JOHNSON ELECTRIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Excellence in *Micromotors* Since 1959

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH 2002

FINANCIAL HIGHLIGHTS

- Group sales US$774 million - down 2%
- Net earnings - down 24% to US$111 million
- Earnings per share US 3.02 cents - down 24%
- Net cash inflow from operations - up 5% to a record of US$165 million
- Management initiatives implemented to improve performance of joint venture and associated companies
- Significant improvement in trading conditions in first two months of 2002/03 financial year

The Directors announce that the audited consolidated profit attributable to shareholders for the year ended 31st March 2002 was US$110,832,000, a decrease of 24% over the corresponding year in 2001.

FINANCIAL RESULTS

The audited consolidated profit and loss account for the year ended 31st March 2002 together with comparative figures for the corresponding year in 2001 is set out below:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**2002**	2001
		US$'000	*US$'000*
Turnover	*2*	**773,660**	790,190
Cost of sales		**(530,125)**	(530,070)
Gross profit		**243,535**	260,120
Other revenues		**9,370**	12,199
Selling and administrative expenses		**(119,886)**	(106,743)
Provision for costs of restructuring		**–**	(26,661)
Operating profit	*3*	**133,019**	138,915
Finance costs		**(365)**	(464)
Share of profits less losses of jointly controlled entities/associated companies		**(6,718)**	(2,280)
Profit before taxation		**125,936**	136,171
Taxation (charge)/credit	*4*	**(15,102)**	9,199
Profit after taxation		**110,834**	145,370
Minority interests		**(2)**	(2)
Profit attributable to shareholders		**110,832**	145,368
Dividends		**48,513**	48,513
Earnings per share (US cents)	*5*	**3.02**	3.96
Dividend per share (US cents)		**1.32**	1.32

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	2002 US$'000	Restated 2001 US$'000
Intangibles		**22,583**	–
Properties, plant and equipment		**235,031**	234,287
Other non-current assets		**80,432**	89,277
Current assets			
Stocks and work in progress		**88,481**	84,967
Trade and other receivables	*6*	**194,307**	182,469
Other investments		**25,855**	11,413
Bank balances and cash		**102,476**	77,048
		411,119	355,897
Current liabilities			
Trade and other payables	*7*	**157,854**	141,725
Current portion of long term loans		**215**	547
Taxation		**2,258**	1,333
Bank loans and overdrafts		**4,338**	5,136
		164,665	148,741
Net current assets		**246,454**	207,156
Total assets less current liabilities		**584,500**	530,720
Non-current liabilities			
Long term loans		**7,016**	5,922
Other provisions		**10,807**	12,321
Deferred taxation		**10,504**	10,924
Minority interests		**5**	5
		28,332	29,172
NET ASSETS		**556,168**	501,548
CAPITAL AND RESERVES			
Share capital		**5,925**	5,925
Reserves		**515,860**	461,240
Proposed dividends		**34,383**	34,383
Shareholders' funds		**556,168**	501,548

Note:

1. Principal accounting policies

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). The accounts are prepared under the historical cost convention except that certain investment properties and investments in securities are stated at fair value.

In the current year, the group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

2. Turnover

The group is principally engaged in the manufacture of micromotors. 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**	
	2002	2001	**2002**	2001
	US$'000	*US$'000*	***US$'000***	*US$'000*
Operating activities				
Sales of motors	**773,660**	790,190	**133,019**	138,915
Geographical area by origin				
Asia	**428,786**	471,908	**93,307**	121,461
America	**140,987**	127,105	**7,082**	(18,344)*
Europe	**203,887**	191,177	**32,630**	35,798
	773,660	790,190	**133,019**	138,915

	2002	2001
	US$'000	*US$'000*
Turnover by geographical destination		
Asia	**220,335**	228,320
America	**253,930**	248,952
Europe	**299,395**	312,918
	773,660	790,190

* *The amount was after provision for costs of restructuring of US$26,661,000. Excluding the provision for costs of restructuring, the operating profit was US$8,317,000.*

3. Depreciation

During the year, depreciation of US$33,534,000 (2001: US$35,695,000) was charged in respect of the Group's properties, plant and equipment.

4. Taxation (charge)/credit

Hong Kong profits tax has been provided at the rate of 16% (2001: 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.

	2002	2001
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**(6,275)**	(8,925)
Overseas taxation	**(12,897)**	(8,809)
	(19,172)	(17,734)
Deferred taxation	**4,201**	26,933
	(14,971)	9,199
Share of taxation attributable to jointly controlled entities	**(131)**	–
	(15,102)	9,199

5. Earnings per share

The calculation of earnings per share is based on the group's profit attributable to shareholders of US$110,832,000 (2001: US$145,368,000) and 3,673,788,920 shares currently in issue.

6. Trade and other receivables

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$156,951,000 (2001: US$154,368,000). The ageing analysis of trade receivables was as follows:

	0-60 days *US$'000*	**61-90 days** *US$'000*	**Over 90 day** *US$'000*	**Total** *US$'000*
Balance at 31st March, 2002	**114,514**	**31,249**	**11,188**	**156,951**
Balance at 31st March, 2001	123,273	16,215	14,880	154,368

7. Trade and other payables

The trade and other payables included trade payables balance of US$109,682,000 (2001: US$73,844,000).

The ageing analysis of trade payables was as follows:

	0-60 days *US$'000*	**61-90 days** *US$'000*	**Over 90 day** *US$'000*	**Total** *US$'000*
Balance at 31st March, 2002	**76,172**	**16,871**	**16,639**	**109,682**
Balance at 31st March, 2001	51,355	12,010	10,479	73,844

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming Annual General Meeting to be held on 29th July 2002 payment of a final dividend of 7.3 HK cents equivalent to 0.94 US cents per share (2001: 7.3 HK cents or 0.94 US cents) payable on 31st July 2002 to persons who are registered shareholders of the Company on 29th July 2002 making a total distribution of 10.3 HK cents equivalent to 1.32 US cents per share for the year ended 31st March 2002 (2001: 10.3 HK cents or 1.32 US cents).

CLOSING REGISTER OF MEMBERS

The transfer books and the register of members of the Company will be closed from Thursday, 25th July 2002 to Monday, 29th July 2002, 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 Wednesday, 24th July 2002.

A MESSAGE FROM PATRICK WANG

To Our Shareholders,

The financial year ended 31st March 2002 was the most challenging in Johnson Electric's history as a public company. Unprecedented weakness in the global manufacturing sector coupled with high levels of customer uncertainty across virtually all of our business segments resulted in depressed demand for the Group's micromotors and motor systems.

In these exceptionally difficult market conditions, Johnson Electric's financial performance was solid though well below the levels we are striving for on an on-going basis:

- Total sales were US$774 million; a decrease of 2% compared to the 2001 financial year
- Operating profits before interest, tax and share of losses from joint venture and associated companies were US$133 million; down 4%
- Net earnings were down 24% to US$111 million – largely due to factors outside of the Group's primary operating businesses, including losses from joint venture and associated companies, as well as higher tax charges
- Earnings per share were US3.02 cents
- Net cash inflow from operations increased by 5% to a record of US$165 million
- Johnson Electric's underlying financial position remains exceptionally strong and, taking into account cash reserves of over US$128 million, the Group is debt free

Looking forward, there are encouraging indications of an improvement in trading conditions in the first months of the current financial year 2002/03 which should, if recent sales trends continue, result in a significant improvement in future performance. Excluding acquisitions completed last year, the Group's sales for the months of April and May, 2002 were more than 20% above the comparable two months in 2001.

Dividends

The Board has recommended a final dividend of 0.94 US cents per share, which together with the interim dividend of 0.38 US cents per share, represents a total dividend of 1.32 US cents (2001 – 1.32 US cents).

Operating Environment in 2001/02

Johnson Electric supplies micromotors to a broad range of end-user applications across the world's major economies. In normal times, weakness in one business segment or geographical area is offset by above average demand in another. 2001, however, was not a typical year as the global economy experienced a painful period of readjustment following the investment boom of the 1990s.

Business investment slowed first in North America then spread rapidly to Europe. The manufacturing sector has been particularly hard hit as demand for capital equipment and components shrank, and already high inventory levels were run down sharply. A measure of how quickly the world economy shifted into reverse is the fact that while the year 2000 saw the highest increase in global trade volumes (up 12%) in more than thirty years, 2001 actually saw international trade fall by 1% – the first such decline in almost two decades.

Each of Johnson Electric's main business segments felt the effects of this broad-based downturn, which was exacerbated by the events of September 11th in the United States. Although consumer spending has generally held up remarkably well over the past few months of economic and political uncertainty, many of Johnson Electric's customers adopted an understandably cautious approach by reducing inventories and deferring orders.

The Automotive Division, which contributes more than 60% of the Group's sales, recorded a 4% increase in total revenue as a result of the contributions from acquisitions completed during the year. Excluding these acquisitions, automotive revenues declined by just over 7%. The primary area of sales weakness was Johnson Electric Automotive Motors ("JEAM") in North America, which experienced lower sales of starter motors to the marine and garden industries. In addition, for most of the financial year, JEAM was engaged in a restructuring programme aimed at enhancing its longer-term competitiveness. This has involved the closure of a U.S. manufacturing facility and the successful transfer of production to Johnson Electric plants in China and Mexico.

The Commercial Motors Division, which supplies micromotors to non-automotive customers in a number of application segments, saw its sales decline by 11%. Within this division, the two strongest performances came from home appliances where sales fell only slightly from the prior year, due to the continuing growth in sales to floor-care product applications, and from audio-visual products, which achieved healthy double-digit growth consistent with this business unit's relatively early stage of development. Sales from the Division's power tools, business equipment and multimedia, and personal products sectors declined quite sharply, as a result of slower consumer demand coupled with inventory corrections on the part of major customers.

Profitability and Management Discipline

Profitability naturally suffered in the face of much weaker sales – although the majority of the reduction in the Group's net earnings was due to factors outside of Johnson Electric's core micromotor operations.

Lower gross margins was essentially due to the dilution caused by the consolidation of sales from businesses acquired during the year which had gross margins much lower than our existing business. Gross margins of the existing business, in fact, held up relatively well despite overall lower volumes and increased pricing pressure in certain segments, due to the continuous improvement efforts by management at our operating plants.

The reduction in profitability at the EBIT level in part reflected the continued investment by the Group in building capacity and a business infrastructure to facilitate and support Johnson Electric's long-term growth plans. Our operating leverage is such that improved sales volumes should translate quite rapidly into higher operating margins. In fact, we believe that our scalability will be a major driver of our earnings growth in the foreseeable future.

Another positive recent development in Johnson Electric's operations has been the progress in relocating the production of anti-lock braking system motors from North America to our main production facility in Shajing, China. Our superior cost base in southern China means that we are now in the position of achieving higher sales and profit margins on this product line – yet at a lower total delivered cost to our customers. This type of business improvement initiative, which requires considerable management discipline to execute effectively, is central to our strategy of delivering long-term value to our stakeholders.

During the year, we have implemented the first phase of our ERP project. This phase is a step towards building a disciplined and accurate information infrastructure. Successful implementation of this phase of the ERP project allows us to leverage our scale and achieve scalability.

Less satisfactory has been the performance of our joint venture and associated companies, which incurred higher losses than in the prior year. The Nidec Johnson Electric joint venture has taken longer than expected to achieve break-even in a difficult market environment in Japan. Similarly, the Brushless Technology Motors associated company in Italy, which is an investment in building expertise in a specific area of motors technology, has necessitated a restructuring in its business and revised pricing agreements with customers in order to put the company on a more stable footing. We are now confident of a marked improvement in the financial performance of these businesses in the current financial year.

Lastly, net earnings were significantly affected by the year-on-year change in the Group's tax position. In the prior year, Johnson Electric benefited from a net taxation credit of US$9 million. For 2001/02, however, the Group returned to a more typical level of taxation charge on profits of over US$15 million – effectively a change of approximately US$24 million compared to the previous year.

Driving for Growth – Micromotors, China and the Global Supply Chain

Improving and maintaining superior levels of profitability will continue to be a top priority for management. Yet the most important long-term driver of shareholder wealth creation for a business operating in Johnson Electric's competitive arena is growth.

Despite strong positions in a number of individual product segments, the Group's overall share of the total micromotor market – including both in-house production by OEMs and a host of applications where Johnson Electric is currently not present – is less than 10 per cent. It is this potential for continuing to gain share in a growing global market for precision motors that excites us and is the focus of our development strategy.

Furthermore, two long-standing themes that underpin Johnson Electric's growth show no sign of abating. First, OEMs are increasingly impelled to seek ways to outsource non-core parts of their value chain to lower cost specialist producers. Second, China has emerged as *the* low cost location for manufacturing components and in the years ahead will become a pivotal part of the global supply chains of many of the world's leading multinational corporations.

Johnson Electric is uniquely positioned to benefit from the convergence of these forces. Our business hinges on working closely with global customers to deliver high quality, competitively priced small motor solutions. The core platform for delivering these solutions is a highly developed production base in China, which combines scale advantages in production and procurement with a well-trained and dedicated local workforce of approximately 20,000.

Current Performance and Outlook

Today, as many economists continue to search for concrete evidence that a sustained economic recovery is underway in the U.S. and elsewhere, it would be imprudent to offer more than the facts that we have to hand on present trading conditions. In this respect, the signs so far appear quite encouraging. As I noted earlier, excluding acquisitions completed last year, Johnson Electric's sales for the first two months of the 2002/03 financial year were more than 20% above the comparable two months in 2001 and we are seeing particularly positive signals in terms of customer orders for our newer product lines. However, with ten months of the current financial year still to go, we would caution against trying to extrapolate a full year's sales forecast from these early indications of a pick-up in customer demand.

Overall, we continue to view our business as possessing a strong competitive position in the market place and would expect a recovery in the global economy to result in a significant improvement in Johnson Electric's own economics.

FINANCIAL REVIEW

Overview

The Group reported profit attributable to shareholders of US$110.8 million, or 3.0 US cents per share for the year ended 31st March 2002, compared to US$145.3 million or 4.0 US cents respectively in 2000/01.

In July 2001, the Group acquired certain manufacturing assets of the electric motor components business of Textron Automotive Company's Kautex Textron division in the US for a consideration of US$12.5 million. After a short sub-contracting with Textron Automotive Co. for about 6 months, the transfer of its manufacturing to the Group's plants in Mexico and China was completed in the year under review.

In August 2001, the Group acquired certain selected manufacturing assets of the automotive electric seat motor business of ArvinMeritor's Light Vehicle Systems division for a consideration of US$11.7 million. ArvinMeritor manufactured seat motors in France, Mexico and the U.S. The consolidation of such seat motor production at our plant in China is expected to be completed in mid-2002.

The businesses acquired from Textron and ArvinMeritor during the year have since become the responsibility of Automotive Motors Hong Kong, as their production will mostly be transferred to and consolidated at the Group's manufacturing complex at Shajing in China.

In November 2001, the Group acquired the remaining 49 percent shares of Manufactura de Motores Argentinos S.r.l. ("MMA") and of Gate do Brazil Ltda. ("Gate do Brazil") for a total consideration of US$5.8 million. MMA manufactures cooling fan modules in Argentina for local automotive markets and Gate do Brazil is an assembly plant for cooling fan modules in Brazil to support local automotive manufacturers.

In November 2001, the Group completed the restructuring of Johnson Electric Automotive Motors ("JEAM") in the U.S., in accordance with the plans as announced in our previous annual report, which involved the closure of its plant at Columbus, Mississippi, U.S.A., and the transfer of its production to the Group's manufacturing complex in China.

Total turnover was US$774 million, a decrease of 2% compared to the prior year's US$790 million. Unit volume was flat. Excluding the sales of US$54 million from acquisitions during the year, total turnover was US$720 million, down 9%, due to the sharp and sudden economic downturn in our major markets coupled with customer inventory corrections.

On a divisional basis, sales of the Automotive Division increased 4% to a record level of US$481 million, with the acquisitions during the year.

Sales of Automotive Motors Hong Kong, representing the core automotive micromotor business based in Hong Kong, increased 32% to US$188 million, due to the contributions by the acquisitions from Textron and ArvinMeritor.

Excluding these acquisitions, sales decreased 5% to US$136 million, with unit volume down 3%, reflecting the general slowing of the automotive industry. Geographically, European sales suffered a larger decline, down nearly 12% in value, and 7% in unit volumes, whereas sales in North America decreased less than 1% in value and 4% in unit volumes. Sales to Asia Pacific, however, increased 15%, with unit volume growth of 22%, as our efforts to penetrate into the Japanese and Korean automotive markets started to produce results.

Sales of Gate based in Europe decreased 2% to US$187 million. In Euro terms, sales were flat.

Sales of JEAM based in North America were US$104 million, down 18%, with unit volume down 7%, due to double-digit declines in such major products as starter motors, and motors for wipers and transfer cases. The motor for anti-lock braking systems, currently accounting for 30% of JEAM's total sales, was an exception, as sales to this application, fell only slightly by 2% with unit volume growth of 3%, notwithstanding the interruptions caused by the relocation of its production into China for most of the year. With its new competitive cost base in China and the increasing acceptance of this emergency braking feature in North America, this is expected to be a major growth product application for JEAM in the coming years.

Overall sales of the Commercial Motors Division decreased 11% to US$293 million, due mainly to the general slowing in consumer spending.

Sales to home appliances sector decreased only modestly by 3% to US$105 million, with unit volume down 12%. Sales to the floor-care product applications continued to grow at a rate nearly 29%, although the increase was more than offset by double-digit declines in sales to such small appliances as mixers, electric fans, and can openers. Geographically, sales to the major markets held up relatively well: sales to North America increased over 4%; and sales to Hong Kong/China were nearly about prior year's levels.

Sales to the power tools industry decreased 21% to US$82 million, with unit volume down 10%, due to downturns in all major markets, coupled with sharp inventory corrections on the part of customers. Sales to our major markets namely Hong Kong/China and North America, were down 10% and 24% respectively. Sales to Europe and Asia Pacific, together accounting for only 20% of this segment sales, reported still larger double-digit declines, but the increasing trend of customer outsourcing in the U.S. and Hong Kong/China regions, is expected to be the major growth driver for our sales within the next few years.

Sales to business equipment and personal products sectors combined, decreased 18% to US$80 million, with unit volume down 13%, following a strong growth of over 25% in the prior year.

Sales to the business equipment sector decreased 18% to US$45 million, with unit volume down less than 10%, due mostly to a double-digit decrease in customer demand for the printer applications. Geographically, sales to Asia Pacific, accounting for nearly half of the segment sales, were supported at about prior year's level by the increasing trend of customer outsourcing. Most declines were seen in our smaller markets namely Europe and North America, together accounting for only 26% of the segment sales.

Sales to personal products sector decreased 18% to US$35 million, with unit volume decline of 16%, due mainly to a decrease of nearly 20% in the sales to hair dryers which continued to account for over 60% of this segment sales. Sales to our major markets namely Hong Kong/China and Asia Pacific, decreased about 26%, whereas sales to North America increased 10% due to more sales for the toys.

Sales to the audio-visual industry increased 36% to US$26 million, with unit volume growth of 48%. We started to supply motors for DVD applications, in addition to such applications as CD ROM and games controllers. This was part of the international joint venture with Nidec Corporation of Japan, which commenced from July 2000. Sales were not expected to be material in relation to the Group's business until after the year under review, due to the weak customer demand in its target Asia Pacific market.

EARNINGS BEFORE INTEREST AND TAX ("EBIT")

EBIT was US$133.0 million, a decrease of US$5.9 million or 4.2%. Excluding the previous year's provision for JEAI's costs of restructuring which was of a non-recurring nature, the decrease was US$32.6 million, or 19.7%, due to a decrease of US$16.6 million in gross profit; a decrease of US$2.8 million in other revenues; and an increase of US$13.1 million in selling and administrative expenses.

Excluding acquisitions completed during the year, the gross margins held up relatively well, quite close to the previous year's level of nearly 32.9%, despite lower sales and pricing pressures in certain segments. Hence, the Group's decrease in gross margins was attributable to the consolidation of sales from acquired businesses with gross margins of only about 13.6% in the year of acquisition. Significant margin expansion is anticipated for the coming year as most of the production for the new businesses will be transferred to the Group's facilities in China.

The Group started to see more significant contributions to gross margins from the anti-lock braking system ("ABS") motors which production was taken over by the Group's manufacturing facilities in China upon the closure of JEAM's plant in Mississippi as part of its restructuring during the year.

Other revenues decreased by US$2.8 million, due mainly to lower interest income from the surplus cash and lower scrap sales.

The Group's selling and administrative expenses, as a percentage of sales, increased to 15.5%, representing an increase of two percentage points over the prior year's level of 13.5%. Most of the increases reflected our continued investment in building a business infrastructure, including people and our new enterprise resource planning system, to facilitate and support Johnson Electric's long-term growth plans. Its scalability is expected to be such that increasing sales volumes will translate quite rapidly into significant margin expansion and shareholder value enhancement in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial resources and liquidity remained strong, as our operating cashflow reached a record level of US$165.0 million. As at 31st March 2002, the Group's total cash and other investments amounted to US$128.3 million, compared to US$88.5 million at 2000/01 year-end. Total debt was US$11.5 million, compared to US$11.6 million at the previous year-end. Hence, the Group had no net debt.

The Group's interest coverage ratio (profit before tax and interest expense divided by interest expense) was 364 times, compared to 299 times previously.

The Group's principal committed banking facilities were (a) a three-year revolving loan in US dollars of 5 million obtained by a marketing subsidiary in the U.S.A. for short-term trade financing; and (b) long-term loans in Italian Lira totalling US$2.2 million (of which US$0.2 million being repayable within one year) obtained by Gate, to take advantage of preferential interest rates (fixed at between 1.5% and 3.75% per annum) for specified purposes such as research and innovation.

For day-to-day liquidity and maintaining flexibility in funding, the Group has also 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, other than the Group's regular annual capital expenditures required to maintain its growth in sales.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group's financial risk management is the responsibility of its treasury function at the corporate centre based in Hong Kong, which is controlled by polices 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 based in Hong Kong, the major revenue generating currencies continue to be the US dollar, Euro, and Japanese Yen, whereas the major currencies in purchase commitment currencies 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 option 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 2002, of the core micromotor sales, 82.0% of the revenue currency was in US dollar; 9.7% in Euro for certain sales to Europe; and 6.7% in Japanese Yen for certain sales to Japan.

In relation to Johnson Electric Automotive, Inc. ("JEAI"), its major division namely Gate S.p.A. ("Gate"), with sales of over US$187.0 million, representing 63.8% 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.

As at 31st March 2002, the surplus cash (comprising cash and other investments) increased to US$128.3 million, up 45.0% from US$88.5 million at the prior year-end. The Group is essentially debt-free, except certain loans amounting to US$11.5 million, compared to US$11.6 million one year ago.

Of the surplus cash, 73% was in US dollar; and the average duration of the Group's interest-bearing securities and time deposits was reduced to 0.6 month, compared to about one month 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 Group's policy to maintain an appropriate mix of equity and debt to ensure an efficient capital structure. At this stage, however, with continuing strong cashflow, 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$11.5 million, compared to US$11.6 million at the prior year-end, comprising short-term bank loans and overdrafts of US$4.3 million, and long-term loans of US$7.2 million. Borrowings at fixed interest rates amounted to approximately US$2.2 million.

The Group's borrowings were 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$2.2 million, the Group has no significant exposure to foreign exchange fluctuations in relation to borrowings.

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.

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.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information in respect of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website (http://www.hkex.com.hk) on or before 2nd July 2002.

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

On behalf of the board of directors
Patrick Wang Shui Chung
Chairman & Chief Executive

Hong Kong, 11th June 2002

Website: http://www.johnsonmotor.com

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 Peacock Room, 1/F., Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 29th July 2002 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 2002;

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 Mr. Patrick Blackwell Paul be appointed as an additional independent non-executive director of the Company in accordance with Bye-Law 112 of the Company's Bye-Laws for a term of two years from 29th July 2002 until the date of the Annual General Meeting in 2004.

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

8. That:

   (a) the rules of the New Share Option Scheme of the Company (a copy of which has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved and that the directors of the Company be and are hereby authorised to implement the same and to grant options and to issue and allot shares of the Company pursuant thereto; and

   (b) upon the New Share Option Scheme becoming unconditional, the Existing Share Option Scheme be and is hereby terminated and no further options be granted under the Existing Share Option Scheme but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect in respect of options which have been granted prior to the adoption of the New Share Option Scheme and such options shall continue to be exercisable in accordance with their terms of issue.

9. (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 authorize 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 the 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. 9(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, 11th June 2002

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 Thursday, 25th July 2002 to Monday, 29th July 2002, 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 Wednesday, 24th July 2002.

"Please also refer to the published version of this announcement in The SCMP".