JOHNSON ELECTRIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Excellence in *Motors* Since 1959

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH 2003

FINANCIAL HIGHLIGHTS

- Total sales US$955 million – up 23.5%
- Pre-tax profits were US$174 million, up 38%
- Net earnings increased 35% to a record US$150 million
- Earnings per share increased 35% to US 4.08 cents
- Dividends per share increased 26% to US 1.66 cents
- Johnson Electric's underlying financial position remains exceptionally strong and, taking into account cash reserves of US$193 million, the Group is essentially debt free.

The Directors are pleased to announce that the audited consolidated profit attributable to shareholders for the year ended 31st March 2003 was US$150,016,000, an increase of 35% over the corresponding year in 2002.

FINANCIAL RESULTS

The audited consolidated profit and loss account for the year ended 31st March 2003 together with comparative figures for the corresponding year in 2002 is set out below:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**2003** *US$'000*	2002 *US$'000*
Turnover	*2*	**955,339**	773,660
Cost of sales		**(644,641)**	(530,125)
Gross profit		**310,698**	243,535
Other revenues		**11,006**	9,370
Selling and administrative expenses		**(145,899)**	(119,886)
Operating profit	*3*	**175,805**	133,019
Finance costs		**(883)**	(365)
Share of profits less losses of jointly controlled entities/associated companies		**(720)**	(6,718)

Profit before taxation		**174,202**	125,936
Taxation	*4*	**(24,184)**	(15,102)
Profit after taxation		**150,018**	110,834
Minority interests		**(2)**	(2)
Profit attributable to shareholders		**150,016**	110,832
Dividends		**61,230**	48,513
Basic earnings per share (US cents)	*5*	**4.08**	3.02
Fully diluted earnings per share (US cents)	*5*	**4.08**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**2003** *US$'000*	2002 *US$'000*
Intangibles		**22,421**	22,583
Properties, plant and equipment		**248,501**	235,031
Other non-current assets		**66,827**	80,432
Current assets			
Stocks and work in progress		**130,541**	88,481
Trade and other receivables	*6*	**213,536**	194,307
Other investments		**77,312**	25,855
Tax recoverable		**6,060**	–
Bank balances and cash		**115,578**	102,476
		543,027	411,119
Current liabilities			
Trade and other payables	*7*	**167,049**	157,854
Current portion of long term loans		**345**	215
Current portion of other provisions		**4,948**	–
Taxation		**1,769**	2,258
Bank loans and overdrafts		**2,325**	4,338
		176,436	164,665
Net current assets		**366,591**	246,454
Total assets less current liabilities		**704,340**	584,500

Non-current liabilities		
Long term loans	**7,136**	7,016
Other provisions	**13,353**	10,807
Deferred taxation	**15,199**	10,504
Minority interests	**4**	5
	35,692	28,332
NET ASSETS	**668,648**	556,168
CAPITAL AND RESERVES		
Share capital	**5,925**	5,925
Reserves	**620,333**	515,860
Proposed dividends	**42,390**	34,383
Shareholders' funds	**668,648**	556,168

Note:

1. **Principal accounting policies**

The accounts have been prepared in accordance with accounting principles generally accepted 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, as disclosed in the accounting policies below, certain investment properties and other investments are stated at fair value.

In the current year, the Group adopted new or revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which became effective for accounting periods commencing on or after 1st January 2002 and applicable to the Group:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

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**	
	2003	2002	**2003**	2002
	US$'000	*US$'000*	***US$'000***	*US$'000*
Operating activities				
Sales of motors	**955,339**	773,660	**175,805**	133,019

Geographical area by origin				
Asia	**579,695**	428,786	**143,551**	93,307
America	**132,534**	140,987	**4,804**	7,082
Europe	**243,110**	203,887	**27,450**	32,630
	955,339	773,660	**175,805**	133,019

	2003	2002
	US$'000	*US$'000*
Turnover by geographical destination		
Asia	**285,086**	220,335
America	**298,850**	253,930
Europe	**371,403**	299,395
	955,339	773,660

3. Depreciation and amortisation

During the year, depreciation of US$36,145,000 (2002: US$33,534,000) and amortisation of US$3,225,000 (2002: US$641,000) were charged in respect of the Group's properties, plant and equipment and intangible assets respectively.

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2002: 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.

	2003	2002
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**(6,020)**	(6,275)
Overseas taxation	**(2,740)**	(12,897)
	(8,760)	(19,172)
Deferred taxation	**(15,232)**	4,201
	(23,992)	(14,971)
Share of taxation attributable to jointly controlled entities	**(192)**	(131)
	(24,184)	(15,102)

5. Earnings per share

The calculation of basic and fully diluted earnings per share is based on the Group's profit attributable to shareholders of US$150,016,000 (2002: US$110,832,000).

The basic earnings per share is based on 3,673,788,920 (2002: 3,673,788,920) shares in issue during the year.

The fully diluted earnings per share is based on 3,674,598,821 ordinary shares which is the weighted average number of ordinary shares in issue during the year plus weighted average of 809,901 (2002: Nil) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

6. **Trade and other receivables**

The Group allows an average credit period of 30 to 90 days to its trade customers. The trade and other receivables included trade receivables balance of US$178,170,000 (2002: US$156,951,000). The ageing analysis of trade receivables was as follows:

	0-60 days *US$'000*	**61-90 days** *US$'000*	**Over 90 days** *US$'000*	**Total** *US$'000*
Balance at 31st March, 2003	**130,019**	**24,009**	**24,142**	**178,170**
Balance at 31st March, 2002	114,514	31,249	11,188	156,951

7. **Trade and other payables**

The trade and other payables included trade payables balance of US$124,717,000 (2002: US$109,682,000). The ageing analysis of trade payables was as follows:

	0-60 days *US$'000*	**61-90 days** *US$'000*	**Over 90 days** *US$'000*	**Total** *US$'000*
Balance at 31st March, 2003	**94,219**	**13,821**	**16,677**	**124,717**
Balance at 31st March, 2002	76,172	16,871	16,639	109,682

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming Annual General Meeting to be held on 21st July 2003 payment of a final dividend of 9 HK cents equivalent to 1.15 US cents per share (2002: 7.3 HK cents or 0.94 US cents) payable on 24th July 2003 to persons who are registered shareholders of the Company on 21st July 2003 making a total distribution of 13 HK cents equivalent to 1.66 US cents per share for the year ended 31st March 2003 (2002: 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, 17th July 2003 to Monday, 21st July 2003, 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, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 16th July 2003.

CHAIRMAN'S STATEMENT

To Our Shareholders,

I am pleased to report that Johnson Electric achieved record sales and earnings for the financial year ended 31st March 2003:

- Total sales were US$955 million; up 23.5% compared to the 2002 financial year
- Pre-tax profits were US$174 million; up 38%
- Net earnings increased 35% to a record US$150 million
- Earnings per share increased 35% to US 4.08 cents
- Dividends per share increased 26% to US1.66 cents
- Johnson Electric's underlying financial position remains exceptionally strong and, taking into account cash reserves of US$193 million, the Group is essentially debt free.

Current trading conditions are generally positive, despite the lack of a clear, sustained upturn in the global economy. Severe Acute Respiratory Syndrome ("SARS"), while clearly a disturbing factor to everyone living in areas that it has affected, has not had a material impact on the business of Johnson Electric up to the present time. The management has effectively implemented a number of stringent preventative and contingency measures to minimize the potential SARS risk to the health of our people and to the operations of our company.

Dividends

The Board has recommended a final dividend of 1.15 US cents per share, which together with the interim dividend of 0.51 US cents per share, represents a total dividend of 1.66 US cents – an increase of 26% over the 2002 financial year.

Operating Environment in 2002/03

Johnson Electric performed strongly in a global economy that experienced high levels of political and economic uncertainty throughout much of 2002 and the first months of 2003. In both North America and Europe, industrial output and business confidence levels were particularly weak in the period preceding the most recent Middle East conflict and have yet to demonstrate obvious signs of recovery.

It is therefore pleasing to report that each of Johnson Electric's main business segments were able to deliver double digit sales growth compared to the prior year.

The Automotive Motors Group, which contributes approximately 63% of the Group's sales, recorded a 26% increase in total revenue to US$606 million. A combination of newly acquired product lines, new product introductions, market share gains, and a pick-up in customer inventory levels all combined to increase demand for automotive motors and motor systems in each of our major markets.

In order to align the Automotive Motor Group's activities more closely with its customers, a new organization structure was implemented at the end of the financial year. This organization consists of five business units configured according to customer product applications: body instruments; powertrain management (engine management); chassis braking; body climate; and powertrain cooling (engine cooling).

The Commercial Motors Group, which supplies micromotors to non-automotive customers in a number of application segments, achieved year-on-year revenue growth of 19%. All of this Group's business units achieved double digit sales improvements, with particularly strong performances coming from home appliances and power tools which each benefited from new customer wins and new product introductions. Business equipment and personal care products also achieved satisfactory growth in markets experiencing relatively soft end-user demand.

The second-half sales performance of the Commercial Motors Group was weaker when compared to the exceptionally strong first half. This was partly due to normal seasonal patterns of demand for many of the product applications within this business group, but also reflected a disappointing second-half performance from the audio visual motor joint venture with Nidec Corporation of Japan.

In April 2003, after the financial year end, Johnson Electric announced the acquisition of a 49% interest in Nihon Mini Motor, a leading designer of micromotors for multiple audio visual applications, including digital cameras, video cameras and projectors. The acquisition will enable Johnson Electric to participate in a new, fast growing segment of the motor market and will provide the Group with an additional platform of expertise and relationships to strengthen its position in Japan. Johnson Electric also aims to leverage its own worldwide sales channels to expand the customer base and grow sales beyond Nihon Mini Motor's current annual revenue of approximately US$45 million.

Improved Profitability

Record earnings and improved profitability accompanied the Group's strong sales performance.

Gross margins rose by one percentage point despite the inclusion of a full year's contribution of acquired businesses with lower average margins than the existing business. Higher raw materials prices, particularly cold-rolled steel, acted to constrain gross margins somewhat in the second half of the year.

Operating profits before interest, tax and share of losses from joint venture and associated companies also improved and reflected the Group's enhanced operating leverage on a higher sales base. However, unanticipated airfreight expenses amounting to approximately US$7 million during the second half of the financial year offset much of the operating profitability gains achieved in the first period.

The additional airfreight costs were primarily the result of a combination of production and sourcing difficulties on two new lines of motors in China replacing production in North America. These problems, when combined with the effects of the dock strike on the west coast of the United States in the autumn of 2002, resulted in the need to airfreight the finished motors to customers in order to meet tight assembly schedules. Temporary capacity constraints on one of the motor lines subsequently prevented the company from building inventories sufficiently quickly to resume normal shipping methods. The issues have now been resolved and we are resuming shipping by sea-freight.

The Group's overall net earnings amounted to US$150 million with a net margin of 16%. This compared to net earnings of US$111 million and a net margin of 14% for the prior 2001/02 financial year.

Strategic Development and Growth

To sustain our market position we are also investing heavily in areas that make our customers successful. These areas include faster development-to-delivery cycle times, higher product quality and reliability, and more innovative technology solutions. The result is a business model that combines a low cost position with other important benefits that customers value – and hence enables Johnson Electric to differentiate itself as a major force in our industry.

None of these developments happen without the leadership, drive and commitment of the team of people we have assembled within the Johnson Electric Group. Over the last few years, considerable effort has been devoted to establishing professionally managed human resources processes to help attract, retain and develop the highest quality individuals at all levels in the organization. The goal is to build a high performance culture that sustains profitable growth over the long term.

Among the primary sources of competitive advantage for Johnson Electric are our large-scale manufacturing platform in China and certain distinctive capabilities associated with running a highly vertically-integrated operation over many years. This has provided the basis for a low cost position that is essential for market leadership and commercial success in the global component manufacturing sector.

The global market for motor applications is growing and we are committed to maintaining and gaining share through proven organic development strategies, including new product introductions, higher penetration of existing accounts, and the outsourcing of motor production from OEMs seeking to focus on their core business and brands.

Strategies for Acquisitions

The Group will supplement its primary organic growth strategies with selective acquisitions and investments in businesses that complement Johnson Electric's overall corporate strategy. Among the various criteria that the management uses to assess potential acquisitions are:

- *The strategic fit of the business* in terms of its products, market presence, technology, manufacturing processes, and management. In most cases, this means precision motor manufacturing businesses serving markets where Johnson Electric is present or seeks to expand into. Given the vertically-integrated nature of our operations which involve extensive component manufacturing and tooling activities in China, the Group will also consider selective investments in adjacent areas as long as these represent a logical extension of our manufacturing core competencies.

- *The size and nature of the integration challenge*. In our experience, most of the hard work associated with making acquisitions successful occurs after the transaction is concluded. During the normal course of our business, we review many potential investment opportunities but will only proceed in situations where we have a high degree of confidence that we have the resources and skills necessary to manage the new business effectively in the months and years following financial closure.

Prudence and financial discipline remain the core characteristics underlying the Group's approach to growth through acquisition. Any major new investment of this nature must satisfy the overall objective of maximizing the long-term value of our shareholders' equity.

Current Performance and Outlook

As noted earlier, the current trading performance of Johnson Electric is satisfactory. The global economy, however, has yet to demonstrate any definitive indications of a sustained recovery. For the time being therefore, management will continue to adopt a relatively cautious approach to capital investment and operating expenditure until the timing and strength of an upturn in global demand becomes more apparent.

At the individual business unit level we naturally see greater variation in demand and operating performance – and this variation does not always mirror industry trends. For example, while acknowledging the uncertain outlook for end-user demand in the global automotive sector at the present time, we would also note that the demand cycle for specific motors for specific vehicle models rarely corresponds directly to global production volumes in the industry.

The Group is well positioned across the range of market segments that it serves and our various business units are off to a good start in executing business plans that in aggregate anticipate double-digit annual sales growth. Overall, we are optimistic that Johnson Electric will again achieve excellent progress towards its strategic goals in the year ahead.

FINANCIAL REVIEW

OVERVIEW

The Group reported profit attributable to shareholders of US$150.0 million, or 4.08 US cents per share for the year ended 31st March 2003, compared to profit attributable to shareholders of US$110.8 million or 3.02 US cents per share in 2001/02.

In July 2002, the Group acquired the remaining 49% of shares in Brushless Technology Motors S.r.l. ("BTM") for a consideration of US$0.9 million, in order to facilitate growth in brushless motors for various applications.

In May 2003 the Group acquired 49% of shares in Nihon Mini Motor ("NMM") from Mitsubishi Materials Corporation for approximately US$12.3 million. NMM is a leading designer of micromotors for multiple audio visual applications, including inter alia, digital cameras, video cameras and projectors. In view of the excellent growth opportunities provided by this acquisition, it is expected to be a very good addition to the Johnson Electric's presence in the audio visual sector. With NMM's strong product line-up and customer relationships in the Japanese camera motor market, Johnson Electric will leverage its worldwide sales channels to expand the customer base and grow sales beyond NMM's current annual sales levels of approximately US$45 million.

Total turnover was US$955 million, an increase of 23% over the level in the prior year. Unit volume also grew about 25%. Excluding the sales of US$23.6 million from the BTM acquisition during the year, the turnover increased over 20%.

On a divisional basis, Automotive Motors Group ("AMG") increased 26% to US$606 million, representing 63% of total turnover. In addition to the improved demand in the automotive markets generally, AMG achieved gains in market shares, as a result of new product introductions and increasing outsourcing by customers.

Sales of Automotive Motors Hong Kong increased 25% to US$235 million. Excluding prior year's acquisitions from Textron Automotive Company and ArvinMeritor Inc., sales increased 23% to US$168.0 million. This reflected market share gains through new product introductions and additional outsourcing business. Geographically, good double-digit growth was seen in all regions. Sales to Asia Pacific and Hong Kong/China as new markets for Johnson Electric, increased 42% (39% in unit volumes) and 194% (112% in unit volumes) respectively.

Sales of Johnson Electric Air Flow in Europe increased 18% to US$200 million, due partly to the favorable impact of the strength of the Euro during the period; and partly to the new product introductions.

Sales of Johnson Electric Geared Automotive in Europe increased 154% to US$49 million. This includes the sales contribution of US$23.6 million from the BTM acquisition in July 2002. Excluding the acquisition, sales increased 33%.

Sales of Johnson Electric Automotive Motors in North America increased 17% to US$122 million, due to the recovery in the demand for its starter motors for the marine, and lawn and garden markets in the U.S.A. and the increased demand for its anti-lock braking system products. Production for anti-lock braking system products was transferred into China from about the second half of the previous year.

Overall sales of the Commercial Motor Group increased over 19% to a record level of US$349 million, driven by the increasing trends of outsourcing by customers and new product introductions.

Sales to the home appliances sector increased 19% to US$124 million. The top two applications, namely floor care products and blenders, increased 20% (to US$49 million) and 50% (to US$21 million), respectively. Geographically, sales to Hong Kong/China, Asia Pacific, and Europe, increased 25%, 23%, and 15% respectively, whereas sales to North America increased only slightly.

Sales to the power tools sector increased 28% to US$105 million, due mostly to market share gains through outsourcing on the part of the major customers. The top two applications, namely drills and gardening tools, accounting for nearly half of the segment sales, increased 19% (to US$33 million) and 77% (to US$18 million), respectively. Geographically, consistent with the trends of outsourcing, nearly the whole of the growth derived from Hong Kong/China, where sales increased 57%. Sales to North America and Europe increased only slightly.

Sales to business equipment and personal products sectors combined, increased 13% to US$90 million.

In business equipment, sales increased over 15%, due mainly to a 27% growth in sales to printer product applications which accounted for 72% of the segment sales. Geographically, sales to Asia Pacific accounting for 61% of the segment sales, increased 47%, partly offset by the sluggish demand in other markets.

In personal products, sales increased 10%, as sales to such major applications as hair dryers, hair clippers, and massagers returned to some double-digit growth rates. Geographically, sales to Hong Kong/China and Europe increased 22% and 16% respectively, partly offset by a decrease of 7% in North America.

Sales to the audio-visual industry increased 11% to US$29 million, as growth for this was substantially constrained by pricing as well as the limited range of product offerings available at the beginning of this new business. However, intensive efforts have been made in new product introductions, and improved performance is expected from the coming year. Further, as part of the action plans to achieve critical mass to improve its marketing position and operating performance in this sector, the Group acquired a 49% stake in Nihon Mini Motor ("NMM") from Mitsubishi Materials Corporation for US$12.3 million in May 2003. With current annual sales of about US$45 million, NMM is expected to provide excellent growth opportunities for the Group, by virtue of its existing product line and strong customer relationships in the Japanese camera motor market. As a result of the acquisition, NMM's sales are also expected to grow beyond the Japanese market through Johnson Electric's own global sales channels.

EARNINGS BEFORE INTEREST AND TAX ("EBIT")

EBIT was US$176 million, an increase of US$42.8 million, or 32.2%. The improvement was due to an increase of US$67.2 million or 27.6% in gross profit and an increase of US$1.6 million in other revenues, partly offset by an increase of US$26.0 million in selling and administrative expenses. As a percentage of sales, EBIT increased from 17.2% to 18.4%. Excluding the BTM acquisition, EBIT margins increased to 19.1%.

Overall EBIT margin expansion was constrained by two temporary factors. Firstly, there were unanticipated airfreight expenses of approximately US$9.4 million (of which a total amount of US$7 million was incurred in the second half year) caused mainly by temporary capacity constraints in relation to production of acquired businesses transferred into China. Secondly, there was the impact of the first-year consolidation of BTM (formerly reported in the share of losses of associated companies), which continued to be a start-up business upon acquisition and only progressed towards profitability recently.

Gross margins increased by one percentage point from 31.5% to 32.5%, despite higher prices of purchased materials and parts during the year.

"Other Revenues" increased US$1.6 million, due mainly to higher scrap sales, partly offset by lower interest income from the surplus cash.

The Group's selling and administrative expenses, as a percentage of sales, improved to 15.3%, compared to 15.5% in the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial resources and liquidity remained strong, as cash generated from operations reached a record level of US$181.5 million. Net operating cashflow after interest and tax increased to US$165.9 million, compared to US$146.6 million in the previous year. As at 31st March 2003, the Group's total cash and other investments increased 50.3% to US$192.9 million, compared to US$128.3 million one year ago. Total debt was further reduced to US$9.8 million. Hence, the Group had no net debt.

The Group's interest coverage ratio (operating profit and interest expense divided by interest expense) was 200 times, compared to 364 times in 2001/2002.

The Group's principal committed facilities were: (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 originally in Italian Lira totalling US$2.5 million (of which US$0.3 million being repayable within one year) obtained by Gate S.p.A. to take advantage of preferential interest rates (fixed at between 1.5% and 3.7%) 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.

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 senior management.

FOREIGN CURRENCY

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

In relation to the business units based in Hong Kong/China, the major revenue generating currencies continue to be the US dollar, Euro, 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 normally have a duration of less than 3 months. For the year to 31st March 2003, of the micromotor sales from Hong Kong/China, 83% were in US dollar; 11% in Euro for certain sales to Europe; and 6% in Japanese Yen for certain sales to Japan.

Johnson Electric Air Flow ("JEAF") and Johnson Electric Geared Automotive ("JEGA"), having sales of over US$249.0 million representing 26% of the Group's total sales in the year under review, are European-based businesses with revenue and costs essentially in Euro. Hence, their exposure to US dollar is limited to the net position. In the case of Johnson Electric Automotive Motors ("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 dollars, 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 2003, the surplus cash (comprising cash and other investments) increased to US$192.9 million, up 50% from US$128.3 million at the previous year-end. The Group is essentially debt-free, except certain loans amounting to US$9.8 million (compared to US$11.5 million a year ago).

As at 31st March 2003, 70% of the surplus cash was held in US dollars (compared to 73% a year ago); and the average duration of the Group's interest-bearing securities and time deposits was reduced to 0.1 month, compared to 0.6 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 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$9.8 million, compared to US$11.5 million at the last year-end, comprising short-term bank loans and overdrafts of US$2.3 million, and long-term loans and obligations of US$7.5 million. Borrowings at fixed interest rates amounted to approximately US$2.5 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 originally in Italian Lira obtained by Gate S.p.A., a subsidiary based in Europe, equivalent to approximately US$2.5 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 was established in 1999. Its members are appointed from the Independent Non-executive Directors, with the Chairman having appropriate professional qualifications and experience in financial matters. The members of the Audit Committee are Mr. Patrick Paul, who was appointed as the Chairman of the Committee on 31st August 2002 in place of Mr. David Wylie Gairns who resigned on the same date, and Mr. Ian Conn.

During the year, the Audit Committee met three times 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 Committee reviewed the unaudited interim accounts and the audited accounts for 2003 before recommending them to the Board for approval.

CODE OF BEST PRACTICE

Thoughout 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 were not appointed for a specific term 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 18th June 2003.

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, 5th June 2003

Website: http://www.johnsonelectric.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 Bowen Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st July 2003 at 11:00 a.m. for the following purposes:–

1. To receive and adopt the Audited Consolidated Accounts and the Reports of the Directors and of the Auditors for the year ended 31st March 2003;

2. To declare a final dividend in respect of the year ended 31st March 2003;

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 authorized 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 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 5 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. 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, 5th June 2003

Notes

1. A Shareholder entitled to attend and vote is entitled to appoint one or more 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 instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the principal place of business 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, 17th July 2003 to Monday, 21st July 2003, 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, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 16th July 2003.

"Please also refer to the published version of this announcement in South China Morning Post".