities to sustain our competitive advantage as a global leader. "Johnson City", the Group's Shajing manufacturing base and supplier community, is pivotal to Johnson Electric's growth strategy.

The acquisition of JEAI has been an especially important element in Johnson Electric's corporate development. Not only has it broadened and deepened our customer relationships in the automotive components sector, it has also enhanced our understanding of how we can compete and win over the longer term by leveraging our core competencies.

The planned closure of the Columbus plant and relocation of its production activities reflects the reality that Johnson Electric can manufacture and deliver certain products to North American customers at substantially lower costs from China or Mexico than it presently costs from a US-based plant. Similar cost advantages are achievable in other parts of the motor manufacturing value chain from tooling through to sub-assembly activities.

Certain products and processes – advanced engineering design, for example – benefit from being located close to car OEM manufacturing centres. We continue to leverage our China-based production platform to reduce delivered costs for our customers, enabling the Group to increase sales and profits. Achieving growth along those two dimensions is a prerequisite for a dynamic and rewarding environment for our people, as well as for sustained value creation for our shareholders.

OUTLOOK

Looking ahead, the Group's various business units are each executing business plans that emphasize a combination of increasing market share of existing and new customers, as well as new product introductions to penetrate new market segments. While the current economic downturn in North America undoubtedly adds a degree of uncertainty to end-user demand, we are optimistic that Johnson Electric's diverse spread of product applications and geographic markets will deliver healthy sales growth in the 2001/02 financial year.

The prospects for margin improvements in the coming year are also very encouraging. Among other factors, Nidec Johnson Electric should begin to make a contribution to profits and, once the restructuring of JEAM has been completed, we also anticipate a rapid, positive impact on operating margins from North American motor systems sales.

Finally, Johnson Electric continues to explore other options for growing the business through acquisition, joint venture, or strategic alliance. The significant industry restructuring in global automotive components and other manufacturing sectors offers the Group with a number of interesting potential alternatives. However, management is acutely aware of the complexity and risks associated with acquisition-led growth and is determined to ensure that any potential acquisition passes the Group's rigorous screening criteria in terms of strategic fit, integration requirements and price.

On behalf of the Board, I would like to thank all of our employees for their hard work, enthusiasm and commitment over the past year. To our shareholders, customers, business partners and suppliers, I look forward to another year of productive growth.

On behalf of the Board

PATRICK WANG SHUI CHUNG

Chairman & Chief Executive

Hong Kong, 8th June 2001

BUSINESS REVIEW

Johnson Electric Chairman and Chief Executive Patrick Wang, named Businessman of the Year 2000 by the DHL/SCMP Hong Kong Business Awards, at the press conference announcing the awards.

Gate S.p.A., the Italian motor systems division of Johnson Electric Automotive, Inc., received the "International Best Factory Award 2000", which acknowledges the best practice in Italian Factory Management. The award was issued and sponsored by the "IL Sole 24 Ore" newspaper and The Luigi Bocconi University.

RECOGNITIONS

We are pleased to report that our Chairman and Chief Executive Mr. Patrick Wang was recently honoured as the Businessman of the Year in Hong Kong by the DHL/SCMP Hong Kong Business Awards 2000. The award, which is one of the most prestigious honours in Hong Kong, is a recognition of the contribution that Johnson Electric, as a global leader in precision motors, has made in advancing Hong Kong's stature as an international commercial and manufacturing centre.

In addition, our Gate operations in Italy were named "The Best International Factory in 2000" by the IL Sole 24 Ore newspaper and The Luigi Bocconi University.

These two awards illustrate Johnson Electric's commitment to management excellence.

JOHNSON ELECTRIC'S BUSINESS DESCRIPTION

JOHNSON ELECTRIC is one of the world's largest manufacturers of micromotors and integrated motor systems. Founded in Hong Kong in 1959, the Group today has a presence in 14 countries worldwide and its production capacity exceeds two million motors per day.

The acquisition of the former Electric Motor Systems business ("EMS") of United Technologies Corporation, was completed on 25th June 1999. Hence, Johnson Electric's financial year 2000/01 is the first financial year that includes a full twelve months' results of the acquired business. Immediately upon acquisition, EMS was re-named Johnson Electric Automotive, Inc. ("JEAI"). JEAI comprises of two motor systems divisions: Gate S.p.A. ("Gate") in Europe, and Johnson Electric Automotive Motors ("JEAM") in North America.

On 11th May 2000, Johnson Electric and Nidec Corporation, a public company listed on the Tokyo, Osaka and Kyoto stock exchanges in Japan, agreed to establish a joint venture, named "Nidec Johnson Electric", to focus on the micromotor needs of the fast growing audio-visual and computer peripheral industries. Nidec Johnson Electric, formed by the integration of existing staff and assets from both companies, commenced operations on 1st July 2000.

As part of its on-going organisational development, Johnson Electric has recently established two principal operating divisions for the Group's businesses: the Automotive Division, and the Commercial Motors Division.

The Automotive Division consists of a business unit within the Hong Kong core micromotor business, Gate, and JEAM. Each automotive business unit has global responsibility for a particular market or product application. The Commercial Motors Division consists of four business units based according to their particular product application focus: power tools; home appliances; business equipment and personal products; and audio-visual.

SALES OVERVIEW

- Trading conditions in our major areas were relatively stable. Sales rose 17% to US$790 million, notwithstanding that a general slowing in global demand already had begun to set in during the year.
- Excluding JEAI, sales increased 11% to US$472 million, with all businesses posting positive sales growth.

Geographically, sales increased 16% to US$313 million in Europe, and 18% to US$249 million in the USA. These increases were due to the inclusion of JEAI's full twelve months' sales in the year, compared to nine months' sales in the previous year, partly offset by the impact of a weak Euro in the case of Europe, and the limited growth of JEAI's starter motor business in the USA.

Excluding JEAI, the Group's core automotive micromotor sales to North America increased 3%, and sales to Europe increased by 11%, after translation into US dollars.

Sales to the Hong Kong/China and Asia Pacific regions continued to post healthy double-digit growth rates of 15% and 17%, respectively.

AUTOMOTIVE COMPONENTS

Door lock	*Head lamp adjuster*	*Window lift*
Water pump	*Electronic throttle control*	*Air pump*
Climate control actuator	*Mirror adjuster*	*Seat adjuster*
Fuel pump	*Head lamp washer*	*Sensor fan*

Overall sales to the automotive components sector increased 21% to a record of US$398 million, accounting for over 50% of Johnson Electric's total revenues.

The 1999 acquisition of Gate and JEAM has strengthened our competitive position in the automotive components sector where our business has excellent potential for market share growth.

Excluding Gate and JEAM, the core automotive micromotor business increased 7%. Growth in a number of major applications continued to be healthy: sales to the door lock application, up 14%; and to fuel pumps and electronic throttle control applications, each up 25%.

Gate, a pre-eminent producer of automotive radiator cooling fan module in Europe, was recently reorganized into two business units, namely Air Movement and Engine Cooling; and Geared Motors. Each business unit has global responsibilities for a particular market or application segment, and from the year 2001/02, Gate will be accelerating its growth beyond Europe.

Gate's sales increased 27% to US$191 million, due mainly to the inclusion of full twelve months' sales for the first time, compared to nine months' sales in the previous year. In Euro terms, however, sales increased 44%.

JEAM's sales to the automotive components sector increased 42% to US$64 million, again reflecting a full year's contribution for the first time, as well as sales increases from anti-lock braking systems and window lift.

As previously announced on 3rd March 2001, JEAM is undergoing a major restructuring programme designed to enhance its competitiveness that will result in the closure of its manufacturing plant in Columbus, Mississippi, in the U.S.A., and the transfer of its production responsibilities to plants in China and Mexico. The closure affects 350 employees in Columbus, and the anticipated completion date is 31st October 2001.

The principal goal of the Automotive Division is to leverage Johnson Electric's core competencies and low cost position in the global automotive supply chain to build a sustainable competitive advantage in the supply of micromotors and selected motor systems applications.

AUTOMOTIVE COMPONENTS

Washer Pump

Fuel Pump Armature

Window Lift and Gear Box

Electronic Throttle Control

Motor for trimmer

POWER TOOLS

Motor for vacuum cleaner

HOME APPLIANCES

POWER TOOLS

Drill
Saw system (including spiral saw)
Hand vacuum
Gardening tools
Screw driver
Rotary sander
Bilge pump
Auto polisher
Angle grinder
Heat gun
Machine actuator
Outdoor sprayer

Overall sales increased over 5% to US$167 million.

Sales of the core micromotor business (excluding the starter motor business of JEAM) to power tools applications were up 1% to US$104 million – reflecting partly the competitive price pressures in the Hong Kong/China region and partly the negative effect of a weak Euro on our sales performance in Europe. Sales to Europe were reduced, although only a relatively small proportion of sales to this business segment was in Euro. Sales highlights for the year were saw systems, gardening tools and hand vacuum cleaners, which recorded annual sales increases of 142%, 13% and 11%, respectively.

JEAM is one of the world's largest producers of starter motors for small gasoline engines found in lawnmowers and other gardening equipment, as well as in outboard marine engines. JEAM delivered a 13% increase in sales to US$63 million compared to the previous year for which only nine months of sales were included. This relatively weak sales performance reflected the difficult market conditions in the USA, as well as the constraints on growth associated with JEAM's already high market share in this particular product segment.

Notwithstanding the challenging second half of the year, we remain optimistic about Johnson Electric's prospects in the power tools sector given the Group's strong relationship with leading branded power tool producers and its superior cost position that will remain an attraction for any producer considering the outsourcing of its motor production. A number of new projects have also been started that seek to introduce new micromotor products to power tools segment where Johnson Electric is presently under-represented.

HOME APPLIANCES

Floor care product
Mixer
Fan
Blender
Can opener
Juice extractor
Vacuum sealer
Grinder
Electric knife
Slicer
Coffee maker
Dish washer actuator

Sales increased over 7% to US$109 million. Sales to the top three product applications, namely floor care products, mixers and electric fans, grew 29%, 12% and 16%, respectively. Overall sales performance to this segment did not improve more significantly, however, due partly to certain changes in the buying channel of a major customer involving inventory reductions at our distribution level in Europe. It is anticipated that the impact of this on Johnson Electric's sales was one-off and plans are in place for a significant recovery during 2001/02.

Our efforts to grow sales are on-going through a more competitive value proposition and new product offerings to customers. Growing competitive pressures and weak prices continue to impact the home appliances industry, but Johnson Electric is better positioned than ever to compete in this environment.

In addition, with the revenue base that we have established for the floor care products now accounting for over 30% of the total home appliances business, we expect these products to become one of our fastest-growing areas in the foreseeable future and underpin the overall performance of this business unit.

BUSINESS EQUIPMENT AND PERSONAL PRODUCTS

Business Equipment

Printer product
Gear box product
Copier
Joystick
Shredder
Paper cutter
Projector
Satellite actuator
Camera
Bill validator

Micromotor sales to the business equipment sector increased 25% to US$55 million.

Sales to printer products, accounting for over 60% of the business equipment segment sales, increased 22%, reflecting continued market share gains by our customers. Sales to other major applications such as vending machines, copiers and joysticks, recorded even higher rates of growth. Increasing market share of existing and new customers will be a major growth driver for this business.

Sales to audio-visual products, formerly part of this segment, have become a separate business during the year, as part of an international joint venture with Nidec Corporation of Japan. Johnson Electric's existing audio-visual business together with certain assets and production lines was injected into the new business, which commenced operations on 1st July 2000.

Personal Products

Hair dryer
Massager
Hair trimmer/Hair curler
Toy
Tooth brush
Shaver
Dental jet
Blood pressure pump
Aquarium product
Vibrator

Sales to the personal products sector increased over 24% to US$42 million. Sales to such new applications as massager and electric toothbrushes, grew at triple-digit rates. Sales of micromotors for hair dryers and hair curlers also increased 14% and 20% respectively.

Continuing growth is expected to be sustained by new product introductions and market share gains.

As a result of organisation enhancements within Johnson Electric, the business equipment and personal products sectors are now managed as one business unit. This combined business unit is now on an attractive growth trajectory and is expected to deliver strong sales gains over the next several years.

AUDIO-VISUAL

CD-ROM loading
CD-ROM sled
CD-ROM spindle
Games controller
VCR loading
Mouse

Overall sales increased 111% to US$19 million, which included the sales of Johnson Electric's original audio-visual business for the period from April to June 2000, and the sales of the new re-organised business within the international joint venture with Nidec Corporation of Japan for the remainder of the year.

As expected for a new business with its associated start-up costs, the audio-visual business unit is required to grow beyond its current size in order to achieve its planned profitability levels.

This business unit enters 2001/02 with expanded capacity and a well-defined product and market strategy. As it begins to achieve critical mass, we are optimistic that audio-visual will generate above average sales growth and attractive returns for shareholders.

ENTERPRISE RESOURCE PLANNING ("ERP")

On 24th October 2000, Johnson Electric announced its decision to work with Oracle Greater China, Oracle Corporation, in changing its system to ERP.

The ERP project covers the implementation of the Oracle e-Business Suite in major Johnson Electric locations by phases. The system, with Oracle's web-based applications and database technologies, will become the platform for the "e-transformation" of the Group's supply chain and marketing channels.

Supply chain improvement being a priority at Johnson Electric, has been chosen for the first phase of implementation. This covers purchasing, logistics, engineering and manufacturing areas in Johnson Electric's facilities in Hong Kong and China. Phase 1 already started in November of last year and is expected to be completed in the financial year 2001/02.

Other systems including Financial System and Order Management System will follow. A roll-out to other manufacturing facilities, engineering centres and area operations worldwide is being planned.

ERP aims to improve significantly our operational efficiencies and responsiveness in the coming years.

ORGANIZATION DEVELOPMENT

To maximize organic growth of the Group, we have entered the financial year 2001/02 with an organization change. We have created two new operating divisions: the Automotive Division and the Commercial Motors Division. This organization development is consistent with the existing business unit structure of the Group. The historical success of the existing business units is enhanced by the alignment of each division to market segments and product application areas.

The Automotive Division consists of five business units that are located throughout the world. Each of these automotive business units has global responsibility for a particular market or application. Ron Harrod, a Johnson Electric Executive Committee member, has been appointed as Director of the Automotive Division.

AUTOMOTIVE BUSINESS UNITS:

1. Air Movement & Engine Cooling
2. Geared Motors
3. Brushless Technology Motors
4. JE Automotive Motors
5. Automotive Motors HK.

The Commercial Motors Division consists of four business units with global responsibility for their market segment. Dennis Ibarra, a Johnson Electric Executive Committee member, has been appointed as Director of the Commercial Motors Division.

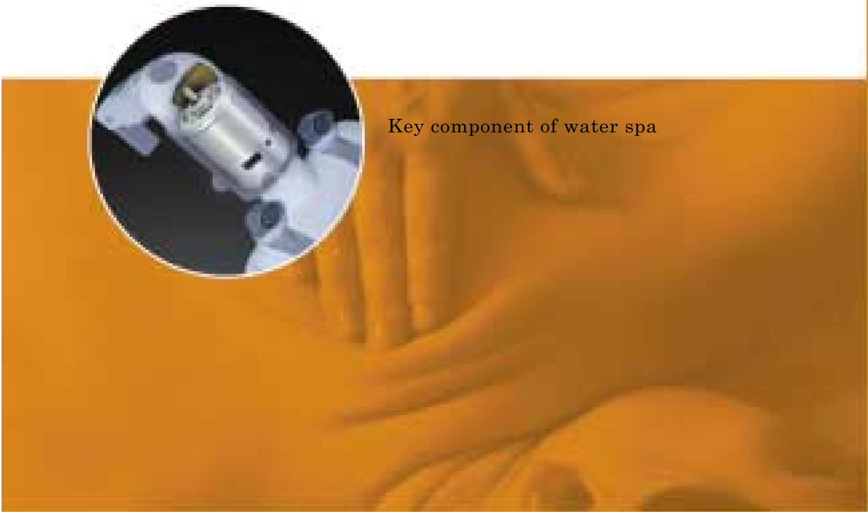
COMMERCIAL BUSINESS UNITS:

1. Power Tools
2. Home Appliances
3. Business Equipment & Personal Products
4. Audio-visual.

This organization focus will allow Johnson Electric to grow faster than industry rates in all segments. Aligning management in this way makes a great deal of sense from an operational and marketing perspective. In this era of Globalization, Johnson Electric needs to Standardize and Simplify our business processes.

Gear-box component

Motor for plotter



Key component of water spa

BUSINESS EQUIPMENT/ PERSONAL PRODUCTS

AUDIO-VISUAL

INVESTING IN PEOPLE

MICROMOTOR IS OUR PRODUCT
DIVERSITY OF PEOPLE IS OUR STRENGTH

It is almost trite to say that people are our most valuable asset. At Johnson Electric, our strength lies in our ability to leverage the talents and skills of our 25,000-strong employee population in 14 countries to work towards common goals. Our continued success will only be assured by the continuous learning of our people.

DIVERSITY OF PEOPLE

We are very proud of the diverse cultures that exist in our global organization. The strength of our diversity lies not only in cultures, but also in the diverse skills and experience that we have been able to mobilize to achieve our market leadership. In the corporate office location in Hong Kong alone, we have over 10 nationalities working together in harmony. Of the company's Executive Committee, more than half are foreign nationals who come with multi-continental business experience in various disciplines.

LEARNING ORGANIZATION

Continuous learning holds the key to achieving our corporate strategy of growth and profitability. In January 1998, we established Johnson University ("JU") with the aim to provide the appropriate development opportunities to all levels of employees in order to optimize their performance. Today, six (6) colleges are actively engaged in providing comprehensive training to our employees: Component & Services, Engineering, Final Assembly, Quality, Tool & Die and Supply Chain colleges; the Management College will shortly be launched in this current fiscal year. JU has also coordinated with a few prestigious universities in China to start Bachelor, Master and language programmes.

COMPETENCY DEVELOPMENT

We continue to refine our performance management process in which quantifiable performance results are determined based upon achievement of key result areas and objectives. In the coming year, greater emphasis will be given to employee development. In order to tie performance management to employee development, we must focus not only on hard skills, but also styles and behavioural competences which we refer to as management competencies. These are the competences which we believe are, and will be, required to enable Johnson Electric to achieve its strategic goals in both the immediate and longer terms. Along with the above, leadership development will commence this current year starting at our general management level.

This way, we can effectively integrate performance management and people development into our succession planning process.

PAY FOR PERFORMANCE

Pay and performance must be aligned with the corporation's strategic goals. At Johnson Electric, we are committed to double-digit annual compound revenues growth and earnings growth. Our short and long term incentive plans have been designed for that purpose. In the coming years, variable compensation programmes will be pushed further down the organization. Sales compensation plans will also be modified to achieve better alignment with current strategic goals.

At our factory and assembly levels, multi-skilled pay system is in place to encourage the learning and maintenance of key skills. Those entitled to skills premium are required to undergo testing every six (6) months to re-qualify for such premium.

CORPORATE CITIZENSHIP

We have moved our environmental health and safety ("EH&S") organization and activities in Asia, Europe and North America under the stewardship of our corporate human resources function in order to give EH&S the importance and profile it deserves. Apart from the attention demanded of a responsible corporate citizen, this move will enable more formal measurement and monitoring of safety and environmental performance as well as the sharing of best practices within the Johnson Electric organization. Best practices include reduction of accident frequency and severity, and registration under the ISO-14000 environmental standard.

The other corporate citizenship that we are particularly proud of is the operation of our *Johnson City* in Shajing in China where a workforce of almost 20,000 live, work and play. As the main micromotor manufacturing facility of Johnson Electric, Johnson City boasts several multi-storey canteen restaurants, a medical clinic complete with medical staff, a ballroom cum karaoke bar, exercise gyms, tennis courts, basketball courts, badminton courts, Johnson University, living accommodation for all levels, a hostel with a restaurant, bar and cyber café, its own electricity generating station and firemen.

QUALITY AND RELIABILITY

2000/01 was another excellent year for Quality and Reliability at Johnson Electric. The two key Quality initiatives begun last year began to bear fruit. Total Control Methodology ("TCM") was introduced to all motor assembly business units, resulting in dramatic improvements in process control effectiveness, driving in-process defective rates to record lows in all business units. TCM has already become the most successful Quality improvement programme in Johnson Electric's history. In the coming year, TCM will be extended to all component manufacturing operations and Phase 2, which focuses on process optimisation, will also commence at motor assembly operations. These are expected to drive the performance of those operations to even lower defective levels.

The other major Quality initiative was our Cost of Quality programme. Johnson Electric has been using a comprehensive Quality Cost tracking system to capture internal, external, appraisal and prevention costs for all operations company-wide, with detailed reports available for each Business Unit. These reports enable our business units to identify and focus on where unnecessary costs are being incurred due to scrap and defective products. These areas are then addressed and resolved utilising cross-functional teams and root cause analysis. As a result, Johnson Electric's Quality Costs were reduced by approximately US$1.8 million during the past year. Another reduction of more than US$1.6 million is forecast for the coming year. This represents 9.7% improvement annually in the Cost of Quality.

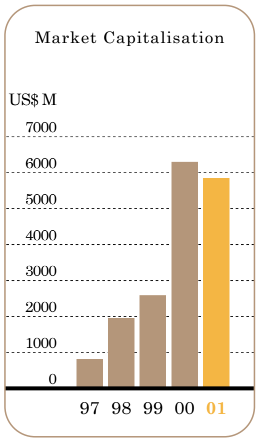
We will continue these initiatives into the coming year and will be introducing Six Sigma Breakthrough as the next major thrust to improve Johnson Electric's Product Quality. Six Sigma was initially pioneered by companies like Motorola and Allied Signal, and later embraced company-wide by General Electric. The Six Sigma programme has been hugely successful in those companies, repaying its cost many times over. Johnson Electric now has defined Six Sigma Breakthrough as part of the Johnson Electric's Continuous Improvement Process, or JCIP programme, described in last year's Annual Report. We have our own cadre of statistical Black Belts who are busy training people in manufacturing operations with the use of statistical techniques, and rolling-out the Six Sigma Breakthrough process. Improvement projects have been identified which will strongly contribute towards reduced cost and improved Quality. We expect to see dramatic results from this programme in the coming year.

The last major Quality initiative for 2001/02 will be the global integration of our Quality Systems. This will support our Customers' desire for uniform Quality practices throughout all of Johnson Electric's manufacturing organisations world-wide. With this programme, our ISO-9001 and QS-9000 Certifications will continue to be supported. We are also conducting a comprehensive re-assessment and updating of all our quality processes and procedures to ensure their effectiveness. These programmes will guarantee Johnson Electric's products continue to achieve high Quality levels and meet all Customer requirements.

FINANCIAL REVIEW

OVERVIEW

The Group reported profit attributable to shareholders of US$145.3 million, or 4.0 US cents per share for the year ended 31st March 2001, compared to profit attributable to shareholders of US$135.6 million or 3.7 US cents per share in 1999/2000.



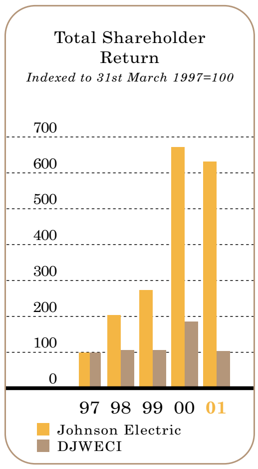
Profit attributable to shareholders for the year included a pre-tax provision for costs of restructuring of US$26.7 million (US$17.1 million net of tax). Excluding the impact of such provision, which is of a non-recurring nature, profit attributable to shareholders was US$162.5 million, up 19.9% over 1999/2000.

As the acquisition of the Electric Motor Systems business ("EMS") of United Technologies Corporation was not complete until 25th June 1999, this is the first occasion on which the acquired business reported full twelve-month results. Upon acquisition, EMS was re-named Johnson Electric Automotive, Inc. ("JEAI"), having two motor systems divisions namely Johnson Electric Automotive Motors ("JEAM") in North America and Gate S.p.A. ("Gate") in Europe.

On 3rd March 2001, the Group announced its plans to close JEAM's electric motor manufacturing plant in Columbus, Mississippi, in the USA, and transfer the production responsibilities to plants in China and Mexico. The closure of the plant, which is expected to be completed by the end of October 2001, will incur costs including severance wages and associated costs, costs relating to environmental issues, fixed assets write-offs, and other normal relocation and closure expenses. A provision for the costs of restructuring, amounting to US$26.7 million (US$17.1 million net of tax), was included in the Group's accounts for the year under review. Included in such provision was a non-cash cost of US$15.3 million in relation to fixed assets write-offs.

TOTAL SHAREHOLDER RETURN (TSR)

For the financial year ended 31st March 2001, the Group achieved a total shareholder return of -6%, compared to -44% for the Dow Jones World Electric Component and Equipment Index (DJWECI), which is a representative benchmark index of global industry peers. For the financial years 2000 and 1999, the Group's annual TSR was 146% and 34% respectively, compared to 74% and 0% achieved by DJWECI in US dollar terms.



Over the past five years, the compound annual average TSR of Johnson Electric was 52%, compared to 0% achieved by the DJWECI.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury function at the corporate centre based in Hong Kong, which is controlled by policies approved by the top management.

FOREIGN CURRENCY

The Group operates globally and is thus exposed to foreign exchange risk.

In relation to the core micromotor business, the major revenue generating currencies continue to be the US dollar, Euro, German Mark, and Japanese Yen; whereas the major currencies in purchase commitments are the US dollar, Hong Kong dollar, and Japanese Yen. Aside from the US dollar and Hong Kong dollar which is pegged to the US dollar, material open foreign exchange exposures are hedged with currency contracts, including forward and options contracts, with a view to reducing the net exposure to currency fluctuations. Such contracts have a duration of less than a year. For the year to 31st March 2001, of the core micromotor sales, 82% were in US dollar; 11% in Euro or German Mark for certain sales ; and 7% in Japanese Yen for certain sales to Japan.

In relation to JEAI, its major division namely Gate, with sales of over US$191.2 million representing 60% of JEAI's sales, is a Europe-based business with both revenue and costs essentially in Euro. Hence, the exposure to US dollar is limited to the net position. In the case of JEAM based in North America, the revenue and costs are in US dollar.

SURPLUS CASH AND DEBT

The Group follows a policy of prudence in managing its cash balance, and maintains such a high level of liquidity that the Group is always well placed to take advantage of any growth opportunities for the business. The surplus cash is held in US dollar, except certain temporary balances which may be held in such non-US currencies as required from time to time pending specific payments.

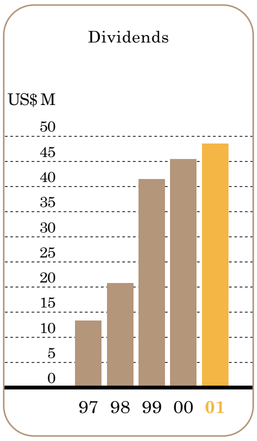
During the year, the surplus cash (comprising cash and other investments) increased to US$88.5 million, up 96% from US$45.2 million at the previous year-end. The Group is essentially debt-free, except certain loans amounting to US$11.6 million.

As at 31st March 2001, 95% of the surplus cash was in US dollar; and the average duration of the Group's interest-bearing securities and time deposits was reduced to about one month, compared to less than 2 months previously. Hence, the price sensitivity to interest rate movements and the foreign exchange risk of such investments continued to be immaterial.

CAPITAL STRUCTURE

It is the intention of the Group to maintain an appropriate mix of equity and debt to ensure an efficient capital structure. At this stage, however, with continuing strong cash flows, there are no immediate requirements for debt finance. As noted above, the Group had no net debt as at the end of this financial year under review.

Total debt remained at a low level of US$11.6 million, compared to US$8 million at the last year-end, comprising short-term bank loans and overdrafts of US$5.1 million, and long-term loans and obligations of US$6.5 million. Details of long-term loans remaining outstanding are included in Note 23 to the accounts. Borrowings at fixed interest rates amounted to approximately US$3.5 million.



The Group's borrowings are primarily denominated in US and Hong Kong dollars. Except for the foreign exchange exposure in relation to the loans in Italian Lira obtained by Gate, totalling approximately US$3.5 million, the Group has no significant exposure to foreign exchange fluctuations in relation to borrowings.

DIVIDEND POLICY

It is the intention of the Group that the dividend paid should over the long term, provide shareholders with relatively consistent dividend income.

In view of the Group's growth potential, it is also intended to accumulate substantial cash reserves to take advantage of any expansion or acquisition opportunities that may arise from time to time.

At its June 2001 meeting, the Board of Directors recommended a final dividend of 7.3 HK cents (equivalent to 0.94 US cents) per share, which together with the interim dividend of 3 HK cents (equivalent to 0.38 US cents), representing a total dividend of 10.3 HK cents per share (equivalent to 1.32 US cents) or 7% increase over the previous year.

In 2000/01, the dividend payout ratio (including the proposed dividend for the year) was approximately 33% of the profit attributable to shareholders, compared to 34% in 1999/2000.

RESULTS OF OPERATIONS

ANALYSIS OF CONSOLIDATED PROFIT AND LOSS STATEMENT

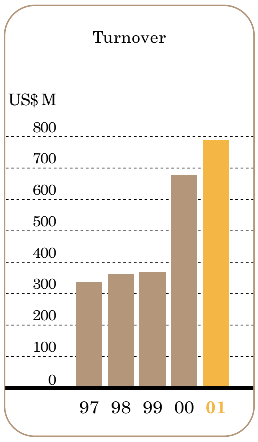
	Existing business US$M	Acquired business US$M	Total Before restructuring provisions US$M	2001 Total After restructuring provisions US$M	2000 Total US$M	Increase/ (Decrease) Before restructuring provisions US$M	%	Increase/ (Decrease) After restructuring provisions US$M	%
Turnover	471.9	318.3	790.2	790.2	677.1	113.1	16.7	113.1	16.7
Cost of sales	(282.2)	(247.9)	(530.1)	(530.1)	(441.7)	88.4	20.0	88.4	20.0
SG&A	(78.9)	(27.8)	(106.7)	(106.7)	(91.3)	15.4	16.9	15.4	16.9
Restructuring provisions	0.0	(26.7)	0.0	(26.7)	0.0	0.0	0.0	26.7	n/a
Other revenues	9.7	2.5	12.2	12.2	13.2	(1.0)	(7.9)	(1.0)	(7.9)
EBIT	120.5	18.4	165.6	138.9	157.3	8.3	5.3	(18.4)	(11.7)
Interest	(0.1)	(0.4)	(0.5)	(0.5)	(2.0)	(1.5)	(77.5)	(1.5)	(77.5)
Share of profits less losses of JV/Associates	(1.7)	(0.6)	(2.3)	(2.3)	0.0	(2.3)	(5,402.3)	(2.3)	(5,402.3)
Profit before taxation	118.7	17.4	162.8	136.1	155.3	7.5	4.9	(19.2)	(12.3)
Taxation	(8.3)	17.5	(0.3)	9.2	(19.7)	(19.4)	(98.3)	28.9	146.7
Outside interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit after taxation	110.4	34.9	162.5	145.3	135.6	26.9	19.9	9.7	7.2
Depreciation & amortisation	24.3	11.4	35.7	35.7	37.2	(1.5)	(4.0)	(1.5)	(4.0)

TURNOVER

	2001		2000		Increase	
	US$M	%	US$M	%	US$M	%
Automotive components	398	50	330	49	68	21
Power tools	167	21	159	23	8	5
Home appliances	109	14	101	15	8	7
Business equipment/ Personal products	97	12	78	12	19	24
Audio-visual	19	3	9	1	10	111
Total turnover	790	100	677	100	113	17

Total turnover was US$790 million, an increase of 17% over the level in the prior year. Unit volume also grew about 17%. The sales increase included contributions of US$318 million from JEAI for a full twelve-month period to March 2001, compared to a nine-month period from July 1999 in the previous year. Excluding JEAI, the turnover increased 11%, with unit volume growth of 16%.

Sales to the automotive components segment increased 21% to US$398 million, due mainly to the inclusion, for the first time, of full twelve months' sales of JEAI. Sales value growth in this segment was also affected by the very weak Euro for most of the year.



JEAI's sales increased 26% to US$318 million for the year, compared to nine months' sales of US$252 million in 1999/2000, despite the impact of the translation of Gate's Euro-based sales. Sales of Gate in Europe increased 27% and 44% in US dollar and Euro terms respectively, with unit volume growth of 46%; and sales of JEAM in North America increased 25%, with unit volume growth of 32%.

As to the core micromotor business, notwithstanding the apparently unattractive conditions in the automotive industry in general, and the impact of the weak Euro, sales value growth did improve somewhat to 7%, compared to 6% in the previous year. Unit volume growth was 8%. Despite the weak Euro, sales to Europe increased 11%, with unit volume growth of 13%. Sales to North America increased only modestly, by about 3%, with unit volume down 1%. Sales to Asia Pacific were maintained at prior year's level, in both value and volume terms. It was encouraging, however, that in the second half of the year, we began to see some benefits of the efforts we invested over the last few years in growing our market share by new product introductions on our part and increasing outsourcing on the part of existing and new customers.

Group sales to the power tools industry increased over 5%. The core micromotor business saw a period of consolidation, and on a higher revenue base after a 33% growth in sales in 1999/2000, sales increased only 1% in both value and unit volume terms. Sales to North America continued to be encouraging, up 27%, although most of the increase was offset by decreases of 20% and 9% in sales to Europe and Asia Pacific respectively. The decrease in Europe was partly due to the very weak Euro for most of the year, even although only a small proportion of the sales were in Euro. Sales to Hong Kong/China were essentially flat.

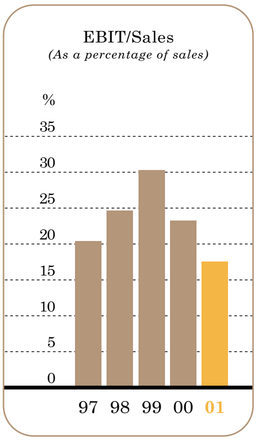
Sales of JEAM's starter motor business in North America increased 13% to US$63 million, compared to nine-month sales of US$56 million in the previous year. With JEAM's large market share in this relatively mature market, growth for this business is expected to be limited.

Sales to the home appliances sector increased over 7%, with unit volume growth of nearly 10%. The growth continued to be driven by the sales to floor-care product applications which increased 29%. Sales to Hong Kong/China, being the major market for this segment, increased over 16%. Sales performance in other markets was mixed, with sales to North America up 6%; to Europe, down 14%; and to Asia Pacific, down 4%.

Sales to business equipment and personal products sectors combined, increased over 24%. Sales of micromotors for audio-visual were excluded from this segment, since such sales became a separate business during 2000/01, as part of an international joint venture with Nidec Corporation of Japan. Johnson Electric's existing audio-visual business together with certain assets and production lines was injected into the new business, which commenced operations on 1st July 2000.

Sales to business equipment sector increased over 25%, with unit volume growth of 32%. Demand continued to be robust in such major product applications as printer products, gear box products, and copiers. Geographically, all markets posted double-digit rates of growth in sales: 48% to North America; 44% to Hong Kong/China; 20% to Europe; and 11% to Asia Pacific.

Sales to personal products sector increased over 24%, with unit volume growth of 21%. Sales were boosted by a combination of the outsourcing trend and increasing new product adoptions. Sales to such applications as massagers and toothbrushes grew at triple-digit rates, while demand for hair dryer and hair curler applications continued to be healthy. Hong Kong/China, the largest market with nearly two-thirds of total segment sales, increased over 30%. Sales to Europe were also very satisfactory, up 59%, although sales to North America and Asia Pacific were relatively flat.



Sales to audio-visual industry increased 111% in value, and 103% in unit volume, which included the sales of Johnson Electric's original audio-visual business from April to June 2000, and the sales of the new re-organised business within the international joint venture with Nidec Corporation of Japan from July 2000. Sales, however, were not expected to be material in relation to the Group's business until after this start-up year. The whole of the growth was essentially from Asia Pacific region, which accounted for over 90% of the total segment sales.

EARNINGS BEFORE INTEREST AND TAX

Excluding JEAI's provision for costs of restructuring in the US which is of a non-recurring nature, EBIT was US$165.6 million, an increase of US$8.3 million, or 5.3% over the 1999/2000 level, due primarily to the increased revenue base through continuing organic growth and the acquisition made in the prior year, partly offset by higher cost of sales reflecting: firstly, the lower margins of the acquired business; and secondly, the investments made in preparation for the manufacture and supply of parts and components for the acquired business, and for the transfer of certain production responsibilities of JEAM in Mississippi, USA to China; and in adding capacities for the new Nidec Johnson Electric business.

The Group's EBIT (before provision for restructuring costs), as a percentage of sales, decreased from 23.2% to 21%, partly due to the dilution effect of the inclusion for the first time of JEAI businesses with lower margins, for the full twelve-month period, compared to a nine-month period previously.

Gross margins of the core micromotor business decreased by about one percentage point from 41% to 40%, due mainly to higher prices of purchased materials and parts during the year and increased headcounts in preparation for added businesses in the coming year, including the transfer of production in Mississippi, and the increasing manufacturing and supply of components for JEAI and Nidec Johnson Electric businesses. JEAI's gross margins also decreased by about one-and-half percentage points, due mainly to the negative effects of a weaker Euro in the case of Gate; and the cost and pricing pressures faced by JEAM in the US which are not expected to be resolved until the completion of its planned restructuring in 2001/02.

The reduction in "Other Revenues" was anticipated, in view of falling interest rates and a surplus cash base reduced substantially by the payment for the acquisition of EMS in the prior year.

The Group's SG&A, as a percentage of sales, was maintained at 13.5% level, with SG&A of both the Hong Kong headquarters and JEAI's businesses well controlled, notwithstanding the additional costs incurred for various start-up and transition activities as part of the Group's reorganisation initiatives for long-term growth.

COST OF SALES

Overall cost of sales, as a percentage of sales, increased from 65.2% to 67.1%. Aside from effect of the inclusion of extra three months' cost of sales of JEAI compared to the previous financial year, other negative effects included: (a) increased prices of purchased materials and parts; and (b) increased wages and expenses to expand component manufacturing and final assembly capacities in China to meet with the anticipated increasing demands from JEAI and Nidec Johnson Electric businesses in the coming year.

Cost of Materials. After hitting a low of US$1,363 per tonne in the prior year, the price of copper stablised at higher levels during the year under review. The average spot price of London copper in 2000/01 was over US$1,800 per tonne, up 8% from approximately US$1,673 in 1999/2000. Steel prices, however, remained relatively flat. Our weighted average cost of steel increased 2% only, due partly to cost savings achieved in slitting steel in-house.

Lately, we saw more favorable copper prices, which started to trend downwards from the second half year, and were essentially back to the previous year's average level at 2000/01 year-end and the beginning of 2001/02.

Secondly, we also look forward to more significant cost savings in the coming years, at the cost of materials level, to be achieved from our continuing efforts which we started some time ago in global sourcing and supply chain management.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Overall SG&A expenses were US$106.7 million, up 17%, which was in line with the 17% growth in sales. Hence, SG&A as a percentage of sales, was maintained at previous year's level of 13.5% As this was the second year of our major acquisition which essentially doubled our revenue base, additional SG&A costs continued to be incurred at the corporate centre level to support the Group's growth strategies for the integrated businesses.

We are optimistic about the scaleability of our SG&A, and expect to benefit significantly from increasing scale as we grow further our businesses.

PROVISION FOR COSTS OF RESTRUCTURING

A pre-tax provision of US$26.7 million for costs of restructuring, was made in 2000/01 for the planned closure of the manufacturing plant in Columbus, Mississippi, USA, which is expected to be completed by 31st October 2001. The provision, net of tax, was US$17.1 million. Included in the provision were asset write-offs of US$15.3 million, being of a non-cash nature.

OTHER REVENUES

Other revenues decreased US$1 million, or 7.9%, due primarily to a reduction in interest income, caused by the falling interest rates on a surplus cash base reduced substantially upon payment for the major acquisition in the prior year.

DEPRECIATION EXPENSE

Depreciation expense was US$35.7 million, quite close to the previous year's level of US$37.2 million, despite a 17% growth in sales.

As a percentage of sales, overall depreciation expense was reduced to 4.5%, compared to 5.5% previously. Separately, depreciation charges of the core micromotor business (with component manufacturing as well as assembly of motors) and JEAI were reduced to 5.1% and 3.6% respectively.

A large increase in capital expenditures to expand our productive capacity for the following year, however, did not impact the depreciation expense materially, as most of the increase was incurred in building machines which are grouped as "Machinery under construction" in the assets accounts, and not used until from 2001/02.

INTEREST EXPENSE

Interest expense was reduced to a small amount of US$0.5 million, compared to US$2 million last year. The short-term bank borrowings of US$50 million on which interest was paid previously, was fully repaid from internal cash flows prior to last year-end. As the Group is essentially debt-free, interest payments were made only in relation to some short-term trade financing and small balances of temporary overdrafts or bank loans, in the case of the core micromotor business; and certain long-term loans obtained by Gate to take advantage of preferential interest rates available in Italy for specified purposes such as research and innovation.

SHARE OF LOSSES OF JV/ASSOCIATES

Share of losses of jointly controlled entities/associated companies amounted to US$2.3 million, compared to a share of profits of less than US$0.1 million in 1999/2000. The net losses were primarily due to our share of US$1.7 million of the losses in the Nidec Johnson Electric joint venture, and US$1.3 million of the losses in the Brushless Technology Motors ("BTM") joint venture in Italy, partly offset by our share of profits of the Ri Yong – JEA joint venture in Shanghai, China. Both the Nidec Johnson Electric and BTM joint ventures were started during the financial year under review, and such first-year losses were of a start-up nature. Actions are being undertaken to enable these joint ventures to achieve their planned profitability levels.

TAXATION

Taxes on profits were US$17.7 million, but more than offset by the various tax deductions resulting in a net taxation credit of US$9.2 million. A tax credit of US$9.5 million arose from the provision for restructuring costs in the USA. Tax credits were also obtained from certain revaluation of assets and financing restructuring of certain overseas companies.

The Group continued to benefit from certain tax incentives applicable to its operations in China and Thailand.

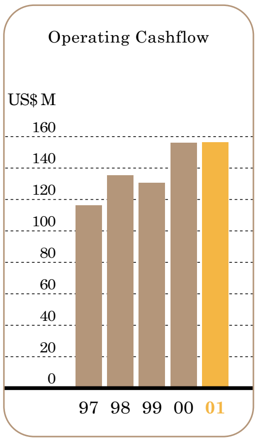
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders and earnings per share increased 7.2% to US$145.3 million and 4.0 US cents respectively. Excluding the provision for costs of restructuring, profit attributable to shareholders and earnings per share would have been US$162.5 million and 4.4 US cents respectively, up 19.9% over 1999/2000.

FINANCIAL CONDITIONS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial resources and liquidity continued to be healthy, as operating cashflow reached a record level of US$156.5 million. As at 31st March 2001, the Group had no net debt, taking into account its total cash and other investments of US$88.5 million, compared to US$45.2 million at 1999/2000 year-end. Total debt remained at a low level of US$11.6 million, compared to US$8 million at the last year-end. The total debt-to-equity ratio was only about 2.5%.



The Group's interest coverage ratio (profit before tax and interest expense divided by interest expense) was 299 times, compared to 76 times in 1999/2000.

The Group's principal committed facilities are: (a) a three-year revolving loan in US dollars of 5 million obtained by a marketing subsidiary in the USA for short-term trade financing; and (b) long-term loans in Italian Lira totalling US$3.5 million (of which US$0.5 million being repayable within one year) obtained by Gate, to take advantage of preferential interest rates (fixed at between 3% and 7.95%) for specified purposes such as research and innovation.

For day-to-day liquidity management and maintaining flexibility in funding, the Group also has access to significant uncommitted short-term borrowing facilities provided by its relationship banks. There are, however, no present needs for borrowings of any material amount.

Funding requirements for capital expenditures are expected to be met by internal cash flows. There are no present plans for material investments or capital assets in the coming years, other than the Group's regular annual capital expenditures required to maintain its growth in sales.

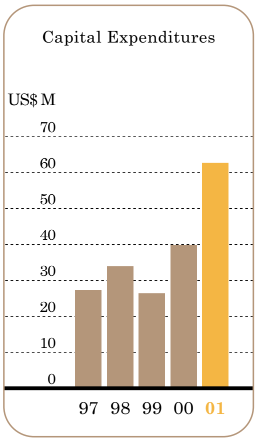
The working capital position of the Group remained healthy. As at 31st March 2001, the current ratio (current assets divided by current liabilities) improved to 1.9 times, from 1.6 times at previous year-end.

The Group's total assets were US$679.5 million and shareholders' funds were US$467.2 million, compared to US$586.3 million and US$385.2 million respectively at the previous year-end.

ASSETS

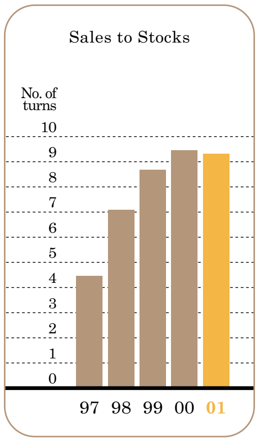
Total assets were US$679.5 million, up US$93.2 million or 16%, due mainly to increases in current assets, investment securities and deferred tax assets, partly offset by a decrease in investment in finance leases.

Non-current assets increased US$14.9 million or 4.8%. Investment in finance leases was reduced by US$7.4 million or 26.4%, as quite a number of employees withdrew from the Group's Staff Home Ownership Scheme, as the property market in Hong Kong continued to be unattractive. Deferred tax assets increased to US$30.8 million, compared to US$5.6 million at last year-end, as tax credits were available from various restructuring initiatives, including the planned closure of the manufacturing plant in Columbus, Mississippi, USA. An amount of US$3.5 million was added to the Investment securities which increased to US$11.1 million.



The Group's capital expenditures were US$62.8 million. Excluding the amount of US$9.2 million incurred in the re-purchase of housing units from employees under the terms of the Staff Home Ownership Scheme, the capital expenditures were US$53.6 million. Most of those housing units were disposed of during the year for US$5.9 million. Disposals amounting to US$5.4 million of certain plant and machinery, were made to the Nidec Johnson Electric joint venture.

Current assets increased US$78.3 million or 28.2%. All current assets categories posted increases, reflecting the continuing expansion of the Group.



Deposits and bank balances, and Other investments, representing the Group's surplus cash reserves, amounted to US$88.5 million, up 95.8%, from US$45.2 million at last year-end.

Trade and other receivables increased to US$182.5 million, up 13.5%. Trade debtors increased to US$154.4 million, up 10.2%, and the average collection period was improved to 66 days, from approximately 71 days previously.

Stocks and work in progress increased to US$85 million, up 18.6%. The sales-to-stocks ratio remained at about last year's level, slightly lower than 9.5 turns. While efforts continue in supply chain management involving suppliers to increase the inventory turns, more significant improvements are expected as soon as we complete the implementation of the relevant modules of our enterprise resource planning system.

LIABILITIES

Total liabilities were US$212.3 million, up US$11.1 million or 5.5%, due mainly to an increase of US$19.7 million in trade and other payables, partly offset by a decrease of US$8.9 million in taxation payable.

Current liabilities increased US$11 million or 6.4%. Trade and other payables increased to US$141.7 million, up 16.2%, due mainly to the inclusion in other payables of a provision of US$11.3 million for costs of restructuring in the USA. Trade creditors increased only modestly, about US$3.6 million or 5.2% over the last year-end.

Non-current liabilities were practically unchanged at last year-end level, as increases in long term loans and obligations under finance leases were offset by decreases in other provisions and deferred tax liabilities. An increase of US$4.2 million in long term loans and obligations outstanding was due partly to the change of certain bank loans of US$3 million due in 2000/01 to a three-year revolving loan required by a marketing subsidiary in the USA for trade financing; and partly to a 3.7% fixed-rate long-term loan in Italian Lira equivalent to US$1.6 million available to Gate for research activities.

SHAREHOLDERS' FUNDS

Shareholders' funds at 31st March 2001 were US$467.2 million, up 21.3%. Reserves increased US$82 million or 21.6%, as the retained profit for the year of US$96.8 million (after deduction of a total dividend of US$48.5 million), was partially offset by an adjustment of US$5.1 million arising on translation of foreign subsidiaries, associated companies and jointly controlled entities; certain final closing adjustment of US$7.3 million to the goodwill arising on previously acquired subsidiaries; and a revaluation deficit of US$2.4 million in relation to the Group's investment properties in Hong Kong.

No change was made to the total amount of share capital, notwithstanding to the subdivision of shares effective from 14th August 2000.

CASH FLOWS

Our ability to generate cash from operations to grow and expand our business to create shareholder value is one of our fundamental financial strengths.

NET CASH PROVIDED BY OPERATING ACTIVITIES

The Group's main source of liquidity continued to be the net cash from operating activities.

Net cash provided by operating activities increased only slightly to US$156.5 million, compared to US$156.1 million in 1999/2000. There were increases amounting to US$35.2 million in stocks and work in progress, and trade and other receivables; a decrease of US$0.6 million in trade and other payables (excluding the provision for costs of restructuring).

RETURNS ON INVESTMENTS AND SERVICING ON FINANCE

The net cash outflow increased US$7.6 million, due mainly to an increase of US$6.3 million in dividends paid and a decrease of US$2.6 million in interest received, partly offset by a decrease of US$1.6 million in interest paid.

TAXATION

Cash paid increased US$10.9 million, due to an increase of US$13.3 million in Hong Kong profit tax paid, partly offset by a decrease of US$2.3 million in overseas tax paid.

INVESTING ACTIVITIES

The net cash outflow returned to a lower level as no payment for any acquisition was required during the year. Net cash outflow was US$44.7 million, compared to US$299.2 million in 1999/2000.

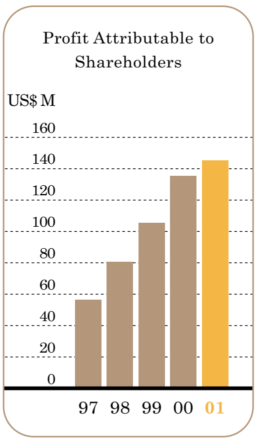
Net additions (purchases less sales) of fixed assets, increased US$6.1 million. Investment in jointly controlled entity/associated companies increased US$8.3 million. On the other hand, investment activity in investment securities and other investments (including bonds, notes and commercial papers), contributed cash of only US$0.3 million, compared to US$55.4 million in 1999/2000.

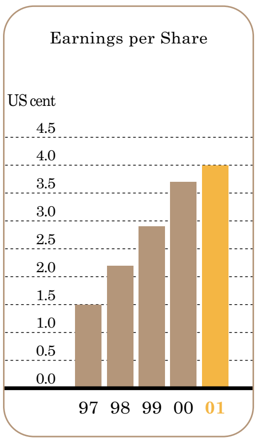
FINANCING ACTIVITIES

Net cash from financing increased US$1.7 million, due primarily to an additional long-term loan obtained by Gate.

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents as at 31st March 2001 increased to US$81.8 million, up 105.3%, from US$39.8 million at the previous year-end. Deposits and bank balances, and other investments totalled US$86.9 million, with short-term bank loans and overdrafts maintained at a low level of US$5.1 million.





REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities of the subsidiaries are shown in note 32 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the group for the year ended 31st March 2001 are set out in the consolidated profit and loss account on page 46 of the accounts.

The directors declared an interim dividend of 0.38 US cents (3 HK cents) per share, totalling US$14,130,000, which was paid on 5th January 2001.

The directors recommend the payment of a final dividend of 0.94 US cents (7.3 HK cents) per share, totalling US$34,383,000, payable on 27th July 2001 and recommend that the retained earnings of US$96,855,000 at 31st March 2001 be carried forward.

RESERVES

Movements in the reserves of the group and the company during the year are set out in note 27 to the accounts.

DONATIONS

During the year, the group made charitable and other donations of US$194,000 (2000: US$247,000).

FIXED ASSETS

Details of the movements in properties, plant and equipment are shown in note 13 to the accounts.

SHARE CAPITAL

Details of the movements in share capital are shown in note 26 to the accounts.

DIRECTORS

The directors during the year and up to the date of this report were:

Wang Koo Yik Chun
Patrick Wang Shui Chung JP
Winnie Wang Wing Yee
Richard Wang Li-Chung
Peter Wang Kin Chung
Li Fook-Wo CBE, LLD, DSSc, FCIB, FHKIB, JP
Peter John Wrangham
Peter Stuart Allenby Edwards
David Wylie Gairns JP
Ian Lorne Thompson Conn

In accordance with Bye-law 109(A) of the company's Bye-Laws, Mr. Peter Wang Kin Chung, Mr. Peter Stuart Allenby Edwards and Mr. Ian Lorne Thompson Conn retire from office by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the company had a service contract with the company or any of its subsidiaries during the year.

DIRECTORS' INTERESTS

At 31st March 2001, the interests of the directors in the share capital of the company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong) notified to the company pursuant to Section 28 of that Ordinance (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to that Ordinance) or which are required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein were as follows:

	Shares in the company of HK$0.0125 each	
Name	Personal Interests	Other Interests
Wang Koo Yik Chun	-	2,187,946,880 *#
Peter John Wrangham	160,000	-
Peter Stuart Allenby Edwards	-	50,000 **

* *These shares are held, directly or indirectly, by the trustees of various trusts associated with the Wang family.*

\# *Duplications of shareholdings occur among and between the parties shown below under the Substantial Shareholders.*

** *These shares are held under a trust of which Peter Stuart Allenby Edwards is one of the beneficiaries.*

Save as disclosed herein, at 31st March 2001, none of the directors had any interest in the share capital or debt securities of the company or any associated corporation (as so defined) notified to the company pursuant to Section 28 of the Securities (Disclosure of Interests) Ordinance (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to that Ordinance) or which will be required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein.

No contracts of significance in relation to the company's business to which the company or its subsidiaries was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Under the terms of the Johnson Electric Holdings Limited share option scheme, which was approved by the shareholders on 11th August 1998, the directors may at their discretion grant full time employees of the company and its subsidiaries, including executive directors, options to subscribe for the company's shares. No such options have yet been granted to any employee.

Under the terms of the Johnson Electric Holdings Limited Long-term Incentive Share Scheme ("Incentive Share Scheme") which was approved by the shareholders on 26th July 1999, the directors may at their discretion invite full time employees of the company and its subsidiaries, including directors, to participate in the Incentive Share Scheme, and grant shares to such eligible employees. No such shares have yet been granted to any employee.

Apart from the share option scheme and the Incentive Share Scheme 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.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under Bermudan law in relation to issues of new shares by the company.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2001, the interests of every person, in the share capital of the company as recorded in the register required to be kept under Section 16(1) of the Securities (Disclosure of Interests) Ordinance were as follows:

Name	Shares of HK$0.0125 each
Bermuda Trust (Guernsey) Limited	356,708,480
Ansbacher (Bahamas) Limited	887,040,000
HSBC International Trustee Limited	951,539,200
HSBC Investment Bank Holdings B.V.	973,961,200
HSBC Holdings B.V.	973,961,240
HSBC Finance (Netherlands)	973,961,240
HSBC Holdings plc	973,961,240

The shares in which Bermuda Trust (Guernsey) Limited and Ansbacher (Bahamas) Limited are interested and 944,198,400 of the shares in which HSBC International Trustee Limited is interested are held, directly or indirectly, by them as the trustees of various trusts associated with the Wang family and are included in the shares in which Ms. Wang Koo Yik Chun is interested as referred to above under Directors' Interests.

The shares in which HSBC International Trustee Limited is interested form part of the shares in which HSBC Investment Bank Holdings B.V. is interested, which form part of the shares in which HSBC Holdings B.V. is interested, which are all the shares in which HSBC Finance (Netherlands) is interested, which are all the shares in which HSBC Holdings plc is interested, all of which are the same shares.

Save as disclosed herein, as at 31st March 2001, according to the register of interests of shares and, so far as the directors are aware, there were no persons who, directly or indirectly, held or were beneficially interested in shares representing 10 per cent. or more of the issued share capital of the company or (save for the company) its subsidiaries and there was no other interest or right recorded in the register required to be kept under Section 16(1) of the Securities (Disclosure of Interests) Ordinance.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

The company has not redeemed any of its shares during the year. Neither the company nor any of its subsidiaries has purchased or sold any of the company's shares during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

AUDIT COMMITTEE

The Audit Committee meets regularly with the group's senior management and the external auditors to consider and review the group's financial statements, the nature and scope of audit reviews, and the effectiveness of the system of internal control and compliance. The members of the Audit Committee are Mr. David Wylie Gairns (Chairman of the Committee) and Mr. Ian Lorne Thompson Conn.

CODE OF BEST PRACTICE

Throughout the accounting period, the company was in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that some of the independent non-executive directors of the company have no set term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the company in accordance with the company's Bye-Laws.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

PATRICK WANG SHUI CHUNG
Chairman and Chief Executive

Hong Kong, 8th June 2001

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

WANG KOO YIK CHUN

Aged 84, is Honorary Chairman of the Company and co-founder of the Johnson Electric Group. She was Vice-chairman of the Group in 1984 and was actively involved in the development of the Group in its early stages.

PATRICK WANG SHUI CHUNG JP

Aged 50, obtained his BSc and MSc degrees in Electrical Engineering from Purdue University in Indiana. He joined the Johnson Electric Group in 1972 and became a Director in 1976 and Managing Director in 1984. In 1996 he was elected Chairman and Chief Executive of the Company. He is also a Council member of the University of Hong Kong, a Council member of The Chinese University of Hong Kong, a member of the Economic Advisory Committee, a member of Hong Kong/European Union Business Co-operation Committee, a member of Hong Kong United States Business Council and a non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Patrick Wang Shui Chung is a son of the Honorary Chairman, Ms. Wang Koo Yik Chun.

WINNIE WANG WING YEE

Aged 54, obtained her BSc degree from Ohio University. She joined the Johnson Electric Group in 1969. She became a Director in 1971 and an Executive Director in 1984 and was elected Vice-Chairman in 1996. Ms. Winnie Wang Wing Yee is a sister of the Chairman and Chief Executive, Mr. Patrick Wang.

RICHARD WANG LI-CHUNG

Aged 57, obtained his BSc and MSc degrees in Electrical Engineering from the University of California, Berkeley. He joined the Johnson Electric Group in 1970 and has been Director since 1992. He is responsible for global marketing. Mr. Richard Wang Li-Chung is a brother of the Chairman and Chief Executive, Mr. Patrick Wang.

PETER WANG KIN CHUNG

Aged 47, has been a non-executive director of the Johnson Electric Group since 1982. He obtained a BSc in Industrial Engineering from Purdue University and a MBA degree from Boston University. He is the Chairman & CEO of Tristate Holdings Limited and the Managing Director of Hua Thai Manufacturing Public Company Limited. Mr. Peter Wang Kin Chung is a brother of the Chairman and Chief Executive, Mr. Patrick Wang.

LI FOOK-WO CBE, LLD, DSSc, FCIB, FHKIB, JP

Aged 84, has been an independent non-executive director of the Johnson Electric Group since 1984. He is a non-executive director of Hutchison Whampoa Limited and The Bank of East Asia Limited.

PETER JOHN WRANGHAM

Aged 67, has been an independent non-executive director of the Johnson Electric Group since 1991 after he retired from his directorships with The Hongkong and Shanghai Banking Corporation Limited, HSBC Holding plc, Midland Bank plc and James Capel & Co. Limited.

PETER STUART ALLENBY EDWARDS

Aged 53, was appointed as an independent non-executive director of the Johnson Electric Group on 1st October 1995. He is a solicitor and was Senior Partner of Johnson, Stokes & Master, the Solicitors to the Group, until he retired on 30th September 1996. Mr. Edwards was Chairman of the Hong Kong Branch of the International Fiscal Association, Chairman of the Revenue Law Committee of the Hong Kong Law Society and a member of the Joint Liaison Committee on Taxation which advises the Government of the Hong Kong Special Administrative Region. He is also a member of the International Academy of Estate and Trust Law, an honorary lecturer in law at the University of Hong Kong and a director of a number of investment and holding companies.

DAVID WYLIE GAIRNS JP

Aged 64, was appointed as an independent non-executive director of the Johnson Electric Group on 1st December 1998. He is a Chartered Accountant and was, prior to his retirement in 1991, the Senior Partner of the accounting firm KPMG, Hong Kong. A past President of the Hong Kong Society of Accountants, he now serves on the Boards of The Hongkong and Shanghai Banking Corporation Limited, Hsin Chong Construction Group Limited, MTR Corporation Limited and Wing On Company International Limited.

IAN LORNE THOMPSON CONN

Aged 64, was appointed as an independent non-executive director of the Johnson Electric Group on 1st May 1999. He is President, Asian Pacific Business Unit, Thomas Group and has worked for many years as a Senior Member of the Thomas Group, improving the competitiveness of clients through business process improvements. His relationship with Johnson Electric goes back to April 1997. He has lived and worked in Asia, Europe and the United States and within many different industries. He obtained his Engineering degree from Queen's University, Ontario, Canada and Business degree from Carleton University, Ottawa, Canada. He currently serves as a member of the Board of Cynophar, a French pharmaceutical firm and is active with C.O.I.M. Co. (Canadian Owned Investment Management Company), a venture capital firm in Canada and the United States.

SENIOR MANAGEMENT

ED BEDELL

Aged 58, Quality and Reliability Director of Johnson Electric, is responsible for managing all Quality and Reliability functions and driving continuous improvement programs worldwide. Prior to joining the Group, he had over 30 years experience in Quality Management at Motorola's Semiconductor Products Sector. He co-authored their "Gold Book" which helped define the tools and methodologies needed to implement their Six Sigma Quality program. He was also co-founder and a Corporate Officer of a semiconductor industry organization, called SAC, whose primary mission is to promote worldwide standardization of quality systems in semiconductor assembly subcontractors using QS-9000 as the standard. He holds a B.Sc. Degree in Physics and Mathematics from Northeastern University in Boston and an MBA Degree from Arizona State University. He has also done graduate work in High Energy Nuclear Physics at MIT.

TS CHOI

Aged 51, Chief Operating Officer, is responsible for the global manufacturing management of the Group. He joined the Group in 1968, with 30 years of experience in motor component manufacturing, motor assembly processes, and the utilization of machines & fixtures.

JIM DICK

Aged 47, Strategic Marketing Director, is responsible for developing responses to macro market issues and leading the company's strategic planning process. He has 25 years experience in high technology management throughout the world. Prior to joining the Group, he held executive positions with Xerox in the USA, IBM in Europe, and most recently with Astec (BSR) Plc in Hong Kong. He holds a B.Sc. in Electrical and Electronic Engineering from the University of Paisley.

JAMES P. FREED

Aged 54, Supply Chain Services Director, is responsible for overseeing the Group's procurement, vendor management, logistics and business improvement organizations. Prior to joining the Group, he worked as a business improvement consultant with Thomas Group of Dallas, Texas, USA and he had over 30 years of experience in managing manufacturing businesses. He holds a BSME from the University of Cincinnati and MBA studies at Kent States University.

RON HARROD

Aged 60, Automotive Motors & Systems Director, is responsible for providing operational leadership and strategic direction to a global group of automotive business units. Prior to joining the Group, he had over 25 years of experience in electronics & diagnostic imaging industries, with managerial roles in sales, marketing, customer support and engineering. He had also been a pilot in the Royal Canadian Air Force. Ron holds a BEng in Engineering Physics from the Royal Military College in Canada.

HORACE HO

Aged 52, Human Resources Director, is responsible for developing and implementing human resources strategies as well as health and safety and environmental affairs for Johnson Electric worldwide. Prior to joining the Group, he was senior vice president, human resources and senior vice president, operations with several national and international companies in the industrial, aerospace and financial services sectors in Toronto and Vancouver, Canada. In those capacities, he had responsibility for operations in Canada, U.S., U.K. and South America. Horace was also a compensation and benefits consultant with international management consulting firms in Toronto, Canada and London, England. He holds an Honours B.Sc. degree in Physics and Applied Mathematics and an M.Sc. degree in Computer Science from the University of London, England.

DENNIS CHAN IBARRA

Aged 41, Commercial Motors Director, is responsible for the providing operational leadership and strategic direction to a global group of business units engaged in home appliance, power tools, business equipment, personal products and audio-visual. Prior to joining the Group, he worked in production, engineering, and program management for the component and semiconductor businesses of Philips Electronics in North America and Europe. He was subsequently a partner and resultant with the Thomas Group in Europe, North America, and Asia where he drove business assessment, program management and process improvement implementations. He holds a degree in Chemistry & Biochemistry from Rice University in Houston, Texas, USA.

KC KO

Aged 35, Corporate Engineering General Manager, is responsible for establishing global engineering organisational structure, developing and implementing platform engineering strategies, as well as managing research and development of advanced engineering project. KC joined the Group in 1988, and was appointed to oversee the engineering operation in Hong Kong and China in 1998. Effective 2001, he assumed general management of Johnson Electric's global engineering activities. He holds a MSc degree in Manufacturing System Engineering from The University of Warwick, U.K. He is a charter member in the Forming Technologies Association of Society of Manufacturing Engineers and a member of Institute of Industrial Engineers.

PAUL TONG

Aged 55, Chief Financial Officer, is responsible for all overall finance matters of the Group. Prior to joining Johnson Electric, he had over 20 years' experience in manufacturing, shipping and trading businesses with large multinational groups. He has also been admitted as a Barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He graduated with a Bachelor of Science degree in Economics, a postgraduate Certificate in Management Studies and a Doctor of Business Administration degree from the University of London, the University of Oxford, and the International Management Centres, London in England respectively. He is a Fellow Member of The Association of Chartered Certified Accountants, and an Associate Member of The Chartered Institute of Management Accountants, The Hong Kong Society of Accountants and The Institute of Chartered Secretaries and Administrators.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Johnson Electric Holdings Limited ("the Company") will be held at Pheasant Room, 1/F., Mandarin Oriental, 5 Connaught Road Central, Hong Kong on Wednesday, 25th July 2001 at 12:30 p.m. for the following purposes:-

1. To receive and consider the Statement of Accounts and the Reports of the Directors and of the Auditors for the year ended 31st March 2001;
2. To declare a final dividend;
3. To re-elect Directors;
4. To confirm the remuneration of Directors;
5. To re-appoint Auditors and to authorise the Directors to fix their remuneration;

and by way of special business, to consider and, if thought fit, pass the following Ordinary Resolutions:-

6. That the number of Directors of the Company be fixed at 15 and that the Directors be authorised to elect or appoint additional directors up to the maximum of 15.

7. (1) That:

   (a) subject to paragraph (c), the exercise by the Directors of the Company during the relevant period of all the powers of the Company to issue, allot and dispose of additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) shall authorise the Directors of the Company during the relevant period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the relevant period;

   (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or pursuant to the exercise of subscription rights under any warrants to subscribe for shares of the Company or under any options granted under the Company's Share Option Scheme, shall not exceed the aggregate of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution and the said approval shall be limited accordingly; and

   (d) for the purposes of this Resolution:

   "relevant period" means the period from the passing of this Resolution until whichever is the earliest of

   (i) the conclusion of the next Annual General Meeting of the Company;

   (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law of Bermuda to be held; and

   (iii) the revocation or variation of this Resolution by an ordinary resolution of the Shareholders of the Company in General Meeting; and

   "Rights Issue" means an offer of shares, warrants or other securities to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).

(2) That:

(a) the exercise by the Directors during the relevant period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases by the Company pursuant to the approval in paragraph (a) during the relevant period, shall be no more than 10 per cent. of the aggregate nominal amount of the existing issued share capital of the Company, at the date of the passing of this Resolution, and the authority pursuant to paragraph (a) shall be limited accordingly;

(c) for the purposes of this Resolution, "relevant period" means the period from the passing of this Resolution until whichever is the earliest of

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law of Bermuda to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of the Shareholders of the Company in General Meeting.

(3) That the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted by the resolution set out as Resolution No. 7(2) in the notice convening this Meeting, provided that such additional amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution.

By order of the Board

SUSAN YIP CHEE LAN

Company Secretary

Hong Kong, 8th June 2001

Notes

1. *A Shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not also be a Shareholder of the Company. A proxy form is enclosed. Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person.*

2. *To be valid, the proxy form should be deposited at the Head Office of the Company at Johnson Building, 6-22 Dai Shun Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong not less than 48 hours before the time appointed for holding of the Meeting.*

3. *The transfer books and the register of members of the Company will be closed from Monday, 23rd July 2001 to Wednesday, 25th July 2001, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrars, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 20th July 2001.*

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AUDITORS' REPORT

To the Shareholders of Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the accounts on pages 46 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31st March 2001 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PRICEWATERHOUSECOOPERS

Certified Public Accountants

Hong Kong, 8th June 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2001

	Note	**2001 US$'000**	2000 US$'000
Turnover	2	**790,190**	677,144
Cost of sales		**(530,070)**	(441,793)
Gross profit		**260,120**	235,351
Other revenues	2	**12,199**	13,242
Selling and administrative expenses	3	**(106,743)**	(91,306)
Provision for costs of restructuring	4	**(26,661)**	-
Operating profit	5	**138,915**	157,287
Finance costs	6	**(464)**	(2,062)
Share of profits less losses of jointly controlled entities/associated companies		**(2,280)**	43
Profit before taxation		**136,171**	155,268
Taxation credit/(charge)	7	**9,199**	(19,701)
Profit after taxation		**145,370**	135,567
Minority interests		**(2)**	(9)
Profit attributable to shareholders	8	**145,368**	135,558
Dividends	9	**(48,513)**	(45,443)
Retained profit for the year	27	**96,855**	90,115
Earnings per share (US cents)	10	**4.0**	3.7

CONSOLIDATED BALANCE SHEET

As at 31st March 2001

	Note	**2001 US$'000**	2000 US$'000
ASSETS			
Non-current assets			
Properties, plant and equipment	13	**234,287**	246,724
Jointly controlled entities	15	**19,506**	11,668
Associated companies	16	**7,361**	9,172
Investment securities	17	**11,136**	7,641
Investments in finance leases	18	**20,522**	27,901
Deferred tax assets	25	**30,752**	5,587
		323,564	308,693
Current assets			
Stocks and work in progress	19	**84,967**	71,634
Trade and other receivables	20	**182,469**	160,792
Other investments	21	**11,413**	2,495
Deposits and bank balances		**77,048**	42,707
		355,897	277,628
Current liabilities			
Trade and other payables	22	**141,725**	122,017
Current portion of long term loans and obligations under finance leases	23	**547**	3,365
Taxation		**1,333**	10,237
Proposed dividend	9	**34,383**	33,620
Bank loans and overdrafts		**5,136**	2,868
		183,124	172,107
Net current assets		**172,773**	105,521
Total assets less current liabilities		**496,337**	414,214
Non-current liabilities			
Long term loans and obligations under finance leases	23	**5,922**	1,760
Other provisions	24	**12,321**	15,124
Deferred tax liabilities	25	**10,924**	12,168
Minority interests		**5**	5
		29,172	29,057
NET ASSETS		**467,165**	385,157
CAPITAL AND RESERVES			
Share capital	26	**5,925**	5,925
Reserves	27	**461,240**	379,232
Shareholders' funds		**467,165**	385,157

PATRICK WANG SHUI CHUNG
Director

WINNIE WANG WING YEE
Director

COMPANY BALANCE SHEET

As at 31st March 2001

	Note	**2001 US$'000**	2000 US$'000
ASSETS			
Non-current assets			
Subsidiaries	14	**546,750**	584,924
Jointly controlled entities	15	**8,010**	-
Investment securities	17	**11,136**	7,641
		565,896	592,565
Current assets			
Trade and other receivables		**3,286**	670
Deposits and bank balances		**47**	308
		3,333	978
Current liabilities			
Trade and other payables		**96**	64
Proposed dividend	9	**34,383**	33,620
Bank loans and overdrafts		**-**	2
		34,479	33,686
Net current liabilities		**(31,146)**	(32,708)
NET ASSETS		**534,750**	559,857
CAPITAL AND RESERVES			
Share capital	26	**5,925**	5,925
Reserves	27	**528,825**	553,932
Shareholders' funds		**534,750**	559,857

PATRICK WANG SHUI CHUNG
Director

WINNIE WANG WING YEE
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2001

	Note	**2001 US$'000**	2000 US$'000
Net cash inflow from operating activities	30(a)	**156,502**	156,131
Returns on investments and servicing of finance			
Interest received		**3,773**	6,336
Interest paid		**(464)**	(2,062)
Gross earnings from investments in finance leases		**1,271**	1,571
Dividends paid		**(47,750)**	(41,454)
Net cash outflow from returns on investments and servicing of finance		**(43,170)**	(35,609)
Taxation			
Hong Kong profits tax paid		**(17,432)**	(4,171)
Overseas tax paid		**(10,661)**	(13,009)
Taxation paid		**(28,093)**	(17,180)
Investing activities			
Purchase of properties, plant and equipment		**(53,615)**	(34,685)
Purchase of investment securities		**(4,515)**	(3,497)
Investment in jointly controlled entity / associated companies		**(8,307)**	-
Purchase of other investments #		**-**	(39,188)
Acquisition of subsidiaries		**-**	(314,255)
Acquisition of associated companies		**-**	(9,810)
Sale of certificates of deposit		**-**	3,000
Capital element from investments in finance leases		**1,034**	1,150
Sale of properties, plant and equipment		**15,859**	2,996
Sale of investment securities		**2,224**	8,048
Sale of other investments #		**2,615**	87,023
Net cash outflow from investing activities		**(44,705)**	(299,218)
Net cash inflow / (outflow) before financing carried forward		**40,534**	(195,876)

	Note	**2001** **US$'000**	2000 US$'000
Net cash inflow / (outflow) before financing brought forward		**40,534**	(195,876)
Financing			
New secured loans		**1,845**	-
Bank loan borrowed		**-**	50,000
Repayment of bank loans		**(252)**	(50,172)
Capital element of finance lease payments		**(172)**	(106)
Net cash inflow / (outflow) from financing	30(b)	**1,421**	(278)
Increase / (decrease) in cash and cash equivalents		**41,955**	(196,154)
Cash and cash equivalents at beginning of year		**39,839**	235,993
Cash and cash equivalents at end of year		**81,794**	39,839

Analysis of the balances of cash and cash equivalents:		
Other investments #	**9,882**	-
Deposits and bank balances	**77,048**	42,707
Bank loans and overdrafts	**(5,136)**	(2,868)
	81,794	39,839

Other investments mainly comprise bonds, floating rate notes and commercial papers.

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31st March 2001

	Note	**2001 US$'000**	2000 US$'000
Revaluation (deficit) / surplus on investment properties	27	**(2,441)**	994
Exchange differences arising on translation of subsidiaries, associated companies and jointly controlled entities	27	**(5,065)**	(10,813)
Net losses not recognised in the profit and loss account		**(7,506)**	(9,819)
Profit attributable to shareholders		**145,368**	135,558
Total recognised gains		**137,862**	125,739
Goodwill on acquisition of subsidiaries, associated companies and jointly controlled entities	27	**(7,341)**	(226,604)
		130,521	(100,865)

NOTES TO THE ACCOUNTS

1 Principal accounting policies

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of certain investment properties and investments in securities using the following principal accounting policies:

(a) CONSOLIDATION

The consolidated accounts include the accounts of the company and its subsidiaries made up to 31st March and the group's share of post-acquisition profits less losses, and reserves, of its associated companies and jointly controlled entities. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the effective date of acquisition as appropriate.

All significant intercompany transactions and balances within the group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(b) REVENUE RECOGNITION

(i) SALES OF GOODS

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) INTEREST INCOME

Interest income is recognised on a time proportion basis.

(iii) GROSS EARNINGS FROM INVESTMENTS IN FINANCE LEASES

Gross earnings from investments in finance leases are recognised on the basis as set out in note 1(m).

(iv) RENTAL INCOME

Rental income is recognised on a straight line basis over the period of the lease.

(v) ROYALTY INCOME

Royalty income is recognised on an accrual basis.

(c) SUBSIDIARIES

Investments in subsidiaries are carried at cost. Provision is made when, in the opinion of the directors, there is a permanent diminution in value.

1 Principal accounting policies *(Cont'd)*

(d) JOINTLY CONTROLLED ENTITIES

A jointly controlled entity is an entity in which the group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the group's share of the net assets of the jointly controlled entities.

In the company's balance sheet, the investment in the jointly controlled entity is stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The result of the jointly controlled entity is accounted for by the company on the basis of dividends received and receivable.

(e) ASSOCIATED COMPANIES

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the group's share of the results of associated companies for the year, and the consolidated balance sheet includes the group's share of the net assets of the associated companies.

(f) GOODWILL

Goodwill represents the excess of purchase consideration over the fair values ascribed to the net assets of subsidiaries, associated companies and jointly controlled entities acquired and is charged to reserves in the year of acquisition.

(g) PROPERTIES, PLANT AND EQUIPMENT

Properties, plant and equipment other than investment properties (note 1(h)) are stated at cost less accumulated depreciation. Freehold land is not amortised. No depreciation is provided for assets under construction.

Depreciation of other properties, plant and equipment is calculated to write off the cost of assets over their estimated useful lives on the following bases:

Leasehold land and buildings outside the New Territories, Hong Kong	On reducing balance at 10% per annum
Leasehold land in the New Territories, Hong Kong	On straight line basis over the unexpired term of lease
Buildings situated on freehold land outside Hong Kong and buildings situated on leasehold land in the New Territories, Hong Kong	On straight line basis at 4% per annum
Leasehold land and buildings outside Hong Kong - medium term	On straight line basis over the unexpired term of lease
Motor vehicles and moulds	On reducing balance at 20% per annum
Plant and machinery, equipment, furniture and fixtures, and tools	On reducing balance at 20% per annum for the first 5 years, remaining net book value written off by equal instalments over the next 5 years

1 Principal accounting policies *(Cont'd)*

(g) PROPERTIES, PLANT AND EQUIPMENT *(Cont'd)*

The initial costs of moulds and tools are capitalised as other assets. Subsequent replacements of moulds and tools are charged to the manufacturing account as production overheads.

Gains or losses arising from the retirement or disposal of properties, plant and equipments are determined as the difference between the net disposal proceeds and the carrying amounts of those assets and are recognised as income or expense in the profit and loss account.

(h) INVESTMENT PROPERTIES

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential.

Investment properties held on leases with unexpired periods greater than 20 years are valued at intervals of not more than three years by independent valuers; in each of the intervening years valuations are undertaken by professionally qualified executives of the group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(i) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost, calculated on a weighted average basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) FOREIGN EXCHANGE

The rates of exchange at which foreign currencies are translated for accounting purposes are as follows:

(i) In respect of foreign currency denominated assets and liabilities and the balance sheets of subsidiaries, the rates ruling at the balance sheet date; and

(ii) In respect of foreign currency transactions entered into during the year, the market rates ruling at the relevant transaction dates.

Exchange differences arising on the translation of foreign currencies into US Dollars are reflected in the profit and loss account except that unrealised differences on net investments in foreign subsidiaries (including intra-group balances of an equity nature) are taken directly to reserves.

1 Principal accounting policies *(Cont'd)*

(k) DEFERRED TAXATION

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

(l) INVESTMENTS IN SECURITIES

(i) INVESTMENT SECURITIES

Debt securities expected to be held until maturity and equity shares intended to be held for the long term are included under investment securities and are stated at cost less any provision for diminution in value.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities is reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

(ii) OTHER INVESTMENTS

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(m) INVESTMENTS IN FINANCE LEASES

Leases that transfer substantially all the risks and rewards incident to ownership of the relevant assets, other than legal title, to the lessees are accounted for as investments in finance leases. Finance lease debtors are included in the balance sheet net of gross earnings allocated to future periods.

Gross earnings under finance leases are allocated to accounting periods to give a constant periodic rate of return on the net investment in the leases in each period.

(n) ASSETS UNDER LEASES

(i) FINANCE LEASES

Leases that substantially transfer to the group all the rewards and risks of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Payments to the lessor are treated as consisting of capital and interest elements. Finance charges are debited to the profit and loss account in proportion to the capital balances outstanding.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or lease periods.

1 Principal accounting policies *(Cont'd)*

(n) ASSETS UNDER LEASES *(Cont'd)*

(ii) OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rental applicable to such operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(o) RETIREMENT BENEFIT COSTS

(i) DEFINED CONTRIBUTION SCHEMES

Contributions are expensed as incurred and, except for the Mandatory Provident Fund, are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the group in an independently administered fund.

(ii) OTHER PENSION COSTS

Other pension costs represent employment service payments payable to certain employees outside Hong Kong upon termination of their services. The amount is provided in accordance with the existing legal requirements, national labour contract, individual company agreements and is determined with reference to a formula that takes into account years of service, compensation and inflation.

(p) WARRANTY PROVISION

Warranty provision is made to cover product repairs and replacement which is not covered by product liability insurance policies. The provision is reviewed annually and any excess or shortfall is recognised in the profit and loss account.

2 Revenues and turnover

The group is principally engaged in the manufacture of micromotors. Revenues recognised during the year are as follows:

	2001 US$'000	2000 US$'000
Turnover		
Sales of goods	**790,190**	677,144
Other revenues		
Scrap sales	**5,407**	4,455
Interest income	**3,820**	5,520
Gross earnings from investments in finance leases	**1,271**	1,571
Gross rental income from investment properties	**1,536**	1,586
Royalty income	**165**	110
	12,199	13,242
Total revenues	**802,389**	690,386

2 Revenues and turnover *(Cont'd)*

An analysis of the group's turnover and contribution to operating profit for the year by operating activities and geographical area by origin is as follows:

	Turnover		Operating profit / (loss)	
	2001	2000	**2001**	2000
	US$'000	US$'000	**US$'000**	US$'000
Operating activities				
Sales of motors	**790,190**	677,144	**138,915**	157,287
Geographical area by origin				
Asia	**471,908**	425,021	**120,446**	119,142
North America	**127,105**	101,104	**(17,431)***	10,719
Europe	**191,177**	151,019	**35,900**	27,426
	790,190	677,144	**138,915**	157,287

	2001	2000
	US$'000	US$'000
Turnover by geographical destination		
Asia	**228,320**	197,279
North America	**248,952**	210,864
Europe	**312,918**	269,001
	790,190	677,144

* *The amount is after provision for costs of restructuring of US$26,661,000. Excluding the provision for costs of restructuring, the operating profit is US$9,230,000.*

3 Selling and administrative expenses

	2001	2000
	US$'000	US$'000
Selling expenses	**28,093**	29,053
Administrative expenses	**78,650**	62,253
	106,743	91,306

4 Provision for costs of restructuring

Provision for costs of restructuring has been made for the closing of the manufacturing plant in Columbus, Mississippi, USA which is expected to be completed by end of October 2001. Total provision includes severance wages and associated costs, costs relating to environmental issues, plant and equipment write-offs, and other normal relocation and closure expenses.

	2001 US$'000	2000 US$'000
Asset write-offs	**15,321**	-
Other costs	**11,340**	-
Total provision	**26,661**	-

Net provision for costs of restructuring is US$17,128,000, after deduction of deferred tax benefits of US$9,533,000.

5 Operating profit

Operating profit is stated after crediting and charging the following:

	2001 US$'000	2000 US$'000
Crediting		
Interest income		
- listed investments	**-**	637
- unlisted investments	**186**	645
- deposits	**3,634**	4,238
Net realised and unrealised gain on other investments and investment securities	**2,855**	4,591
Net exchange gain	**-**	3,268
Charging		
Depreciation on owned properties, plant and equipment	**38,274**	37,536
Depreciation on leased properties, plant and equipment	**54**	32
Less : amounts capitalised on machinery under construction	**(2,633)**	(284)
	35,695	37,284
Staff costs	**107,028**	95,448
Retirement benefit costs		
- defined contribution schemes (note 11)	**1,634**	1,475
- other pension costs (note 24)	**3,745**	1,053
Auditors' remuneration	**421**	364
Loss on disposal of properties, plant and equipment	**497**	251
Outgoings in respect of investment properties	-	-
Net exchange loss	**1,083**	-

6 Finance costs

	2001 US$'000	2000 US$'000
Interest on bank loans and overdrafts	**198**	1,935
Interest on other loans, wholly repayable within five years	**172**	-
Interest on other loans, not wholly repayable within five years	**-**	24
Interest element of finance leases	**6**	9
Other incidental borrowing costs	**88**	94
	464	2,062

7 Taxation credit / (charge)

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rate on the estimated assessable profit for the year.

	2001 US$'000	2000 US$'000
Current taxation		
Hong Kong profits tax	**(8,925)**	(10,616)
Overseas taxation	**(8,809)**	(11,262)
	(17,734)	(21,878)
Deferred taxation (note 25)	**26,933**	2,177
	9,199	(19,701)

The deferred tax benefit for provision for costs of restructuring is US$9,533,000.

No provision for taxation has been made by the associated companies and the jointly controlled entities as they do not have any assessable profit for the year (2000: Nil).

There was no material unprovided deferred taxation for the year.

8 Profit attributable to shareholders

Profit attributable to shareholders is dealt with in the accounts of the company to the extent of US$23,406,000 (2000: US$360,821,000).

9 Dividends

	2001 **US$'000**	2000 US$'000
Interim, paid, of 0.38 US cents per share (2000: 1.30 US cents*)	**14,130**	11,823
Final, proposed, of 0.94 US cents per share (2000: 3.64 US cents*)	**34,383**	33,620
	48,513	45,443

* *Before four-for-one share split on 14th August 2000*

10 Earnings per share

The calculation of earnings per share is based on the group's profit attributable to shareholders of US$145,368,000 (2000: US$135,558,000) and 3,673,788,920 shares currently in issue after subdivision of each of the issued and unissued shares into four subdivided shares on 14th August 2000. The earnings per share for 2000 has been adjusted accordingly.

11 Defined contribution schemes

The group operates two defined contribution schemes (2000: one scheme) in Hong Kong which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance (ORSO) and Mandatory Provident Fund (MPF) Ordinance. All the assets under the schemes are held separately from the group under independently administered funds. Contributions to the MPF Scheme follow the MPF Ordinance while contributions to the ORSO Scheme are based on 5% of the basic salary of the employees.

The group also operates other defined contribution retirement schemes which are available to certain employees in Thailand and the United States of America.

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. At 31st March 2001, the balance of the forfeited contributions was US$1,208,000 (2000: US$790,000). The group did not utilise any of the forfeited contributions (2000: US$328,000) during the year to offset its required contributions to the retirement scheme.

12 Directors' emoluments and senior management compensation

(a) DIRECTORS' EMOLUMENTS

	2001 **US$'000**	2000 US$'000
Fees	**121**	109
Salaries and allowances	**2,048**	2,086
Retirement scheme contributions	**8**	8
Bonuses	**14**	14
	2,191	2,217

The emoluments were paid to the directors as follows:

Emoluments band		**Number of directors** **2001**	2000
US$0 - US$128,000	(HK$0 - HK$1,000,000)	**7**	7
US$514,001 - US$578,000	(HK$4,000,001 - HK$4,500,000)	**1**	1
US$706,001 - US$771,000	(HK$5,500,001 - HK$6,000,000)	**2**	1
US$771,001 - US$835,000	(HK$6,000,001 - HK$6,500,000)	**-**	1

Emoluments paid to independent non-executive directors amounted to US$80,000 during the year (2000: US$76,000).

(b) SENIOR MANAGEMENT COMPENSATION

The emoluments of the five highest paid individuals, including three directors (2000: three), are analysed as follows:

	2001 **US$'000**	2000 US$'000
Salaries, allowances and other benefits	**2,861**	2,922
Retirement scheme contributions	**43**	39
Bonuses	**288**	79
	3,192	3,040

Emoluments band		**Number of individuals** **2001**	2000
US$385,001 - US$450,000	(HK$3,000,001 - HK$3,500,000)	**-**	1
US$514,001 - US$578,000	(HK$4,000,001 - HK$4,500,000)	**2**	2
US$642,001 - US$706,000	(HK$5,000,001 - HK$5,500,000)	**1**	-
US$706,001 - US$771,000	(HK$5,500,001 - HK$6,000,000)	**2**	1
US$771,001 - US$835,000	(HK$6,000,001 - HK$6,500,000)	**-**	1

13 Properties, plant and equipment

Group	Investment properties US$'000	Other properties US$'000	Buildings under construction US$'000	Plant and machinery US$'000	Machinery under construction US$'000	Other assets* US$'000	Total US$'000
Cost or valuation							
At 1st April 2000	17,110	97,891	1,291	333,966	8,237	161,289	619,784
Exchange adjustments	-	(1,834)	-	(4,035)	(3,123)	(933)	(9,925)
Additions	-	11,439	625	15,775	21,899	13,034	62,772
Transfers	-	1,479	(1,479)	7,835	(11,413)	3,578	-
Disposals	(128)	(8,568)	-	(31,931)	(2,129)	(10,305)	(53,061)
Revaluation deficit (note 27)	(2,441)	-	-	-	-	-	(2,441)
At 31st March 2001	14,541	100,407	437	321,610	13,471	166,663	617,129
Accumulated depreciation							
At 1st April 2000	-	28,639	-	227,820	-	116,601	373,060
Exchange adjustments	-	(894)	-	(4,981)	-	(1,287)	(7,162)
Charge for the year	-	3,129	-	24,813	-	10,386	38,328
Provision for additional depreciation (note 4)	-	3,699	-	11,281	-	341	15,321
Written back on disposals	-	(450)	-	(22,883)	-	(13,372)	(36,705)
At 31st March 2001	-	34,123	-	236,050	-	112,669	382,842
Net book value							
At 31st March 2001	14,541	66,284	437	85,560	13,471	53,994	234,287
At 31st March 2000	17,110	69,252	1,291	106,146	8,237	44,688	246,724
The analysis of cost or valuation of the above assets is as follows:							
At cost	-	100,407	437	321,610	13,471	166,663	602,588
At professional valuation - 2001	14,541	-	-	-	-	-	14,541
	14,541	100,407	437	321,610	13,471	166,663	617,129

* *Other assets comprise equipment, furniture and fixtures, motor vehicles, moulds and tools.*

13 Properties, plant and equipment *(Cont'd)*

Investment properties and other properties are analysed as follows:

Group	**2001**		2000	
	Investment properties US$'000	**Other properties US$'000**	Investment properties US$'000	Other properties US$'000
In Hong Kong:				
On long-term lease (over 50 years)	**6,180**	**229**	6,730	514
On medium-term lease (between 10 to 50 years)	**8,361**	**27,594**	10,380	27,034
Outside Hong Kong:				
Freehold	**-**	**27,438**	-	31,163
On medium-term lease (between 10 to 50 years)	**-**	**11,023**	-	10,541
	14,541	**66,284**	17,110	69,252

The investment properties were revalued on an open market value basis as at 31st March 2001 by an independent valuer, DTZ Debenham Tie Leung Limited, Registered Professional Surveyors.

14 Subsidiaries

Company	**2001 US$'000**	2000 US$'000
Unlisted shares, at cost	**460,596**	459,590
Amounts due from subsidiaries	**166,389**	193,007
	626,985	652,597
Amounts due to subsidiaries	**(80,235)**	(67,673)
	546,750	584,924

Details of principal subsidiaries at 31st March 2001 are shown in note 32.

15 Jointly controlled entities

Group	**2001 US$'000**	2000 US$'000
Share of net assets	**12,006**	11,668
Loan	**7,500**	-
	19,506	11,668

Company	**2001 US$'000**	2000 US$'000
Unlisted shares, at cost	**510**	-
Loan	**7,500**	-
	8,010	-

The group's share of losses of these jointly controlled entities during the year amounts to US$996,000 (2000: share of profits of US$641,000).

The loan to a jointly controlled entity is unsecured and bears interest at 0.5% above 3-month LIBOR, and has no fixed terms of repayment.

Details of principal jointly controlled entities at 31st March 2001 are shown in note 32.

16 Associated companies

Group	**2001 US$'000**	2000 US$'000
Share of net assets	**7,361**	9,172

The group's share of losses of these associated companies during the year amounts to US$1,284,000 (2000: US$598,000).

Details of principal associated companies at 31st March 2001 are shown in note 32.

17 Investment securities

Group and Company	**2001 US$'000**	2000 US$'000
Unlisted equity securities	**11,136**	7,641

18 Investments in finance leases

Group	**2001 US$'000**	2000 US$'000
Gross rental receivable	**25,578**	36,005
Less: gross earnings allocated to future period	**(4,152)**	(6,973)
	21,426	29,032
Less: amounts due within one year included in trade and other receivables	**(904)**	(1,131)
	20,522	27,901

The finance leases are receivable in the following years:

	Net investment		Gross earnings		Gross rental	
	2001 US$'000	2000 US$'000	**2001 US$'000**	2000 US$'000	**2001 US$'000**	2000 US$'000
Within one year	**904**	1,131	**1,051**	1,361	**1,955**	2,492
In the second to fifth year	**15,227**	5,429	**2,771**	5,125	**17,998**	10,554
After the fifth year	**5,295**	22,472	**330**	487	**5,625**	22,959
	21,426	29,032	**4,152**	6,973	**25,578**	36,005

The group has entered into agreements with its employees whereby certain leasehold property assets of the group which are located in Hong Kong are leased to these employees. Under the terms of these agreements, substantially all the risks and rewards of ownership of the assets are transferred to the employees. Consequently, these transactions are accounted for as finance leases. The aggregate cost of assets acquired for the purpose of letting under finance leases as at 31st March 2001 is US$26,064,000 (2000: US$33,689,000).

19 Stocks and work in progress

Group	**2001 US$'000**	2000 US$'000
Raw materials	**32,640**	28,389
Work in progress	**21,444**	13,006
Finished goods	**30,883**	30,239
	84,967	71,634

At 31st March 2001, the carrying amount of stocks and work in progress that are pledged as security for long term bank loans amounted to US$19,139,000 (2000: US$19,212,000).

At 31st March 2001, the carrying amounts of all stocks and work in progress were stated at cost.

20 Trade and other receivables

(a) The group allows an average credit period of 30 to 60 days to its trade customers.

The trade and other receivables included trade receivables balance of US$154,368,000 (2000: US$140,065,000). The ageing analysis of trade receivables is as follows:

Group	**2001 US$'000**	2000 US$'000
0-60 days	**123,273**	94,600
61-90 days	**16,215**	21,436
Over 90 days	**14,880**	24,029
Total	**154,368**	140,065

(b) Included in trade and other receivables was an advance to the company secretary and the details are as follows:

	31st March 2001 US$'000	**31st March 2000 US$'000**	**Maximum outstanding during year US$'000**
Yip Chee Lan	96	112	112

The advance is unsecured, bears interest at 5% per annum and is repayable in fixed monthly instalments of US$1,747 (HK$13,600) commencing October 1991.

(c) At 31st March 2001, the trade receivables of US$21,477,000 (2000: US$19,048,000) are pledged as security for long term bank loans.

21 Other investments

Group	**2001 US$'000**	2000 US$'000
Unlisted investments	**11,413**	2,495

Other investments mainly comprise bonds and floating rate notes.

22 Trade and other payables

The trade and other payables included trade payables balance of US$73,844,000 (2000: US$70,208,000). The ageing analysis of trade payables is as follows:

Group	2001 US$'000	2000 US$'000
0-60 days	**51,355**	42,260
61-90 days	**12,010**	12,044
Over 90 days	**10,479**	15,904
Total	**73,844**	70,208

23 Long term loans and obligations under finance leases

Group	2001 US$'000	2000 US$'000
Loans		
Secured	**4,643**	3,000
Unsecured	**1,826**	1,953
	6,469	4,953
Obligations under finance leases	**-**	172
	6,469	5,125
Current portion of long term loans and obligations under finance leases	**(547)**	(3,365)
	5,922	1,760

The analysis of the above is as follows :

Wholly repayable within five years		
Bank loans	**3,000**	3,896
Obligations under finance leases	**-**	172
	3,000	4,068
Not wholly repayable within five years		
Other loans	**3,469**	1,057
	6,469	5,125
Current portion of long term loans and obligations under finance leases	**(547)**	(3,365)
	5,922	1,760

23 Long term loans and obligations under finance leases *(Cont'd)*

At 31st March 2001, the group's loans and obligations under finance leases are repayable as follows :

	Bank loans		Other loans and obligations under finance leases	
	2001	2000	**2001**	2000
	US$'000	US$'000	**US$'000**	US$'000
Within one year	**-**	3,120	**547**	246
In the second year	**-**	136	**763**	79
In the third to fifth year	**3,000**	640	**1,144**	276
After the fifth year	**-**	-	**1,015**	628
	3,000	3,896	**3,469**	1,229

Other loans not wholly repayable within five years are repayable by instalments starting from 1st July 2000 to 31st March 2010. Interest is charged on the outstanding balances at 1.9875% to 7.95% per annum (2000: 1.9875% to 7.95% per annum).

24 Other provisions

Group	**Other pension costs US$'000**	**Warranty provision US$'000**	**Sundries US$'000**	**Total US$'000**
At 1st April 1999	-	-	-	-
Acquisition of subsidiaries	9,123	5,267	2,107	16,497
Exchange adjustments	(1,061)	(612)	2	(1,671)
Transferred from profit and loss	1,053	-	500	1,553
Utilised	(744)	(26)	(485)	(1,255)
At 1st April 2000	8,371	4,629	2,124	15,124
Exchange adjustments	(304)	(168)	(5)	(477)
Transferred from / (to) profit and loss	3,745	(2,006)	74	1,813
Utilised	(1,394)	(1,174)	(1,571)	(4,139)
At 31st March 2001	10,418	1,281	622	12,321

25 Deferred taxation

Group	2001 US$'000	2000 US$'000
At beginning of year	**6,581**	13,930
Acquisition of subsidiaries	**-**	(5,436)
Exchange adjustments	**524**	264
Transfer to profit and loss account (note 7)	**(26,933)**	(2,177)
At end of year	**(19,828)**	6,581
Provided in accounts		
Accelerated depreciation allowances	**13,918**	15,457
Other timing differences	**(33,746)**	(8,876)
	(19,828)	6,581
Represented by		
Deferred tax assets	**(30,752)**	(5,587)
Deferred tax liabilities	**10,924**	12,168
	(19,828)	6,581

There are no significant potential deferred tax liabilities for which provision has not been made. Deferred tax has not been provided on the revaluation surplus for investment properties in Hong Kong as this does not constitute a timing difference for deferred taxation purposes.

26 Share capital

	2001 US$'000	2000 US$'000
Authorised:		
7,040,000,000 ordinary shares of HK$0.0125 each (2000: 1,760,000,000 ordinary shares of HK$0.05 each)	**11,355**	11,355
Issued and fully paid:		
3,673,788,920 ordinary shares of HK$0.0125 each (2000: 918,447,230 ordinary shares of HK$0.05 each)	**5,925**	5,925

On 11th August 2000, an ordinary resolution was passed to subdivide the issued and unissued share of HK$0.05 each of the company into four shares of HK$0.0125 each with effect from 14th August 2000.

27 Reserves

Group	Share premium US$'000	Investment property revaluation reserve US$'000	Capital reserve US$'000	(Goodwill)/ reserve on consolidation US$'000	Exchange reserve US$'000	Contributed surplus US$'000	Retained earnings US$'000	Total US$'000
At 1st April 1999	77,855	12,548	38,917	60	(9,369)	15,499	390,030	525,540
Adjustment arising on translation of foreign subsidiaries, associated companies and jointly controlled entities	-	-	-	-	(10,813)	-	-	(10,813)
Revaluation surplus	-	994	-	-	-	-	-	994
Goodwill on acquisition of subsidiaries, associated companies and jointly controlled entities	-	-	-	(226,604)	-	-	-	(226,604)
Retained profit for the year	-	-	-	-	-	-	90,115	90,115
At 31st March 2000	77,855	13,542	38,917	(226,544)	(20,182)	15,499	480,145	379,232
Adjustment arising on translation of foreign subsidiaries, associated companies and jointly controlled entities	-	-	-	-	(5,065)	-	-	(5,065)
Revaluation deficit (note 13)	-	(2,441)	-	-	-	-	-	(2,441)
Goodwill adjustment on previously acquired subsidiaries	-	-	-	(7,341)	-	-	-	(7,341)
Revaluation surplus realised upon disposal	-	(128)	-	-	-	-	128	-
Retained profit for the year	-	-	-	-	-	-	96,855	96,855
At 31st March 2001	77,855	10,973	38,917	(233,885)	(25,247)	15,499	577,128	461,240

Group retained earnings includes accumulated losses from jointly controlled entities and associated companies of US$355,000 (2000: retained earnings of US$641,000) and US$1,882,000 (2000: US$598,000) respectively.

27 Reserves *(Cont'd)*

Company	Share premium US$'000	Contributed surplus US$'000	Retained earnings US$'000	Total US$'000
At 1st April 1999	77,855	95,273	65,426	238,554
Retained profit for the year	-	-	360,821	360,821
Dividends	-	-	(45,443)	(45,443)
At 31st March 2000	77,855	95,273	380,804	553,932
Retained profit for the year	-	-	23,406	23,406
Dividends	-	-	(48,513)	(48,513)
At 31st March 2001	77,855	95,273	355,697	528,825

Distributable reserves of the company at 31st March 2001 amounted to US$450,970,000 (2000: US$476,077,000).

28 Contingent liabilities

(a)

	Group		Company	
	2001 US$'000	2000 US$'000	**2001 US$'000**	2000 US$'000
Bills discounted	**2,527**	2,094	**-**	-
Guarantee for credit facilities granted to				
- subsidiaries	**-**	-	**13,898**	10,064
- a jointly controlled entity	**3,000**	-	**3,000**	-
	5,527	2,094	**16,898**	10,064

(b) The company has given guarantees for a subsidiary in respect of future payment of operating lease rentals amounting US$2,964,000 (2000: US$3,265,000).

29 Commitments

(a) CAPITAL COMMITMENTS

Group	**2001 US$'000**	2000 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for	**7,247**	2,855
Contracted but not provided for	**10,540**	7,478
	17,787	10,333

(b) OPERATING LEASE COMMITMENTS

At 31st March 2001, the group had commitments to make payments in the next twelve months under operating leases which expire as follows:

	2001		2000	
	Land and buildings US$'000	**Others US$'000**	Land and buildings US$'000	Others US$'000
Within one year	**366**	**41**	1,070	74
In the second to fifth year inclusive	**1,205**	**37**	3,640	123
After the fifth year	**725**	**-**	1,803	-
	2,296	**78**	6,513	197

30 Consolidated cash flow statement

(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 US$'000	2000 US$'000
Profit before taxation	**136,171**	155,268
Share of profits less losses of jointly controlled entities / associated companies	**2,280**	(43)
Depreciation charges	**35,695**	37,284
Loss on sale of properties, plant and equipment	**497**	251
Interest and dividends	**(3,356)**	(3,458)
Gross earnings from investments in finance leases	**(1,271)**	(1,571)
Net realised and unrealised gain on other investments and investment securities	**(2,855)**	(4,591)
Exchange translation differences	**(1,510)**	(7,725)
Increase in stocks and work in progress	**(13,333)**	(10,488)
Increase in trade and other receivables	**(21,856)**	(18,044)
Increase in trade and other payables	**26,040**	9,248
Net cash inflow from operating activities	**156,502**	156,131

(b) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	2001 US$'000	2000 US$'000
Loans and obligations under finance leases		
At beginning of year	**5,125**	3,000
Effect of foreign exchange rate changes	**(77)**	(326)
Net cash inflow / (outflow) from financing	**1,421**	(278)
Loans and obligations under finance leases of subsidiaries acquired	**-**	2,729
At end of year	**6,469**	5,125

31 Approval of accounts

The accounts were approved by the directors on 8th June 2001.

32 Principal subsidiaries, jointly controlled entities and associated companies

The following list contains particulars of subsidiaries, jointly controlled entities and associated companies of the group which in the opinion of the directors, materially affect the results and assets of the group:

Name	Principal activities	Place of incorporation and operation	Issued and paid up capital	Effective shareholding by company	Effective shareholding by subsidiary
SUBSIDIARIES					
Bernie International Ltd.	Manufacturing and Trading	Malaysia	1 share of US$1 each	-	100%
Bloor Company Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	-	100%
Crown Trend Ltd.	Property holding	British Virgin Islands	1 share of US$1 each	-	100%
Easy Fortune (H.K.) Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	-	100%
Gate Deutschland GmbH	Trading	Germany	DM100,000	-	100%
Gate Espana Automocion, S.A.	Manufacturing	Spain	PTS25,000,000	-	100%
Gate France S.A.	Manufacturing	France	FFR2,500,000	-	99.98%
Gate S.p.A.	Manufacturing	Italy	5,000,000 shares ITL5,000,000,000	-	100%
Gate U.K. Ltd.	Manufacturing	United Kingdom	GBP50,000	-	100%
Gentlegain Company Inc.	Trading	Liberia	2 shares with no par value issued at US$200	100%	-
Gether Success Ltd.	Investment holding and trading	British Virgin Islands	30,000 shares of US$1 each	100%	-
Harbour Sky (Asia) Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	-	100%
Hwa Sun Electric Company Ltd.	Subcontractor	Hong Kong	10,000 shares of HK$1 each	-	100%
JE Automotive Holdings, Inc.	Investment holding	United States of America	100 shares of US$0.01 each	-	100%
JEA Gate Holdings S.r.l.	Investment holding	Italy	ITL63,400,000	-	100%
JEA Limited	Investment holding	British Virgin Islands	1 share of US$1 each	100%	-
Johnson and Associates Ltd.	Investment holding	Hong Kong	20,000 shares of HK$100 each	-	100%
Johnson Electric Automotive, Inc.	Manufacturing	United States of America	100 shares of US$0.01 each	-	100%
Johnson Electric Consulting, Inc.	Technical services	United States of America	1,000 shares with no par value issued at US$10,000	100%	-
Johnson Electric Engineering GmbH	Research and development and technical support	Germany	500 shares of DM100 each	100%	-
Johnson Electric Engineering Ltd.	Technical support	Hong Kong	100,000 shares of HK$1 each	100%	-
Johnson Electric (France) SAS	Trading	France	1,910 shares of EUR20 each	-	100%
Johnson Electric Industrial Manufactory, Ltd.	Manufacturing	Hong Kong	308,000,000 shares of HK$0.5 each	100%	-
Johnson Electric Industrial (Thailand) Ltd.	Manufacturing	Thailand	4,500,050 shares of BHT100 each	100%	-
Johnson Electric Intellectual Property Ltd.	Licensing	Bermuda	1,000,000 shares of HK$0.1 each	100%	-
Johnson Electric North America, Inc.	Sales distributor	United States of America	12 shares with no par value issued at US$120,000	-	100%

32 Principal subsidiaries, jointly controlled entities and associated companies *(Cont'd)*

Name	Principal activities	Place of incorporation and operation	Issued and paid up capital	Effective shareholding by company	Effective shareholding by subsidiary
SUBSIDIARIES					
Johnson Electric S.A.	Research and development	Switzerland	500 shares of SFR1,000 each	-	100%
Johnson Electric (Shenzhen) Co. Ltd.	Manufacturing	China	HK$30,000,000	100%	-
Johnson Electric Trading Ltd.	Trading	Hong Kong	100,000 shares of HK$1 each	100%	-
Johnson Electric (UK) Ltd.	Trading	United Kingdom	100 shares of GBP1 each	-	100%
Johnson Electric World Trade Ltd.	Marketing, sales agent and distributor	Hong Kong	100,000 shares of HK$1 each	100%	-
Johnson Properties Ltd.	Investment holding	British Virgin Islands	50,000 shares of US$1 each	100%	-
Main Country Ltd.	Property holding	British Virgin Islands	1 share of US$1 each	-	100%
Nanjing Hop Keung Industrial Co. Ltd.	Manufacturing	China	US$2,500,000	-	100%
Nison Trading Ltd.	Trading	Malaysia	1 share of US$1 each	-	100%
Sun View Group (Denmark) ApS	Investment holding	Denmark	DKK1,301,000 distributed on shares of DKK1,000 or multiples	-	100%
Sun View Group (Denmark) Holdings ApS	Investment holding	Denmark	DKK1,301,000 distributed on shares of DKK1,000 or multiples	-	100%
Teknik Development Inc.	Licensing	British Virgin Islands	15,000 shares of US$1 each	100%	-
Tinkerbelle Investments Ltd.	Investment holding	Hong Kong	100 shares of HK$10 each	-	100%
Triowell Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	-	100%
Unicorn International Ltd.	Manufacturing and Trading	Malaysia	1 share of US$1 each	100%	-
Vaucluse Industries Ltd.	Manufacturing and Trading	Malaysia	1 share of US$1 each	-	100%
JOINTLY CONTROLLED ENTITIES					
Manufactura de Motores Argentinos S.r.l.	Manufacturing	Argentina	Peso2,880,000	-	51%
Nidec Johnson Electric (Hong Kong) Ltd.	Investment holding	Hong Kong	1,000,000 shares of US$1 each	51%	-
Nidec Johnson Electric Corporation	Sales and Marketing	Japan	2,000 shares of JPY50,000 each	-	49%
Nidec Johnson Electric (Malaysia) Ltd.	Manufacturing	Malaysia	1 share of US$1 each	-	51%
Shanghai Ri Yong-JEA Gate Electric Co., Ltd.	Manufacturing	China	US$17,000,000	-	50%
ASSOCIATED COMPANIES					
Brushless Technology Motors S.r.l.	Technical support and manufacturing	Italy	EUR20,000,000	-	51%*
FG Microdesign S.r.l.	Technical support and manufacturing	Italy	ITL100,000,000	-	40%

* *The group has 51% equity interest and 60% interest in voting power. However, 80% of the votes are required for approval of strategic decisions.*

JOHNSON ELECTRIC GROUP
TEN-YEAR SUMMARY

	1992 US$'000	1993 US$'000	1994 US$'000
Consolidated Profit and Loss Account			
Turnover	167,055	190,755	194,434
Profit from consolidated activities	40,597	47,698	49,297
Exceptional item	-	-	-
Profit before taxation	40,597	47,698	49,297
Taxation	(4,052)	(4,913)	(5,649)
Minority interests	-	-	-
Profit attributable to shareholders	36,545	42,785	43,648
Dividends	(9,617)	(12,297)	(12,297)
Retained profit for the year	26,928	30,488	31,351
Consolidated Balance Sheet			
Fixed assets	65,153	87,844	112,739
Other investments	5,080	5,540	10,586
Jointly controlled entities	-	-	-
Associated companies	-	-	-
Deposit for property acquisition	-	-	8,256
Deferred tax assets	-	-	-
Long term receivables	-	-	17,374
Net current assets	124,021	212,695	334,407
Employment of funds	194,254	306,079	483,362
Share capital	4,371	4,919	4,919
Reserves	160,542	270,903	298,206
Shareholders' funds	164,913	275,822	303,125
Convertible bonds	-	-	149,514
Long term loans/Other provisions	24,595	23,884	23,040
Deferred taxation	4,745	6,373	7,683
Minority interests	1	-	-
Funds employed	194,254	306,079	483,362
Earnings per share (US cents)*	1.1	1.3	1.2
Dividend per share (US cents)	2.8	3.2	3.2
Shareholders' funds per share (US cents)*	4.5	7.5	8.3

* *Restated to reflect subdivision of each of the issued and unissued shares into four subdivided shares on 14th August 2000.*

1995 US$'000	1996 US$'000	1997 US$'000	1998 US$'000	1999 US$'000	2000 US$'000	**2001** **US$'000**
250,667	284,151	335,906	362,771	367,557	677,144	**790,190**
47,433	37,666	60,006	88,159	111,207	155,268	**136,171**
-	(1,799)	-	-	-	-	**-**
47,433	35,867	60,006	88,159	111,207	155,268	**136,171**
(3,731)	(371)	(3,585)	(7,312)	(5,560)	(19,701)	**9,199**
-	-	-	-	-	(9)	**(2)**
43,702	35,496	56,421	80,847	105,647	135,558	**145,368**
(12,297)	(12,296)	(13,317)	(20,739)	(41,478)	(45,443)	**(48,513)**
31,405	23,200	43,104	60,108	64,169	90,115	**96,855**
164,382	213,085	197,351	185,692	180,277	246,724	**234,287**
13,520	3,343	3,782	4,793	5,770	7,641	**11,136**
-	-	-	-	-	11,668	**19,506**
-	-	-	-	-	9,172	**7,361**
8,256	-	-	-	-	-	**-**
-	-	-	-	-	5,587	**30,752**
17,594	28,114	31,970	35,038	33,188	27,901	**20,522**
330,213	306,343	204,404	258,153	329,160	105,521	**172,773**
533,965	550,885	437,507	483,676	548,395	414,214	**496,337**
4,919	4,919	4,938	5,925	5,925	5,925	**5,925**
345,683	368,982	412,797	461,522	525,540	379,232	**461,240**
350,602	373,901	417,735	467,447	531,465	385,157	**467,165**
149,514	149,513	-	-	-	-	**-**
23,910	14,960	8,000	3,999	3,000	16,884	**18,243**
9,932	12,012	11,772	12,230	13,930	12,168	**10,924**
7	499	-	-	-	5	**5**
533,965	550,885	437,507	483,676	548,395	414,214	**496,337**
1.2	1.0	1.6	2.2	2.9	3.7	**4.0**
3.2	3.2	3.5	4.5	4.5	4.9	**1.3**
9.5	10.2	11.4	12.7	14.5	10.5	**12.7**

SHAREHOLDER INFORMATION

MARKET PRICE OF JOHNSON ELECTRIC
(STOCK CODE : 179)

The trading market for the shares of Johnson Electric is The Stock Exchange of Hong Kong Limited. The shares have been listed in Hong Kong since July 1984. The tables below set forth, for the calendar quarters indicated, the reported highest and lowest prices of the shares while the graph on the right shows the price trend of the shares.

JOHNSON ELECTRIC'S SHARE PRICE

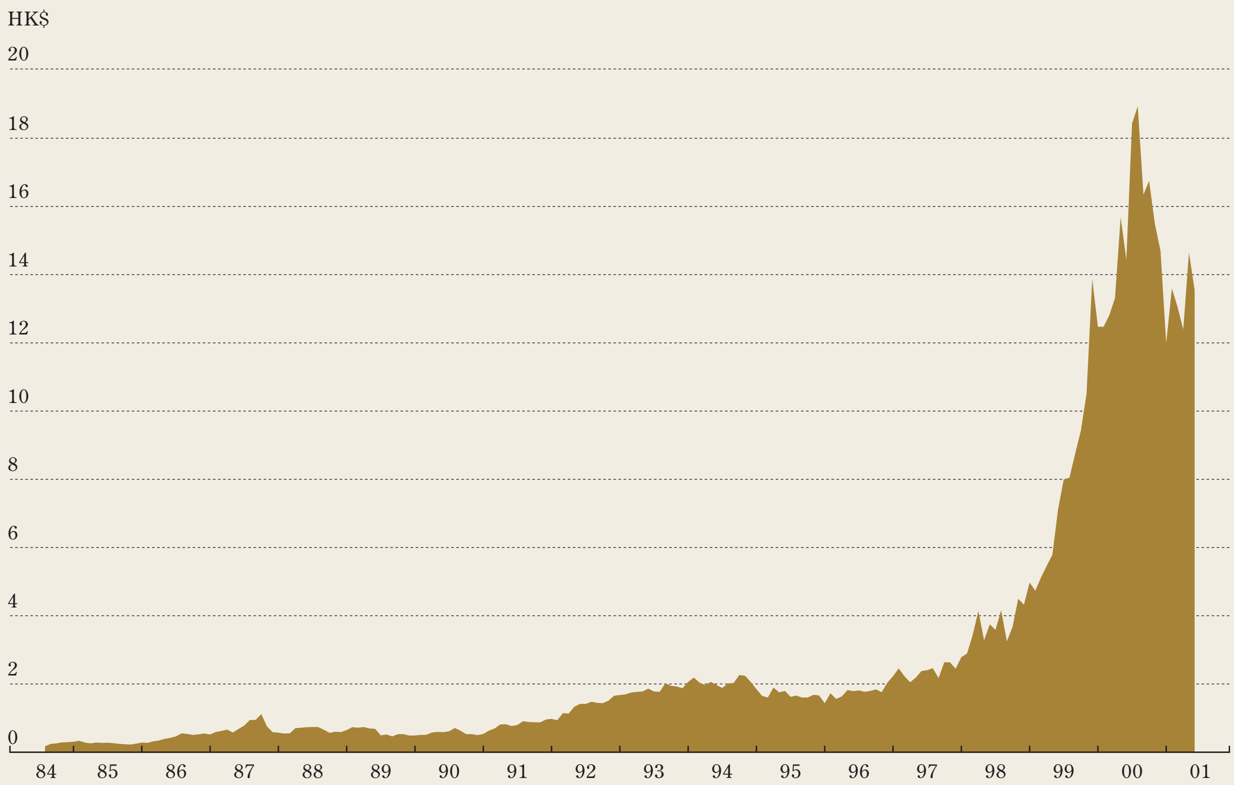
	1984		1985		1986		1987		1988	
	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$
First Quarter	-	-	3.55	2.63	3.70	2.85	7.15	5.50	6.77	4.73
Second Quarter	-	-	3.30	2.60	4.95	3.60	8.30	6.10	7.59	6.59
Third Quarter	2.85	1.45	3.10	2.10	6.00	4.90	12.80	8.20	7.36	5.45
Fourth Quarter	3.30	2.70	3.00	2.35	6.05	5.20	12.70	4.59	6.23	5.45

	1989		1990		1991		1992		1993	
	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$
First Quarter	7.41	6.23	5.68	4.73	6.77	5.14	12.00	8.90	17.50	15.90
Second Quarter	7.09	4.64	6.18	5.00	8.45	6.82	14.20	10.00	18.60	16.10
Third Quarter	5.18	4.45	7.00	5.09	9.00	7.82	14.90	13.10	21.10	16.10
Fourth Quarter	5.27	4.63	5.14	4.68	9.50	8.25	16.90	13.70	20.40	17.40

	1994		1995		1996		1997		1998	
	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$
First Quarter	24.00	18.20	18.65	14.55	16.90	13.60	23.70	19.60	33.10	19.20
Second Quarter	20.00	17.80	18.10	15.00	17.75	15.70	24.80	18.15	33.90	25.85
Third Quarter	23.40	16.70	16.65	14.70	18.05	16.75	23.90	16.50	35.00	10.40
Fourth Quarter	21.90	17.20	16.25	13.15	22.30	16.70	24.10	16.70	20.20	13.15

	1999		2000		2001	
	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$	Highest HK$	Lowest HK$
First Quarter	22.90	17.70	59.50	46.40	14.40	10.00
Second Quarter	33.50	20.60	74.25	48.70	-	-
Third Quarter	41.20	30.10	77.00	13.40	-	-
Fourth Quarter	60.75	37.20	17.35	10.80	-	-

JOHNSON ELECTRIC'S SHARE PRICE TREND, 1984-2001



ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Pheasant Room, 1/F., Mandarin Oriental, 5 Connaught Road Central, Hong Kong on Wednesday, 25th July 2001 at 12:30 p.m.

BOOK CLOSE

The transfer books and the register of members of the Company will be closed from Monday, 23rd July 2001 to Wednesday, 25th July 2001, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrars, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 20th July 2001.

REGISTRAR IN HONG KONG

Central Registration Hong Kong Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

AMERICAN DEPOSITARY RECEIPT (ADR)

Depositary
The Bank of New York
American Depositary Receipts
22nd Floor West, 101 Barclay Street
New York, NY 10286, U.S.A.

Tel : (212) 815-2218
Fax : (212) 571-3050

ADR Information

Ratio	: 1 ADR : 10 Ordinary Shares
Exchange	: OTC
Symbol	: JELCY
CUSIP	: 479087207
Area	: Hong Kong

WEBSITE ADDRESS

http://www.johnsonelectric.com

DIVIDEND PER SHARE

Year	Interim Dividend (HK cents)	Date of Payment (DD/MM/YY)	Final Dividend (HK cents)	Date of Payment (DD/MM/YY)	Total Dividend (HK cents)
1985	7.0	28/01/85	13.0	31/07/85	20.0
1986	7.0	28/01/86	13.0	30/07/86	20.0
1987	7.0	22/01/87	13.0	05/08/87	20.0
1988	7.0	20/01/88	13.0	02/08/88	20.0
1989	7.0	23/01/89	13.0	23/08/89	20.0
1990	7.0	18/01/90	13.0	05/09/90	20.0
1991*	7.0	16/01/91	13.0	10/09/91	20.0
1992	7.0	15/01/92	15.0	18/08/92	22.0
1993	8.0	05/01/93	17.0	16/08/93	25.0
1994	8.0	05/01/94	17.0	18/08/94	25.0
1995	8.0	05/01/95	17.0	16/08/95	25.0
1996	8.0	05/01/96	17.0	20/08/96	25.0
1997**	8.0	03/01/97	19.0	15/08/97	27.0
1998	10.0	02/01/98	25.0	13/08/98	35.0
1999#	10.0	05/01/99	25.0	28/07/99	35.0
2000	10.0	05/01/00	28.5	15/08/00	38.5
2001##	3.0	05/01/01	7.3 ***	27/07/01 ***	10.3

* Bonus issue of 1 new share for every 10 shares in issue was made on 30th August 1991.
** Bonus issue of 1 new share for every 5 shares in issue was made on 15th August 1997.
# Two-for-one share split was made on 12th August 1998.
Four-for-one share split was made on 14th August 2000.
*** Subject to approval in the Annual General Meeting on 25th July 2001.

Excellence in *Micromotors*
Since 1959