Johnson Electric Holdings Limited
Annual Report 2012

JOHNSON ELECTRIC
innovating motion

(Stock Code: **179**)

REPORT FOR THE YEAR ENDED 31ST MARCH 2012

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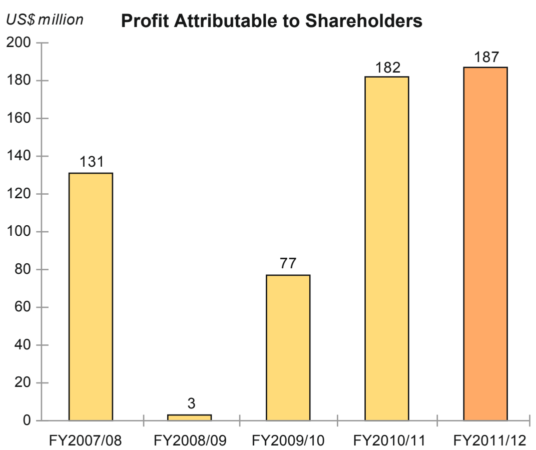
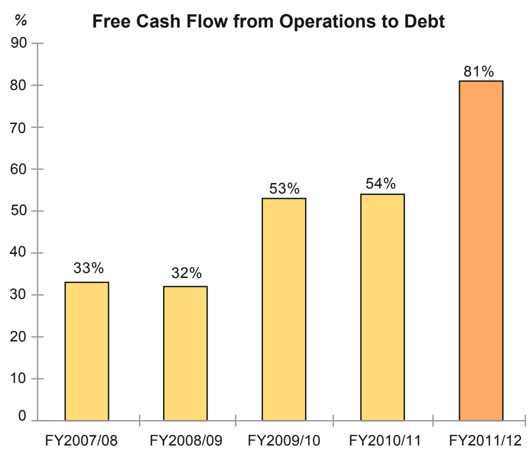
HIGHLIGHTS

- For the financial year ended 31st March 2012, total sales amounted to US$2,141 million – an increase of 2% compared to the prior financial year. Excluding the one-time effects of the disposal of a non-core business that occurred during the year and the in-sourcing of a distribution channel in Germany, underlying sales increased by over 5%
- Operating profits before restructuring and asset impairment charges were US$234 million or 11% of sales
- Free cash flow from operations amounted to US$166 million
- Net profit attributable to shareholders increased to a record US$187 million, an increase of 2.7%
- Earnings per share increased by 3.8% to 5.16 US cents
- Full year recommended dividend of HK$0.10 per share, an 11% increase over prior year (HK$0.09 per share)





A MESSAGE FROM PATRICK WANG

Patrick Shui-Chung Wang ***JP***
Chairman and Chief Executive

TO OUR SHAREHOLDERS,

I am pleased to report that Johnson Electric achieved a second successive year of record profits in what continues to be an unpredictable and tough operating environment for global manufacturing businesses.

Since the onset of the Global Financial Crisis in 2008, management has been focused on streamlining and refocusing the Group's activities to achieve two primary objectives. First, we are committed to maintaining healthy operating margins across our businesses through the combination of ongoing operational efficiency improvements and disciplined pricing. Second, we have reinvigorated our new product development and go-to-market processes with a stream of innovative new products targeted at motion applications that offer the greatest potential for sustained growth and value creation over the longer term.

For the financial year 2011/12, our positive results were partly affected by one-time items related to our strategy to strengthen our operating position in Europe as well as the divestment of a non-core business.

Highlights of 2011/12 Results

- For the financial year ended 31st March 2012, total sales amounted to US$2,141 million – an increase of 2% compared to the prior financial year. Excluding the one-time effects of the disposal of a non-core business that occurred during the year and the in-sourcing of a distribution channel in Germany, underlying sales increased by over 5%

- Operating profits before restructuring and asset impairment charges were US$234 million or 11% of sales

- Free cash flow from operations amounted to US$166 million

- Net profit attributable to shareholders increased to a record US$187 million, an increase of 2.7%

- Earnings per share increased by 3.8% to 5.16 US cents

- The Group's gearing level remained low with a debt to total capital ratio declining from 18% to 12%. At financial year end, the Group's cash reserves amounted to US$385 million with the majority held in Chinese RMB as a natural hedge to our operating costs in China

Dividends and Share Repurchases

The Board has recommended increasing the final dividend to 7 HK cents (0.9 US cents) per share, which together with the interim dividend of 3 HK cents (0.38 US cents) per share, represents a total dividend of 10 HK cents (1.28 US cents) per share – an 11% increase in total dividends for the year.

"We have reinvigorated our new product development and go-to-market processes with a stream of innovative new products."

In addition to dividend payments, during the course of the financial year the Company repurchased and cancelled 60.8 million of its ordinary shares at an average price of HK$4.06 per share. We consider such repurchases to be a constructive element in the prudent management of the overall capital structure and in enhancing returns to shareholders over time.

Sales Performance

The 2% increase in total sales to US$2.1 billion reflected the combination of strong demand from automotive customers offset by lower sales to industrial customers in some market segments and the one-time effects of the divestment of a non-core business and changes to our distribution channels in Germany.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,273 million – an increase of 11% compared to a year earlier. Each of APG's three major geographic markets reported healthy growth, with the strongest performance being in the Americas. The US auto market is presently experiencing its highest level of new vehicle sales in over four years driven by demand for more fuel-efficient vehicles and pent-up demand for replacements in an overall fleet where the average age of passenger cars has increased to 11 years (compared to an average age of 9 years a decade earlier). Sales to European-based automotive customers also grew despite the severe economic downturn in the region that has resulted in sharply reduced new vehicles sales in many countries. This reflected an excellent sales performance from several APG business units that offer innovative products that improve fuel economy, reduce emissions, or provide distinctive safety and comfort features. Many of our European customers also continued to experience increased exports sales, especially to China and other emerging markets. In Asia, APG delivered another year of positive growth as a result of its strong market positions in China and South Korea. Although the auto market in China has experienced a slowdown in recent months, the demand for foreign joint-venture brands and for luxury vehicles – which comprise the main segments which Johnson Electric serves – has remained comparatively buoyant.

"I am satisfied with the overall performance of JE over the past year and am encouraged by the steps we have taken to adapt and strengthen our business model."

It was a different picture in our Industry Products Group ("IPG") which saw sales decline by 5% to US$754 million. On the one hand, the industrial components business units (comprising motor actuators, solenoids, and switches) achieved a positive sales performance due to their ability to deliver unique technology solutions for specific industrial product applications such as remote disconnect metering and valves for boilers and HVAC systems. On the other hand, business units targeted at more traditional motor applications such as domestic appliances, printers and power tools experienced weaker sales. Depressed housing markets and poor consumer confidence has undoubtedly adversely affected end-customer demand in these market segments, but it is also a reality that these areas have experienced the highest price competition in recent years. Accordingly, management has taken the strategic decision to focus on specific product and customer situations where our technology and solution capabilities are sufficiently differentiated to command reasonable prices. In the short term, this means we are prepared to exit from business that cannot meet our profitability criteria. In the longer term, the IPG business and product portfolio is being redirected towards solving more complex motor and motion-related problems as a basis for more attractive and sustainable financial returns.

Maintaining Healthy Profitability in the Face of Severe Cost Inflation

A key feature of the past year for industrial manufacturing businesses has been persistently high raw material prices and further steep rises in direct labour rates in China where the largest portion of the Group's manufacturing capacity is located. Adding to these significant challenges was the sharp appreciation of the Swiss Franc which inflated the cost base of another important centre of production for Johnson Electric in Switzerland.

Management has responded to these severe inflationary pressures in a very creditable manner through a combination of initiatives that included operating efficiency gains, redesigned products, selective price increases, and an ongoing effort to reshape and rebalance our global manufacturing footprint to provide a more "natural hedge" against foreign currency volatility. As a result, overall gross profit margins were 27.3% of sales (compared to 27.6% in FY2010/11).

The Group also announced plans to close a production facility and in-source a distribution channel in Germany, with the aim of improving the overall effectiveness of our operations in Europe. Complementing these changes, we opened a new application testing and validation centre in Stuttgart to provide a broader and deeper level of technical support and service to our customers in the region.

Restructuring and asset impairment charges primarily related to rationalising manufacturing facilities, plus the effect of changes to our distribution arrangements in Germany together constituted US$16 million in pre-tax items that reduced reported operating profit and net profit for the year. Excluding these significant nonrecurring items affecting the comparability of our year-on-year results, operating margins were 11.1% of sales (compared to 11.2% in FY2010/11).

Aligning New Product Development with Growing Industries

We are operating in a world where a number of structural "mega trends" are changing the way people live and this is requiring businesses to adapt their product offerings and capabilities in order to continue to prosper. Among these trends are the critical imperatives to:

- Conserve energy and reduce emissions *("Green")*
- Provide greater functionality, mobility and ease of use to consumers *("Intelligence")*
- Support ageing populations *("Health")*
- Ensure higher levels of security and safety *("Security")*

A considerable part of Johnson Electric's research and new product development effort is focused specifically on designing motors and motion sub-systems that address these fundamental issues and which in turn will underpin long term demand.

Examples of our market leading technology and product innovations in these areas include: a unique range of motor systems that manage the flow of fuel, air and gas in automotive engines; electric relays that can remotely disconnect "smart" electricity meters; insulin delivery devices that integrate a miniature pump and motor; and a high precision shutter system that operates silently inside military-grade infrared cameras. Over the past two years, Johnson Electric has designed and brought to market more than 30 new motion products and we anticipate these types of innovations will increasingly become a key driver of our sales growth and the basis for sustaining our competitive advantage.

"Johnson Electric is actively pursuing a strategy that we believe will deliver and sustain healthy results over the medium and longer term."

Prospects

I am satisfied with the overall performance of Johnson Electric over the past year and am encouraged by the steps we have taken to adapt and strengthen our business model.

Nonetheless, the near-term prospects for demand are difficult to predict given the significant macro-economic and political uncertainties that exist in most of the key geographies where we operate. With unemployment levels in the Eurozone now at record highs and government-imposed austerity programs causing many businesses and consumers to reduce expenditures, a rapid turnaround in the region's economy seems improbable. On the other hand, the recent sign of a pick-up in US economic activity is clearly a positive development – although it remains to be seen how sustainable this will be through the course of 2012. And in China, the world's largest market for automobiles and for many other industrial and consumer goods, the economy is entering a period of slower growth though still at levels that most other countries would envy.

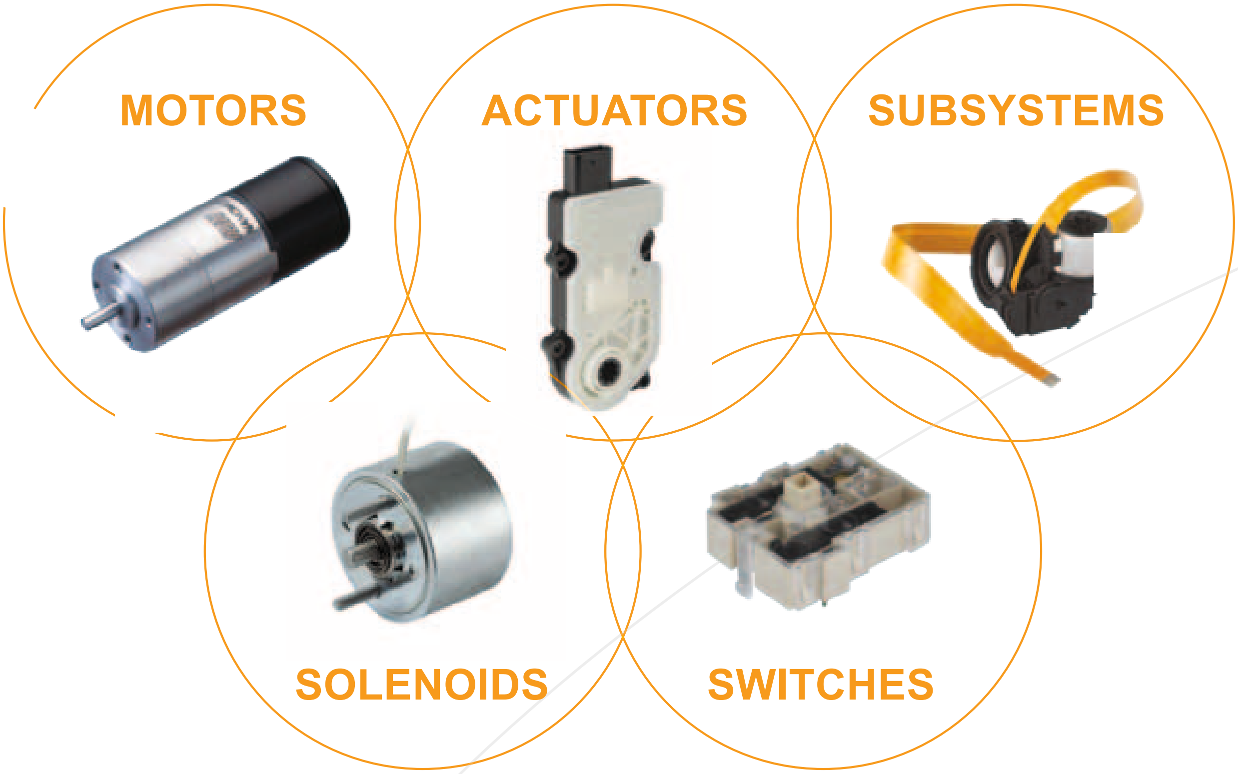
As noted earlier in this statement, while our business cannot be immune to the state of global economy, Johnson Electric is actively pursuing a strategy that we believe will deliver and sustain healthy results over the medium and longer term. Our new product pipeline is strong. Our global manufacturing platform is unrivalled in our industry with the further addition of a new plant in Mexico to come in late 2012. And our people remain committed to driving for improved efficiency, quality and reliability in every area of our operations.

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

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 17th May 2012

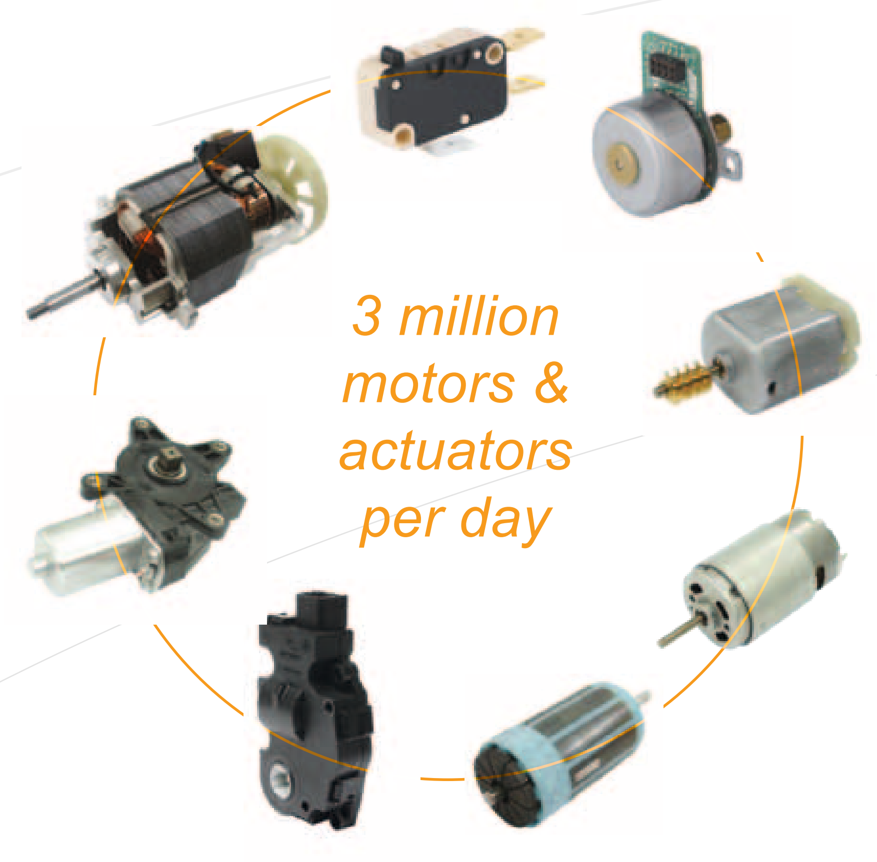
ABOUT JOHNSON ELECTRIC



Johnson Electric is the global leader in motion subsystems, including motors, solenoids, switches and flexible interconnects. We serve a broad range of industry segments including automotive, building automation and security, business machines, defense and aerospace, food and beverage, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipment and power tools.

Established in 1959, Johnson Electric ships its products throughout the world for use in hundreds of different product applications. Innovation and product design centers are located in Hong Kong, China, Switzerland, Germany, Italy, Israel, Japan, UK and USA. Global headcount including contract employees is approximately 38,000 people.

The Group's business strategy is to provide "Technology Leadership" and being the "Safe Choice" for our customers. We support our



customers through their complete product life cycle from new product introduction to mature high volume production. Our customers' future products and new growth segments are addressed by providing technically differentiated new products.

Facts in 2011/2012

- Over 3 million motors & actuators per day
- 16 million switches per month
- Over 30 new products introduced

The Group has the following operating divisions aligned with the broad markets we serve:

- Automotive Products Group
- Industry Products Group
- Johnson Medtech
- Components and Services

The Company has been listed on the Stock Exchange of Hong Kong since 1984, and has a sponsored American Depositary Receipt (ADR) program in the USA through JPMorgan Chase Bank.

Johnson Electric Provides

TECHNOLOGY LEADERSHIP

to our Customers

Technology leadership and application specific know-how are the drivers that make Johnson Electric the leader in motion products including motors, solenoids, switches and flexible interconnects. We create differentiation by collaborating with and productizing for our customers' designers and engineers. The quality function of our systems and components is precisely aligned with the human value delivered by our customers' products. Our custom "Productizing Process" and the unique "Johnson Electric Production System" combine to deliver differentiation and supply chain excellence.

Within our division's innovation centers, design teams are organised into global engineering centers of competence (ECC) based on specific technology disciplines. Examples of technology focus within the Industry Products Group are microswitches, DC motors, brushless motors, high voltage DC motors, AC motors, solenoids, stepper motors and piezo actuators. Within the Automotive Products Group, examples of technology focus include engine cooling fan modules, actuators for HVAC, engine management, transmission, braking, adaptive lighting, window lift, seat adjustment and closure systems.

The innovation centers deploy a flow engineering process to ensure efficient and on-time completion of custom design projects. The design teams utilise the Johnson Electric Productizing and ECC processes to create differentiation in product platforms addressing application specific requirements. These platforms can then be customised to meet unique customer requirements. The innovation center teams work closely with application experts in the Automotive and Industry Products Groups to ensure that market specific knowledge is constantly being reflected in emerging product platforms.

Technology Leadership

- Global Engineering Process
- Productizing process
- 1,200 active patents & applications

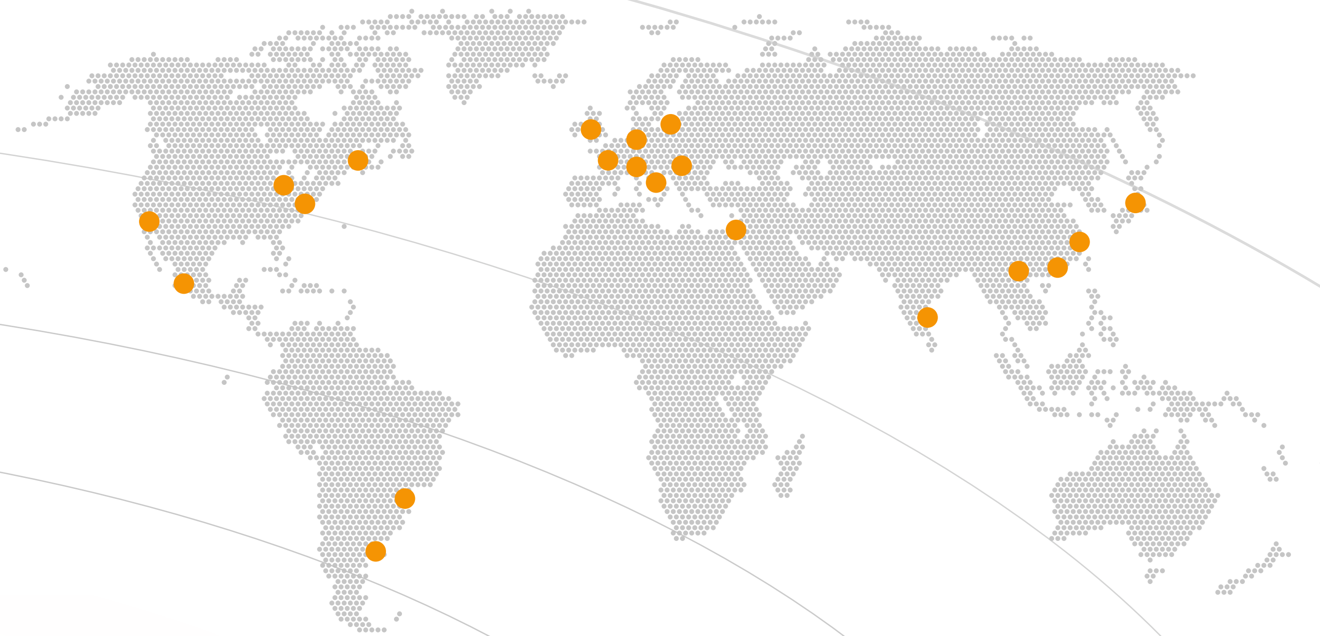
Johnson Electric is the

SAFE CHOICE

to our Customers

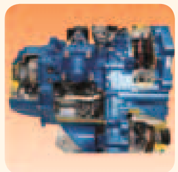
Johnson Electric is the safe choice for our global brand customers who demand differentiation, performance leadership, high reliability and assurance of supply.

The Group has the scale and global footprint to support customers everywhere. We deliver products and services to the most exacting standards of quality and reliability, no matter what the industry segment. Whether it is the precision demanded by the medical industry, the reliability of the automotive industry, the durability of the industrial segment or the flexible logistics to support global production, Johnson Electric is organised to execute flawlessly.



Our unique "Productizing and ECC Process" and the "Johnson Electric Production System" combine to deliver product differentiation and supply chain excellence to our customers.

Engine Management



Transmission

Engine Cooling

Braking and Suspension

HVAC

Window Drive

Sunroof Drive

Seat Adjust

Steering Lock

Door Lock

Power Closure

Dynamic Lightning

Mirrors

Application Focus

Automotive Products Group

The Automotive Products Group (APG) provides custom motors, actuators, switches, and motion subsystems for all critical automotive motion related functions. The APG product line comprises the following brands: Saia-Burgess for custom actuators and switches; GATE for engine cooling fan modules; and Johnson Motor for DC motors (Standard DC, Compact DC, and Brushless DC product lines).

Our application portfolio ranges from engine performance and thermal management, window and sunroof drives to dynamic lightning and power closure sub-systems.


Building Automation and Security


ATM


Business Machines


Camera and Optical


Entertainment and Gaming

Industries Served

Industry Products Group

The Industry Products Group (IPG) provides motion products and customised sub-systems for multiple industries and applications, including building automation & security, business machines, defense and aerospace, entertainment, food and beverage, home technologies, HVAC, industrial equipment, medical devices, personal care, power equipment and power tools.

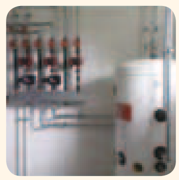
The IPG product line comprises the following brands: Johnson Motor for DC motors (Standard DC, Compact DC, and Brushless DC) and AC motors; Saia Motor for stepper motors and synchronous motors; Ledex for solenoids; and Saia switch and Burgess switch for microswitches.

Johnson Medtech

Johnson Medtech provides custom engineering and motion sub-systems for the medical device industry specialising in medication delivery and surgical device applications.


Food and Beverage


Lawn and Garden


HVAC


Industrial Automation


Medical Device


Personal Care


Power Tools


Home Technologies

Energy Saving & Eco Motion Solutions
30 New Product Launches This Year

Automotive Grill Shutter Actuators

High Performance Window Lift Drives

Efficient & Quiet Motors for Range Hoods

Shut-off Valves for Smart Gas Meter

Johnson Electric Products Everywhere

- Automotive
- Building Automation
- Business Machines
- Food and Beverage
- Home Entertainment
- Home Technologies
- Medical Devices
- Personal Care
- Power Equipment
- HVAC
- Power Tools
- ATM

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW – FINANCIAL HIGHLIGHTS

US$ million	FY2011/12	FY2010/11
Sales	2,140.8	2,104.0
Gross profit	584.4	579.7
Gross margin	*27.3%*	*27.6%*
Profit attributable to shareholders	186.7	181.7
Diluted earnings per share (US Cents)	5.15	4.97
Free cash flow from operations [1]	166.0	169.6
EBITDA excluding nonrecurring items [2]	330.0	322.9
EBITDA margin	*15.4%*	*15.3%*

US$ million	31st Mar 2012	31st Mar 2011
Cash	385.1	354.7
Total debt (borrowings)	(205.4)	(313.7)
Net cash	179.7	41.0
Total equity	1,487.5	1,422.3
Market capitalisation at balance sheet date [3]	2,229.5	2,134.4
Enterprise value [4]	2,075.6	2,153.4
Enterprise value to EBITDA	6.3	6.7

Credit Quality – Financial Ratios [5]	31st Mar 2012	31st Mar 2011
Free cash flow from operations to debt	81%	54%
Total debt to EBITDA	0.6	1.0
Total debt to capital (total equity + debt)	12%	18%

1 *Net cash generated from operating activities plus interest received, less CAPEX net of proceeds from disposal of fixed assets*
2 *Earnings before interest, taxes, depreciation and amortisation ("EBITDA") excluding the impact of insourcing a distribution channel, restructuring and assets impairment*
3 *Market capitalisation is calculated by multiplying the outstanding number of shares with the closing share price (HK$4.83 as of 31st March 2012 and HK$4.56 as of 31st March 2011) converted at the closing exchange rate*
4 *Enterprise value is calculated by adding market capitalisation plus non-controlling interests plus total debt less cash*
5 *Financial ratios utilising EBITDA and free cash flow from operations using the last twelve months' results*

- **All time record results for profit attributable to shareholders and earnings per share.**
- Full year recommended dividend of HK$0.10 per share, an 11% increase over prior year (HK$0.09 per share).
- Sales were up 2% as reported. Sales growth excluding currency gains, divestiture and the impact of insourcing a distribution channel was 3%.
- Gross margin of 27.3% was similar to prior year. Raw material commodity cost and wage inflation was offset by higher volumes, improvements in productivity, cost reductions, introduction of new products and selective price increases.
- 60.8 million shares were repurchased at a total cost of US$31.9 million (including brokerage and cancellation fees) and cancelled in FY2011/12. Also, the Company purchased 5.5 million shares for US$2.6 million, to be utilised for granting shares. See page 55 for further details of share purchases.
- The Group divested a controlling stake in a noncore subsidiary for a cash consideration of US$32.2 million, net of US$3.3 million cash divested. The effect to operating profit was insignificant.

SALES AND PROFITABILITY

JOHNSON ELECTRIC'S OPERATING MODEL

Johnson Electric is one of the world's largest providers of motors, solenoids, micro-switches, flexible printed circuits and control systems. The Group has an annual production capacity of over one billion units and manufactures products in more than a dozen countries on four continents.

Operations throughout Johnson Electric (JE) share many common features including advanced technologies, manufacturing processes, supply chain management, brand and distribution channel management along with the business model as a whole. This creates opportunities for revenue growth by leveraging the strength of the Group's core competences and for cost reduction through the sharing of resources.

SALES REVIEW

US$ million	FY2011/12	%	FY2010/11	%	Increase/ (decrease)	%	Sales growth at constant exchange rates %
Automotive Products Group ("APG")	1,272.8	59.5%	1,149.6	54.7%	123.2	11%	8%
Industry Products Group ("IPG")	753.8	35.2%	796.2	37.8%	(42.4)	(5%)	(6%)
Other businesses *	93.1	4.3%	79.8	3.8%	13.3	17%	9%
Divested business	21.1	1.0%	78.4	3.7%	(57.3)	(73%)	(74%)
Sales, as reported	**2,140.8**	**100.0%**	**2,104.0**	**100.0%**	**36.8**	**2%**	**(1%)**
Nonrecurring items:							
- Insourcing of a distribution channel							
APG	11.9		-		11.9		
IPG	1.4		-		1.4		
- Divested business	(21.1)		(78.4)		57.3		
Total nonrecurring items	**(7.8)**		**(78.4)**		**70.6**	**(90%)**	
Sales excluding nonrecurring items	**2,133.0**		**2,025.6**		**107.4**	**5%**	**3%**

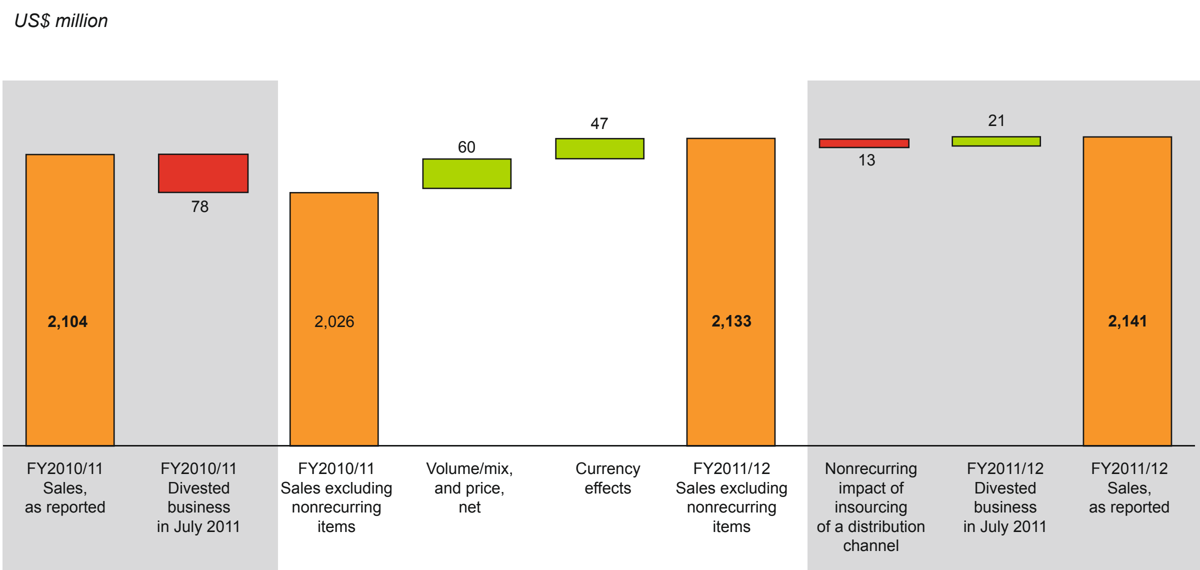
** Note: includes sales of US$1.2 million of Trading business for FY2010/11*

Sales excluding nonrecurring items, by business

US$ million	FY2011/12	%	FY2010/11	%	Increase/ (decrease)	%	Sales growth at constant exchange rates %
Automotive Products Group ("APG")	1,284.7	60.2%	1,149.6	56.8%	135.1	12%	9%
Industry Products Group ("IPG")	755.2	35.4%	796.2	39.3%	(41.0)	(5%)	(6%)
Other businesses *	93.1	4.4%	79.8	3.9%	13.3	17%	9%
	2,133.0	100.0%	2,025.6	100.0%	107.4	5%	3%

* *Note: includes sales of US$1.2 million of Trading business for FY2010/11*

FY2011/12 SALES VS. FY2010/11

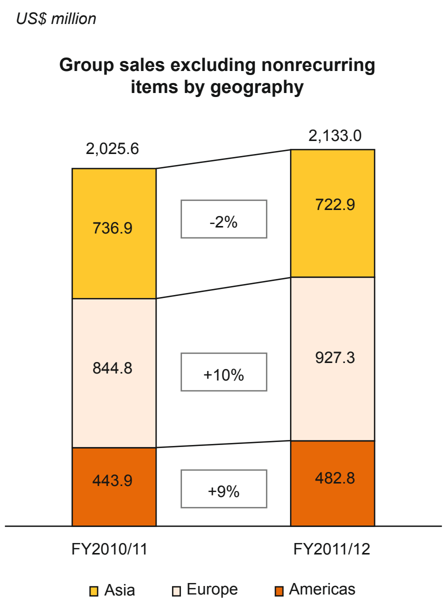


Group sales in FY2011/12 were US$2,140.8 million, up US$36.8 million from US$2,104.0 million in FY2010/11.

Nonrecurring items during the year were as follows:

- In FY2011/12, the Group made a strategic decision to insource a distribution channel and entered into an agreement that obliged the Group to repurchase inventory previously sold to the distributor. The Group did not recognise the sale of items with the distributor as of 31st March 2012 that might subsequently be repurchased.

- With the aim of refocusing on its core technologies, the Group divested a controlling stake in a noncore subsidiary.



Excluding currency effects, sales growth for FY2011/12 vs. prior year:
Overall 3%, Asia -4%, Europe 6%, Americas 8%

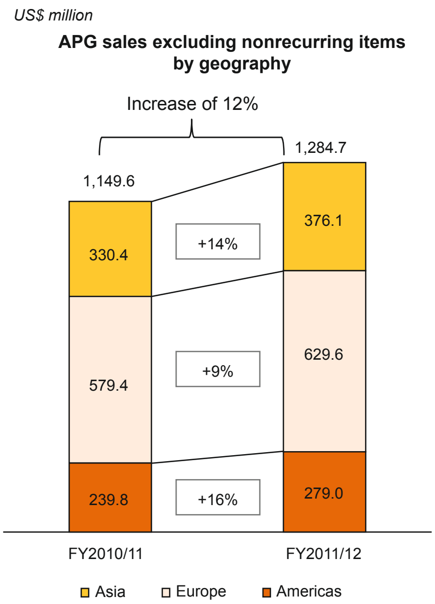
Excluding currency effects and nonrecurring items as explained above, sales grew by 3% compared to prior year.

- Sales in Asia declined overall due to the decline in the IPG business, partially offset by growth in the APG business. Sales in Europe grew across both the APG and IPG businesses. Sales in the Americas grew in the APG business whilst the IPG business remained at a similar level to the prior year.

- To further enhance synergies, the operations of Parlex, our printed circuit board and interconnect solution provider, were integrated into IPG. Sales have been reclassified accordingly.

AUTOMOTIVE PRODUCTS GROUP

Excluding nonrecurring items, sales in FY2011/12 amounted to US$1,284.7 million, up 12% from US$1,149.6 million in the prior year. When currency effects are also excluded, sales grew by 9% year-on-year. This was the result of being awarded cooling fan and related modules business for new customer platforms, as well as the successful launch of new engine air management products and geared motor drive products for window lifts and sunroofs. In addition, the business experienced strong sales of existing products across Asia and the Americas and benefitted from global demand for European luxury vehicles.



Excluding currency effects, sales growth for FY2011/12 vs. prior year:
Overall 9%, Asia 10%, Europe 5%, Americas 16%

- We maintained strong growth momentum in China and the rest of Asia, and gained market share. This was driven by the success of our cooling fan products, geared motor drives for window lifts and sunroofs, and actuators for climate control and headlamp adjustment.

- While the European automotive market remained soft, the luxury export segment continued to be robust. In this segment, many customer applications use our products designed to enhance efficiency, comfort and convenience; for example, electronic throttle control, headlamp adjustment and climate control. We have new products to support leading-edge applications, such as electric parking brakes. In addition, we successfully launched a number of new cooling fan products as well as geared motor drive systems for window lifts, power lift gates and seat applications.

- In the Americas, our products for climate control actuation, seat adjustment and sunroof applications were well placed to capture the resurgence of the market. We also increased sales of products for door lock, window lift, washer pump and fuel pump applications, which were partially offset by reductions in sales of solenoids and products for chassis and transmission applications. Furthermore, as in the other regions, we successfully launched new cooling fan products, leveraging our global market position.

- Restructuring our product portfolio had only a modest impact on overall sales but strengthened our focus on products that deliver value above current inflation rates. We continue to invest in the development of cost-effective, high power density products for leading-edge applications that improve safety, increase fuel efficiency and reduce emissions. Additionally, we are expanding our engineering footprint in key geographic markets to leverage the Group's commitment to global innovation tailored to local markets.

INDUSTRY PRODUCTS GROUP

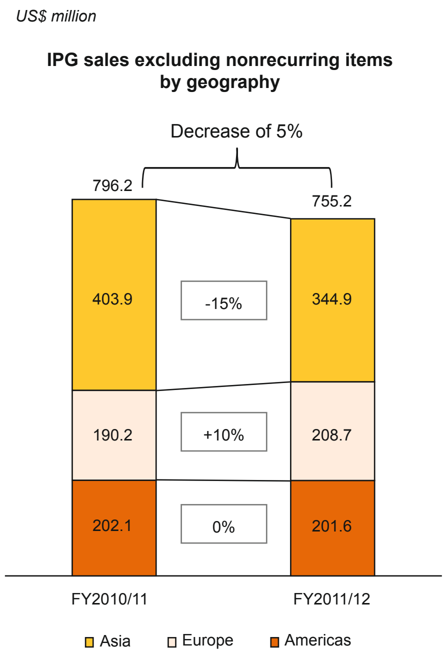
Excluding nonrecurring items, sales in FY2011/12 amounted to US$755.2 million, down 5% from US$796.2 million in the prior year. When currency effects are also excluded, sales declined by 6% year-on-year. In addition to weak market conditions, other significant differences between the two years were the exit from certain low margin markets in FY2011/12 and the effect of prior year restocking of inventory by our customers subsequent to the 2008 and 2009 recession.

- Sales in Asia decreased across all product segments due to the reasons stated above. Also, in FY2010/11, sales in the gaming and entertainment markets benefited from our customers' launch of new gaming systems, which returned to normal volumes in FY2011/12.

- In Europe, sales increased across several product lines; the strongest segments being food and beverages, and power tools. We made several new product and technology launches. Amongst these, we especially benefitted from the launch of new heating, ventilation and air conditioning (HVAC) actuators that help our customers improve system functionality and reduce power consumption. Replenishment of European distribution channels as well as the launch of switch products for the vending segment also increased sales.

- In the Americas, sales declined in the office automation, food and beverage, floor-care, power tools and medical biosensor segments. This was offset by growth in products for remote metering, lawn and garden, and infrastructure, equipment and security market segments.

- We continue to develop leading-edge, energy-efficient products and subsystems that reduce noise and weight and increase power efficiency characteristics. We have the technology and the products to capitalise on the trend to improve efficiency and reduce energy consumption in many different applications and market segments and to satisfy emerging new regulations in this area. For example, among several innovative products already launched by this business is a sophisticated, patented diverter valve for domestic boilers that significantly reduces the energy consumption of the water heating system.



Excluding currency effects, sales declined for FY2011/12 vs. prior year:
Overall -6%, Asia -15%, Europe 8%, Americas 0%

OTHER BUSINESSES

Other businesses mainly comprised Saia-Burgess Controls.

- Sales for Controls increased in FY2011/12 as compared to the prior year and were strong in the infrastructure automation, machine industry and brand label segments. Other growth areas included products for human machine interfaces and new energy meters.

PROFITABILITY REVIEW

US$ million	FY2011/12	FY2010/11	Increase/ (decrease) in profit
Sales	2,140.8	2,104.0	36.8
Gross profit	584.4	579.7	4.7
Gross margin %	*27.3%*	*27.6%*	
Other income and gains	18.3	14.8	3.5
Selling and administrative expenses ("S&A")	(368.6)	(358.4)	(10.2)
S&A %	*17.2%*	*17.0%*	
Restructuring costs and assets impairment	(13.0)	(0.4)	(12.6)
Operating profit	221.1	235.7	(14.6)
Finance costs, net	(1.1)	(9.4)	8.3
Share of profits of associate	0.5	0.1	0.4
Profit before income tax	220.5	226.4	(5.9)
Income tax expenses	(31.6)	(36.1)	4.5
Effective tax rate	*14.3%*	*15.9%*	
Profit for the year	188.9	190.3	(1.4)
Non-controlling interests	(2.2)	(8.6)	6.4
Profit attributable to shareholders, as reported	186.7	181.7	5.0

Nonrecurring items reduced operating profit by US$15.7 million. This comprised US$2.7 million in respect of the insourcing of a distribution channel and US$13.0 million in respect of restructuring and the impairment of assets. Restructuring costs included expenses associated with the Group's initiatives to restructure its global operational footprint and the deployment of assets, as well as to optimise its business model. The majority of the restructuring activities are in Europe, including the planned closure of a factory in Germany.

The table below shows the effect of these nonrecurring items on operating profit:

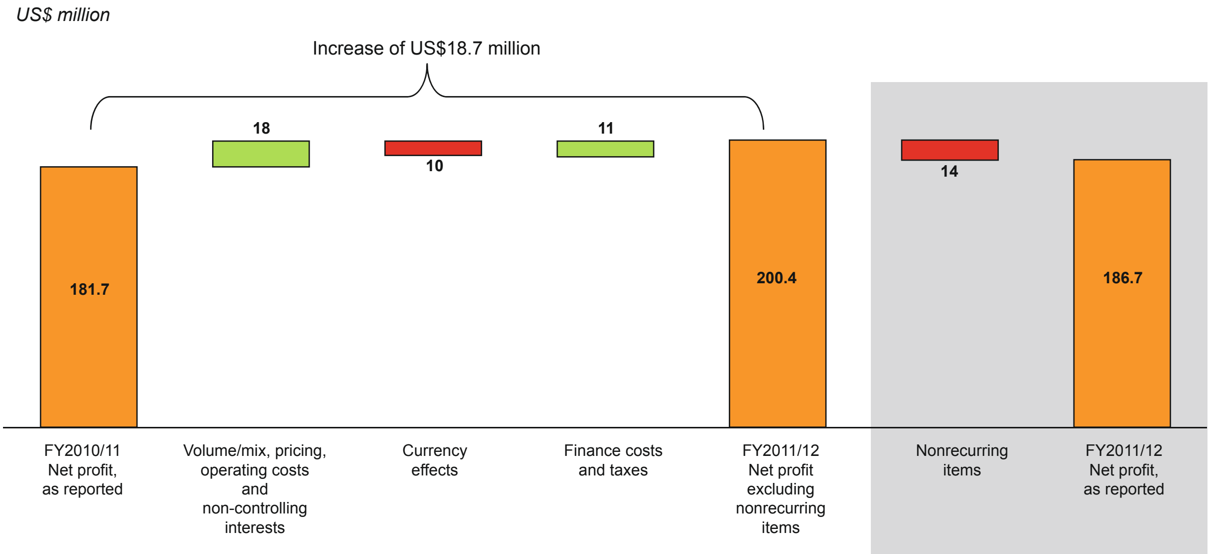
US$ million	FY2011/12	FY2010/11	Increase/ (decrease) in profit
Operating profit, as reported	**221.1**	**235.7**	**(14.6)**
Nonrecurring items:			
Insourcing of a distribution channel	2.7	–	2.7
Restructuring and assets impairment	13.0	–	13.0
Nonrecurring items	15.7 [(a)]	– [(b)]	15.7
Operating profit excluding nonrecurring items	**236.8**	**235.7**	**1.1**
Operating margin %	***11.1%***	***11.2%***	

Notes:

(a) The tax effect of nonrecurring items was US$2.0 million. After tax, the effect of nonrecurring items in FY2011/12 was US$13.7 million.

(b) Operating profit for FY2010/11 includes nonrecurring items of US$0.4 million. No adjustment has been made for these as they are comparatively insignificant.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS



Note: Numbers do not add across due to the effect of rounding

Excluding the effect of nonrecurring items, profit attributable to shareholders increased to US$200.4 million for FY2011/12, up US$18.7 million from US$181.7 million in the prior year. As shown in the preceding chart, this increase in profitability arose from:

- **Volume/mix, pricing, operating costs and non-controlling interests:** Higher material costs, labour cost inflation, especially in China, and increases in staff costs adversely affected profitability by approximately 5% of sales (including adverse currency effects discussed in the next sub-section). These were offset by savings from cost reduction actions to improve efficiency and productivity as well as selective price increases, together amounted to approximately 5% of sales. The Group also partially recovered investments in tooling and engineering through customer assistance. Initiatives to improve quality helped reduce claims and compensation provisions.

  The Group also made a prospective change to the estimated remaining useful life of client relationships (purchased intangible assets resulting from the Saia-Burgess and Parlex acquisitions). The estimated remaining useful life was reduced from a range of 15 to 20 years to 10 years. The impact of this change was an increase in amortisation expense (non-cash charge) of US$2.4 million for FY2011/12.

  The net effect of these changes increased profit by approximately US$18 million.

- **Currency effects:** The majority of our engineering, manufacturing and supply chain operations are located in China and Switzerland, therefore the strengthening of the Chinese Renminbi and the Swiss Franc against the US Dollar adversely affected operating costs. The increase in cost was partially offset by a stronger Euro which favourably impacted operating income. The net effect of these currency movements reduced operating profit by approximately US$10 million.

- **Finance costs and taxes:** Interest expense decreased due to the reduction in borrowing levels and the replacement of higher cost debt with tax efficient, lower cost debt. Also, the Group benefitted from increased income from interest bearing deposits, especially in the Chinese Renminbi.

  The effective tax rate (ETR) fell to 14.3% as compared to 15.9% for prior year. This was primarily due to increased net income exempt from tax and the utilisation of tax net operating losses in certain jurisdictions.

  The overall effect of these changes to finance costs and taxes was to increase profit by approximately US$11 million.

ANALYSIS OF CASH FLOW

Free Cash Flow

US$ million	FY2011/12	FY2010/11	Change
Operating profit*	221.4	235.7	(14.3)
Depreciation and amortisation	92.9	86.8	6.1
EBITDA	**314.3**	**322.5**	**(8.2)**
Other non-cash items in profit before taxes	(5.2)	(5.4)	0.2
Working capital change	(42.4)	(39.0)	(3.4)
Interest paid	(6.0)	(9.4)	3.4
Income taxes paid	(27.6)	(27.6)	–
Net cash generated from operating activities	**233.1**	**241.1**	**(8.0)**
Capital expenditure	(91.3)	(85.6)	(5.7)
Proceeds from disposal of fixed assets	18.4	10.6	7.8
Interest received	5.8	3.5	2.3
Free cash flow from operations	**166.0**	**169.6**	**(3.6)**

** Note: Includes dividend received from associate of US$0.3 million for FY2011/12*

Cash generation continued to be robust; the Group's free cash flow from operations was US$166.0 million in FY2011/12 as compared to US$169.6 million in FY2010/11. This strong performance was in spite of suppressed EBITDA levels from the divestiture of a controlling stake in a noncore subsidiary in July 2011. This subsidiary had posted stronger performance results in the prior year. Excluding the effects of the divestiture, free cash flow from operations increased slightly.

The underlying reasons for changes in key elements of the working capital are explained in the following section:

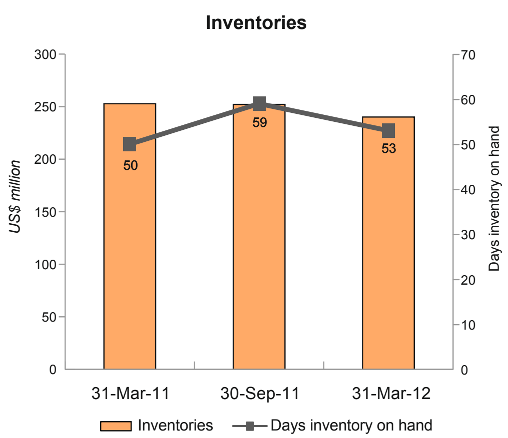
Working Capital Change

US$ million	Balance sheet as of 31st Mar 2011	Currency translation	Divestiture of a controlling stake in a noncore subsidiary	Insourcing of a distribution channel	Pension	Hedging	Working capital change per cash flow	Balance sheet as of 31st Mar 2012
Inventories	252.8	(4.9)	(11.2)	10.7	–	–	(7.3)	240.1
Trade and other receivables	421.7	(4.4)	(34.1)	–	–	–	1.2	384.4
Deposits - non-current	8.1	–	(2.5)	–	–	–	0.3	5.9
Trade and other payables	(414.5)	0.6	17.5	(13.3)	–	–	45.6	(364.1)
Provision obligations and other liabilities *	(85.4)	1.9	0.4	(1.1)	(12.4)	–	(3.3)	(99.9)
Other financial assets/ (liabilities), net *	9.1	0.1	–	–	–	(5.1)	5.9	10.0
Total working capital per balance sheet	191.8	(6.7)	(29.9)	(3.7)	(12.4)	(5.1)	42.4	176.4

* *Note: Current and non-current*

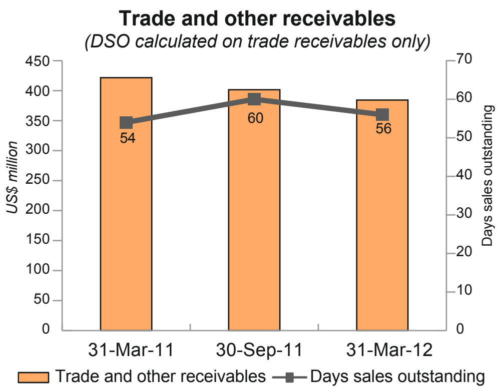
- **Inventories** decreased by US$12.7 million in FY2011/12, from US$252.8 million as of 31st March 2011 to US$240.1 million as of 31st March 2012. Excluding the repurchase of inventory due to the insourcing of a distribution channel, the divestiture of a controlling stake in a noncore subsidiary and currency effects, inventory decreased by US$7.3 million. This was due to reduced supplier lead times as well as lower inventory levels in our IPG because of overall market softness and subdued customer sentiment.

- Days inventory on hand increased from 50 days as of 31st March 2011 to 53 days as of 31st March 2012, due to the creation of safety stock in preparation for the restructuring of our European manufacturing and distribution footprint.



- **Trade and other receivables** decreased by US$37.3 million in FY2011/12, from US$421.7 million as of 31st March 2011 to US$384.4 million as of 31st March 2012. Excluding the divestiture of a controlling stake in a noncore subsidiary and currency effects, trade and other receivables increased by US$1.2 million.

- Days sales outstanding (DSO) increased slightly from 54 days as of 31st March 2011 to 56 days as of 31st March 2012. Our DSO is relatively consistent due to our collection efforts and the tight management of our credit exposure. The Group's receivables are of high quality. Amounts overdue greater than 30 days amounted to approximately 2.7% of gross trade receivables as of 31st March 2012.

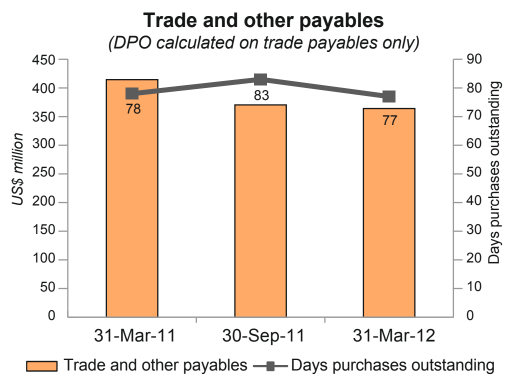


- **Trade and other payables** decreased to US$364.1 million as of 31st March 2012, down by US$50.4 million from US$414.5 million as of 31st March 2011. Excluding the divestiture of a controlling stake in a noncore subsidiary, currency effects and the provision for repurchase of inventory due to the insourcing of a distribution channel:

  - Trade payables decreased due to reduced accruals for materials and freight as we reduced supplier lead times as well as a reduction in the volume of purchases for consumption by our IPG.

  - Other payables decreased mainly due to the effect of lower accruals for fixed assets resulting from completion of new plant and capacity enhancements for new products, especially for the APG business. In addition, tax payables decreased due to certain European tax regimes changing from quarterly to monthly payments, and the removal of environmental accruals on the disposal of property and associated risk to a third party.

- Days purchases outstanding decreased slightly from 78 days as of 31st March 2011 to 77 days as of 31st March 2012.



- **Provision obligations and other liabilities** increased by US$14.5 million to US$99.9 million as of 31st March 2012 compared to US$85.4 million as of 31st March 2011. The overall increase is mainly as a result of increase in non-cash actuarial revaluation of pension liabilities. The cash movement from provision obligations and other liabilities was negligible.

- **Other financial assets / (liabilities)** increased by US$0.9 million from a net financial asset of US$9.1 million as of 31st March 2011 to a net financial asset of US$10.0 million as of 31st March 2012. This is explained below:

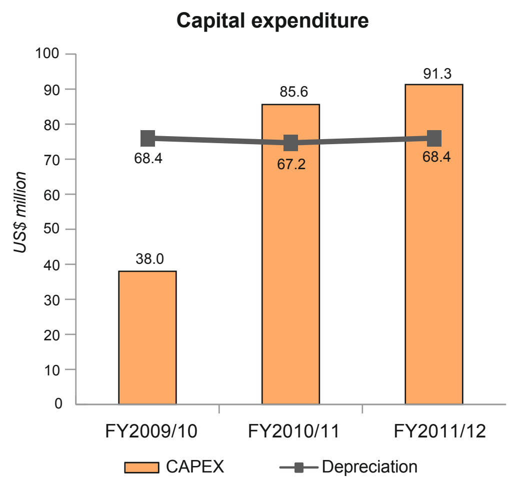
  - A net cash outflow of US$5.9 million was incurred due to settlement of matured financial contracts relating to commodities and currencies. These were offset by mark-to-market valuations for forward contracts entered to hedge copper and silver as well as the Euro and other currencies which had an impact of US$5.1 million.

  - The spot price of copper fell 10% from US$9,408 per metric ton as of 31st March 2011 to US$8,480 per metric ton as of 31st March 2012. The net asset position of the hedge was US$6.7 million as of 31st March 2012 (US$8.1 million as of 31st March 2011). The total amount of outstanding copper hedging contracts as of 31st March 2012 was US$127.5 million with maturity dates ranging from 1 month to 36 months. The fair market value of these contracts was recognised directly in the hedging reserve within equity.

Interest paid decreased by US$3.4 million from US$9.4 million for FY2010/11 to US$6.0 million for FY2011/12. This was the result of the reduction in the Group's borrowing levels and the replacement of higher cost debt with tax efficient, lower cost debt.

Income taxes paid, net of refunds, remained at US$27.6 million, unchanged from FY2010/11.

Capital expenditure amounted to US$91.3 million in FY2011/12, an increase of US$5.7 million from US$85.6 million in the prior year. We continue to invest in capital for long term technology development, manufacturing capacity expansion and productivity improvements.



Proceeds from disposal of fixed assets was US$18.4 million in FY2011/12, an increase of US$7.8 million from US$10.6 million in the prior year. The increase was largely due to the disposal of certain noncore real estate assets during the year.

Interest received in FY2011/12 was US$5.8 million, an increase of US$2.3 million from US$3.5 million in the prior year, primarily due to an increase in interest rates on deposits, especially in the Chinese Renminbi.

Other cash flows

US$ million	FY2011/12	FY2010/11	Change
Free cash flow from operations	**166.0**	**169.6**	**(3.6)**
Other investing activities	5.1	(2.6)	7.7
Proceeds from divestiture of a controlling stake in a noncore subsidiary, net of cash divested	28.9*	–	28.9
Purchase of shares for cancellation of issued capital	(31.9)	–	(31.9)
Purchase of shares held for Long-Term Incentive Share Scheme	(2.6)	(10.7)	8.1
Currency swap unwound	–	(35.1)	35.1
Dividends paid	(41.9)	(37.9)	(4.0)
Other financing activities	–	(2.1)	2.1
Total cash flow, excluding change in borrowings	**123.6**	**81.2**	**42.4**

* *Note: The US$28.9 million proceeds from the divestiture of a controlling stake in a noncore subsidiary comprised cash consideration of US$32.2 million, net of US$3.3 million cash divested. Debt of US$9.6 million owed by the divested subsidiary has been deconsolidated*

The Group generated US$123.6 million cash in FY2011/12, excluding the change in borrowings and currency effects. This represents an increase of US$42.4 million from US$81.2 million in the prior year.

The net movement in cash includes the following:

- **Other investing activities** increased by US$7.7 million. This was because:
  - In FY2011/12, a yield-to-maturity deposit matured realising US$5.1 million.
  - In FY2010/11, we paid US$3.0 million for purchasing technology licenses for the manufacture of a critical component.

  Furthermore, we paid US$0.4 million to acquire shares of non-controlling stakeholders in a subsidiary. These payments were partially offset by receipts of US$0.8 million from the sale of portfolio investment assets.

- **Proceeds from divestiture** of a controlling stake in a noncore subsidiary, net of cash divested were US$28.9 million in FY2011/12. Following this, the Group ceased to be responsible for the US$9.6 million debt of the divested subsidiary. There were no such activities in the prior year. The net impact of this divestiture was insignificant to profit.

- **Purchase of shares:** 60.8 million shares were repurchased at a total cost of US$31.9 million and cancelled in FY2011/12. These share repurchases are considered a constructive element in the prudent management of the Company's overall capital structure and in enhancing returns to shareholders over time.

  Also, the Company purchased 5.5 million shares for US$2.6 million, to be utilised for granting shares to eligible employees under the Long-Term Incentive Share Scheme.

- **Currency swaps** of Swiss Franc 200.0 million to US$152.6 million were unwound in FY2010/11, requiring a cash outflow of US$35.1 million. There were no such activities in FY2011/12.

- **Dividends** paid by the Company during the year amounted to US$41.9 million (final dividend of US$28.1 million for FY2010/11 and an interim dividend of US$13.8 million for FY2011/12). This was US$4.0 million more than the dividend payments made in the prior year (final dividend of US$23.7 million for FY2009/10 and an interim dividend of US$14.2 million for FY2010/11).

  ○ The Board has recommended a final dividend of US$32.3 million for FY2011/12, to be paid in July 2012. The total annual dividend per share, including the Directors' recommendation, in HK Cents for FY2011/12 and FY2010/11 is as follows:

HK Cents per share	FY2011/12	FY2010/11
Interim dividend (January)	3	3
Final dividend (July)	7*	6
Total annual dividend	10	9

* *Directors' recommendation*

- **Other financing activities** in FY2010/11 comprised a cash outlay of US$2.1 million for dividends to non-controlling shareholders in the Group's subsidiaries. There were no such activities in FY2011/12.

Cash and borrowings

US$ million	FY2011/12	FY2010/11	Change
Total cash flow, excluding change in borrowings	**123.6**	**81.2**	**42.4**
New borrowings	62.6 [(a)]	161.5	(98.9)
Repayment of borrowings	(159.4) [(a)]	(260.5)	101.1
Cash generated/(used)	**26.8**	**(17.8)**	**44.6**
Exchange gains on cash	3.6	5.5	(1.9)
Net movement in cash	**30.4** [(b)]	**(12.3)**	**42.7**

Net debt/cash analysis

US$ million	Cash	Borrowings	Net cash [d]
As of 31st March 2011	354.7	313.7	41.0
Divestiture of a controlling stake in a noncore subsidiary	(3.3) [c]	(9.6) [c]	6.3
Other increase/(decrease)	33.7	(98.7) [a]	132.4
	30.4 [b]	(108.3)	138.7
As of 31st March 2012	**385.1**	**205.4**	**179.7**

(a) *The change in borrowings of US$98.7 million represents new borrowings of US$62.6 million, repayment of borrowings of US$159.4 million, amortised upfront fee of US$0.9 million and an unrealised exchange gain of US$2.8 million*

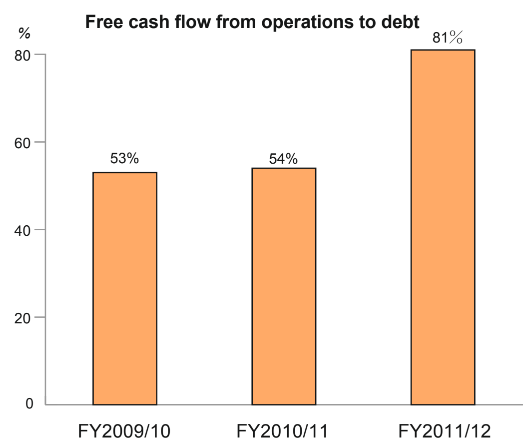
(b) *Net movement in cash of US$30.4 million represents US$33.7 million generated from Operating, Investing and Financing activities during FY2011/12 and a decrease of US$3.3 million on the divestiture of a controlling stake in a noncore subsidiary*

(c) *The US$28.9 million proceeds from the divestiture of a controlling stake in a noncore subsidiary comprised cash consideration of US$32.2 million, net of US$3.3 million cash divested. Debt of US$9.6 million owed by the divested subsidiary has been deconsolidated*

(d) *Net cash is defined as cash minus debt (borrowings)*

Net cash increased to US$179.7 million as of 31st March 2012, up US$138.7 million from US$41.0 million as of 31st March 2011.

- **Borrowings:** Continued cash generation enabled the Group to repay debt of US$96.8 million, net (borrowed US$62.6 million, repaid US$159.4 million). Additionally, as shown in the net debt/cash analysis, US$9.6 million owed by a subsidiary was deconsolidated following the divestiture of the controlling stake in a noncore subsidiary. The following significant activities occurred during the year:
    - Additional borrowings in Europe of US$13.4 million (EUR10.0 million) were secured by trade receivables.
    - Higher cost debt of US$100.0 million was repaid as we continued to reduce debt at the parent company level.
    - There was a reduction of US$17.7 million of revolving credit in the USA.
    - An unsecured short term debt of US$14.4 million was borrowed in Hong Kong based on trade receivables.
    - A short term debt of US$7.9 million (RMB50.0 million) of a subsidiary was repaid.
    - As a result of the change in borrowings, the Group's total debt to capital ratio was 12% as of 31st March 2012, compared to 18% as of 31st March 2011. Free cash flow as a percentage of gross debt increased to 81% as of 31st March 2012, compared to 54% as of 31st March 2011.



- **Cash resources** increased by US$30.4 million (from US$354.7 million as of 31st March 2011 to US$385.1 million as of 31st March 2012). The majority of our cash is kept in the Chinese Renminbi to partially mitigate the effect of the strengthening of the Chinese Renminbi against the US Dollar on the expense of our operations in China.

US$ million	31st Mar 2012	31st Mar 2011
RMB	306.8	266.9
US Dollar	43.6	29.3
Euro	23.0	34.1
Japanese Yen	3.3	13.9
Hong Kong Dollar	2.3	2.9
Others	6.1	7.6
Total	385.1	354.7

FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk within the Group is managed by the Group's treasury function, based at the corporate headquarters in Hong Kong. Policies are established by senior management and reviewed by the Board of Directors.

Liquidity

Management believes the combination of cash on hand, available credit lines and expected future operating cash flows to be sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseeable future. The Group had approximately US$320 million of available uncommitted and unutilised short term borrowing facilities provided by its principal bankers.

Foreign exchange / raw material commodity price risk

The Group operates globally and is therefore exposed to foreign exchange and raw material commodity price risk.

- The Group's sales are primarily denominated in the US Dollar, the Euro and the Chinese Renminbi. In FY2011/12, 48% of the Group's sales (49% in FY2010/11) were in US Dollars, 34% in Euros (31% in FY2010/11), 13% in the Chinese Renminbi (14% in FY2010/11) with the rest being in other currencies including the Japanese Yen.

- The major currencies used for raw material purchases, production overhead costs and S&A costs are the US Dollar, the Chinese Renminbi, the Euro, the Hong Kong Dollar, the Swiss Franc, the Hungarian Forint and the Polish Zloty.

- The Group mitigates part of its foreign exchange risk through forward contracts, based on specific cash flow forecasts from operations denominated in that foreign currency (e.g. Euro, Chinese Renminbi, Swiss Franc, Hungarian Forint, Polish Zloty and Israeli New Shekel). The forward contracts mature at various dates.

- The Group is exposed to raw material commodity price risk, mainly due to the fluctuations in steel, copper and silver purchase prices. The price risks due to steel are reduced through fixed price contracts up to 3 months forward with the Group's suppliers, and price risk due to copper and silver is also reduced through hedging through the appropriate financial instruments. The Group also manages copper and silver prices through incorporating appropriate clauses in contracts with certain customers so as to have the flexibility to pass increases in raw material costs onto these customers.

- In order to avoid the potential default by any of its counterparties on its forward contracts and swap agreements, the Group deals with major financial institutions with strong investment grade credit ratings, that the Group anticipates will satisfy their obligations under the contracts.

RISK MANAGEMENT

The Group identifies and manages its strategic, operational, financial and compliance risks through proactive management oversight and business processes. Existing and emerging risks are analysed and monitored on a quarterly basis by the Group's Risk Management Steering Committee composed of key senior leaders from our Engineering, Operations, Quality, Finance, Corporate Audit Services, Legal and Human Resources departments.

Whenever and wherever possible, risks are transferred or mitigated through robust business practices which are then monitored to ensure their continuing effectiveness. Specific areas of focus include:

- Ensuring the suitability of our operational footprint to respond quickly and cost-effectively to market changes and capacity utilisation.

- Continuously improving our engineering and manufacturing processes including quality standards to be the safe choice for our customers.

- Developing and managing product differentiation through technology, innovation and intellectual property to be the definitive supplier of our customers' solutions.

- Attracting and retaining high-calibre management and other key personnel and building effective networks of employees and partners to safeguard the business success.

- Managing customer relationships, including contract terms and conditions, in accordance with industry standards and Group policy.

- Managing customer credit risk and maintaining a low tolerance for delinquent payments.

- Applying appropriate hedging strategies to manage foreign exchange risks, commodity cost risks and interest rate risks.

- Meeting or exceeding expectations on energy efficiency, environmental responsibility and employee safety.

INVESTING IN PEOPLE

Human Resources Management

Human Resources, Environmental, Health and Safety (EHS) and Organisation Learning and Development are corporate-wide functions provided to all company locations via a shared service structure. Key initiatives are equitable and competitive compensation, benefit and incentive structures, a systematic approach to EHS, and a continued commitment to training and development.

Executive management has a noteworthy commitment to these initiatives, which are encouraged and invested in across all of the Group's locations. Such people-centred programs have characterised the history of Johnson Electric, and contribute to differentiating Johnson Electric from its competitors for both business and people.

Total global headcount, including contract employees, stands at approximately 38,000 individuals located in Asia, Americas and Europe.

Corporate Initiatives

During FY2011/12 the corporate Human Resources function undertook further initiatives to continue and enhance its role as an enabler of a strong global organisation:

- A global leader for Organisation Learning and Development joined the Group and, among other responsibilities, is tasked to foster the process structure and required training associated with the development and introduction of new products.

- Under the guidance of a new leader with considerable experience and expertise, the Global EHS team is being staffed to meet the requirements of an expanding business and is overseeing compliance and certification activities across the Group. The global implementation of an EHS management system is an ongoing effort.

- The Compensation and Benefits group has been strengthened and is an ongoing area of excellence, developing and maintaining progressive compensation and benefit programs worldwide. Activities undertaken during the year include significant changes to the European and American retirement plan structures; moving US health benefits from a pre-existing carrier to Blue Cross; and implementing benefit plan changes in Brazil. Currently, benefit structures are being put in place for a new facility in Mexico.

- Johnson Electric continues to expand its group of inter-country transferees. It is critical to this diverse business to give overseas assignments to the maximum possible number of staff. Direct exposure to business practices at company locations other than the individual's home office enhances cooperation, productivity and ultimately profitability. New senior staff in Hong Kong are bringing professionalism and efficiency to this program.

Regional Initiatives

FY2011/12 saw continued time and effort invested in attracting, developing and retaining the people. Organisation alignment between the regions and Hong Kong was also a priority.

- **Europe** – The manufacturing model is being optimised; new senior managers joined the business and are bringing good results. Major operational expansion is under way in both Poland and Hungary, with people and EHS structures being put in place.

- **Asia** – Johnson Electric continued to invest in its manufacturing facility in Beihai, Guangxi province, China and headcount at the facilities is now at 2,800.

  A new Recruitment Centre was opened in Shajing, China in early 2012. This facility presents an excellent face to the community and to applicants to the business. It is a showcase for Johnson Electric's ability to provide a "one piece flow" to the hiring experience across all employee groups.

- **Americas** – With a strong leader in place, the Human Resources team in the Americas is building its capability to contribute to business growth by increasing competencies and adding capable staff.

CORPORATE GOVERNANCE REPORT

Johnson Electric is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders and devote considerable effort to identifying and formalising best practices of corporate governance.

BOARD OF DIRECTORS

As of 31st March 2012, Johnson Electric's Board consisted of three executive directors and six non-executive directors (of whom four are independent).

The independent non-executive directors are all experienced individuals from a range of industries and geographies. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process. The Board has received from each independent non-executive director a written confirmation of their independence and has satisfied itself of such independence up to the approval date of this report in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The profile of the directors are provided on pages 150 to 152 of this report.

THE BOARD AT WORK

The Board of directors is accountable to shareholders for the activities and performance of the Group. It meets in person on a quarterly basis and on other occasions when a board-level decision on a particular matter is required.

The Board has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, directors' appointment, succession planning, risk management, major acquisitions, disposals and capital transactions and other significant operational and financial matters.

The majority of board meetings are scheduled to last one full day, with directors receiving details of agenda items for decision and minutes of Board Committee meetings in advance of each board meeting.

Although the capacity of any board to involve itself in the details of a large international business is limited, Johnson Electric aims to provide its independent non-executive directors with extensive exposure and access to its operations and management. Over the past years, the number and duration of board meetings have increased and the board agenda is structured to address the broad spectrum of key governance issues on a regular and systematic basis. Forming part of the continuous professional development program for directors, visits to the Group's principal operating facilities have been arranged and professional guest speakers are invited to address the Board from time to time.

Major corporate matters that are specifically delegated by the Board to management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Group's Executive Vice President and Chief Financial Officer also attend all board meetings to advise on corporate governance, risk management, statutory compliance, mergers and acquisitions, and accounting and financial matters.

Under the Company's Bye-law 109(A), one-third of the directors except the executive chairman, who have served longest on the Board, must retire, thus becoming eligible for re-election at each annual general meeting. As such, except the executive chairman, no director has a term of appointment longer than three years.

The Company has arranged for appropriate liability insurance to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

COMMITTEES

The monitoring and assessment of certain governance matters are allocated to four committees which operate under defined terms of reference and are required to report to the full Board on a regular basis. The composition of the committees during FY2011/12 and up to the date of this report is set out in the table below.

Directors	Audit Committee	Remuneration Committee	Nomination And Corporate Governance Committee	Board Committee
Executive Directors				
Patrick Shui-Chung Wang			M	M
Winnie Wing-Yee Wang		M		M
Non-Executive Director				
Peter Kin-Chung Wang	M			
Independent Non-Executive Directors				
Peter Stuart Allenby Edwards			C	
Patrick Blackwell Paul	C		M	
Oscar de Paula Bernardes Neto *		M		
Michael John Enright	M	C		
Joseph Chi-Kwong Yam #		M		

C – Chairman
M – Member

* *retired on 20th July 2011*
\# *appointed as a member of Remuneration Committee on 20th July 2011*

AUDIT COMMITTEE

The majority of the members of the Audit Committee are independent non-executive directors of the Company. The Committee is currently comprised of two independent non-executive directors (including the Committee Chairman) and one non-executive director who together have substantial experience in the fields of accounting, business, corporate governance and regulatory affairs.

The Committee is responsible for monitoring the financial reporting, accounting, risk management and internal control aspects of the Group's activities. It has full access to the Group's Global Head of Corporate Audit Services to hear directly any concerns of the internal audit function that may have arisen during the course of the department's work. The Committee also monitors the appointment and function of the Group's external auditor. The Committee's authority and duties are set out in written terms of reference and are posted on the websites of the Group and the Stock Exchange.

Four Audit Committee meetings were held in FY2011/12 to discuss and review the following matters together with the Chief Financial Officer, Global Head of Corporate Audit Services and the external auditor:

1. the FY2010/11 annual results and interim results for FY2011/12, to ensure that the related disclosures in the financial statements were complete, accurate and fair and complied with accounting standards, stock exchange and legal requirements, and to submit the same to the Board for approval;

2. the principal accounting policies adopted by the Group;

3. the work done by the external auditor, the relevant fees and terms, results of audits performed by the external auditor and appropriate actions required on any significant control weaknesses;

4. the external auditor's independence, including consideration of their provision of non-audit services;

5. the Group's report on compliance with laws and regulations in the countries in which it operates;

6. the Corporate (Internal) Audit Services Department's audit plan, work performed and ongoing status reports;

7. the overall adequacy and effectiveness of the internal control and risk management systems;

8. the status and adequacy of the Group's insurance coverage;

9. the status of the funded and unfunded defined benefit pension plans, including plan service providers (e.g. auditors and actuaries); and

10. the review and amendment of the terms of reference of the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of two independent non-executive directors (including the Committee Chairman) and one executive director.

The Committee determines the compensation structure and rewards for the Chief Executive and other executive directors and monitors the policies being applied in remunerating other senior executives in the Group.

In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on retirement plans and provisions and on management development and succession plans for executive directors and senior management. The Committee's authority and duties are set out in written terms of reference which are publicly available on the websites of the Group and the Stock Exchange.

At Johnson Electric, remuneration and incentive schemes are linked to the achievement of annual and long term performance goals. By providing total compensation at competitive industry levels, for on-target performance, the Group seeks to attract, motivate and retain the key executives essential to its long term success. To this end, the Committee directs management in the engagement of outside remuneration experts and stays abreast of remuneration practices among comparator companies around the world. Senior management incentive schemes include an equity component that is designed to align the long term interest of management with those of shareholders.

All global staff positions, including senior management, are governed by evaluation methodology which takes into account management/technical know-how, problem solving and accountability. Individual senior management remuneration acknowledges scope of responsibilities, contribution and performance. The base salary takes into account factors such as level of, and actual, contribution to the business, employee retention and market remuneration. Annual incentives, when payable, are performance-based, and include Corporate and Group financial objectives as well as individual objectives which may be non-financial. The Long-Term Incentive Plan for senior management provides for the grant of Johnson Electric Restricted Stock Units (RSUs) and Performance Shares Units (PSUs). Vesting of these is subject to attainment of service milestones in the case of RSUs and, in the case of PSUs, the attainment, over time, of identified business-wide financial goals. RSUs and PSUs are used to retain and motivate senior staff and are designed to maximise long term shareholder value.

In determining the level of remuneration and fees paid to members of the Board of Directors, a review of current practices in leading Hong Kong public companies and comparator companies elsewhere in the world is regularly conducted with the aid of an independent consultant. Board remuneration consists of an annual retainer with additional fees payable for attendance at committee meetings. An annual grant of fully-vested shares comprises a component of remuneration for the independent non-executive directors. Executive directors are not eligible for any remuneration or fees for Board activities.

The Remuneration Committee reviews the overall remuneration program over the short, medium and long term while addressing the goals of management development and retention and the enhancement of shareholder value.

No individual director or senior manager approves his or her own remuneration.

Three committee meetings were held in FY2011/12. During the financial year, the Committee addressed the following:

1. Retirement Plan Structures in Europe;
2. Senior Executive Compensation and Benefits;
3. Long Term Incentive Plan Awards; and
4. Succession and Development Plans for Executives and Managers.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination And Corporate Governance Committee is comprised of two independent non-executive directors (including the Committee Chairman) and one executive director.

The Committee is responsible for the identification and evaluation of candidates for appointment or re-appointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices. The Committee's authority and duties are set out in written terms of reference and are posted on the websites of the Group and the Stock Exchange.

The Company follows a formal, fair and transparent procedure for the appointment of new directors to the Board. The Committee will first consider necessary changes in respect of the structure, size and composition of the Board, identify suitably qualified candidates by considering their professional knowledge and industry experience, personal ethics, integrity and personal skills and time commitments, and makes recommendation to the Board for decision. In accordance with the Bye-laws of the Company, every newly appointed director is subject to re-election at the following annual general meeting.

During the financial year, the Committee met on two occasions. The following is a summary of work performed by the Committee during the financial year:

1. consideration and recommendation of the retiring directors for re-election at the Annual General Meeting;

2. the review of the structure and composition of the Board;

3. consideration of the independence of all the independent non-executive directors;

4. the review and approval of the corporate governance report and information for the Annual Report and the Interim Report;

5. a review of current changes to corporate governance requirements of the Stock Exchange and current best practices (see page 45 below);

6. the review of amendments to the Bye-laws of the Company; and

7. the review of amendments of the terms of reference of the Committee.

BOARD COMMITTEE

The Board Committee is comprised of two executive directors. Its primary function is to undertake and supervise the day to day management and operating affairs of the Group. It exercises leadership and develops and keeps under review strategy and business development initiatives of the Group and supervises their implementation. The Committee's authority and duties are set out in written terms of reference and a summary of which is posted on the Group's website.

BOARD AND COMMITTEE ATTENDANCE

The Board held four full board meetings in FY2011/12 and the average attendance rate was 95%. Details of the attendance of individual directors at board meetings and committee meetings during FY2011/12 are set out in the table below:

Directors	No. of meetings attended/held Full Board Meeting	Audit Committee	Remuneration Committee	Nomination And Corporate Governance Committee
Executive Directors				
Patrick Shui-Chung Wang *(Chairman and Chief Executive)*	4/4	–	–	2/2
Winnie Wing-Yee Wang *(Vice-Chairman)*	4/4	–	3/3	–
Austin Jesse Wang *(Executive Director)*	4/4	–	–	–
Non-Executive Directors				
Yik-Chun Koo Wang *(Honorary Chairman)*	2/4	–	–	–
Peter Kin-Chung Wang	4/4	3/4	–	–
Independent Non-Executive Directors				
Peter Stuart Allenby Edwards	4/4	–	–	2/2
Patrick Blackwell Paul	4/4	4/4	–	2/2
Oscar de Paula Bernardes Neto *	1/1	–	1/1	–
Michael John Enright	4/4	4/4	3/3	–
Joseph Chi-Kwong Yam #	4/4	–	2/2	–
Average attendance rate	95%	92%	100%	100%
Dates of meetings	31/05/2011 09/09/2011 24/11/2011 09/03/2012	16/05/2011 15/08/2011 07/11/2011 13/02/2012	30/05/2011 24/11/2011 09/03/2012	31/05/2011 07/03/2012

* *retired on 20th July 2011*
# *appointed as a member of Remuneration Committee on 20th July 2011*

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring that a sound and effective system of internal control and risk management is maintained within the Group, and for reviewing its design and operational adequacy and effectiveness through the Audit Committee.

The internal control and risk management system, which includes a defined management structure with specified limits of authority and control responsibilities, is designed to (a) help the achievement of business objectives and safeguard the Group's assets; (b) ensure proper maintenance of accounting records and reliability of financial reporting; (c) ensure compliance with relevant legislation and regulations; and (d) identify, manage and mitigate key risks to the Group.

Policies and procedures are established to ensure reasonable, but not absolute, assurance against material misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objectives.

Pursuant to a risk-based approach, the Group's Corporate Audit Services Department independently reviews the risks associated with and controls over various operations and activities and evaluates their adequacy, effectiveness and compliance. Audit findings and recommendations are reported to the Audit Committee, Executive Committee, and the external auditor. In addition, progress on audit recommendations implementation is followed up on a monthly basis. The results are discussed with the Audit Committee on a periodic basis.

During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programs and budgets.

To supplement the above, under the Integrity and Ethics Policy, employees can report any misconduct, impropriety or fraud cases within the Group to the Group's Corporate Audit Services Department through an integrity hotline or in writing in confidence without the fear of recrimination.

Based on the results of evaluations and representations made by the management, the Group's Corporate Audit Services Department and external auditor in FY2011/12, the Audit Committee is satisfied that:

- there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business objectives; and

- an appropriate system of internal control and risk management has been in place in FY2011/12, and up to the date of approval of the Annual Report.

EXTERNAL AUDITOR

Johnson Electric's independent external auditor is PricewaterhouseCoopers. The Audit Committee is responsible for considering the appointment of the external auditor and also reviews any non-audit functions performed by the external auditor for the Group. In particular, the Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest.

During FY2011/12, the services (and associated remuneration) provided to the Group by PricewaterhouseCoopers were as follows:

	FY2011/12 US$M	FY2010/11 US$M
Audit	2.16	2.08
Taxation services	0.35	0.16
Other advisory services	0.18	0.33

Included above are US$0.5 million of contracted fees for work to be performed subsequent to 31st March 2012.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The directors' responsibilities for the accounts are set out on page 56 and the responsibilities of the external auditor to the shareholders are set out on page 58.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st March 2012, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Old Code") contained in the former Appendix 14 of the Listing Rules which was applicable to the said financial year, except for the following deviations:

CODE PROVISION A.2.1

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Neither the Company's Bye-laws nor The Johnson Electric Holdings Limited Company Act, 1988 (a private act of Bermuda) contains any requirement as to the separation of these roles.

Dr. Patrick Shui-Chung Wang is the Chairman and Chief Executive of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Dr. Wang should hold both these offices. The Board believes that it is able effectively to monitor and assess management in a manner that properly protects and promotes the interests of shareholders.

CODE PROVISION A.4.1 AND A.4.2

Code A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors were appointed for a specific term while the non-executive directors do not have a specific term of appointment. However, under Section 3(e) of The Johnson Electric Holdings Limited Company Act, 1988 and the Company's Bye-law 109(A), one-third of the directors who have served longest on the Board must retire thus becoming eligible for re-election at each annual general meeting. Accordingly, no director has a term of appointment longer than three years. Bye-law 109(A) states that the executive chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire.

In the opinion of the Board, it is important for the stability and beneficial to the growth of the Company that there is, and is seen to be, continuity of leadership in the role of the Chairman of the Company and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

With respect to the recent changes to the Listing Rules on corporate governance, the Board has updated or established various policies and procedures and the committees have updated their terms of reference in compliance with the new Corporate Governance Code (the "New Code"). The Nomination And Corporate Governance Committee ("NACGC") has taken up the new corporate governance function stipulated in the New Code and has included such function in its terms of reference. The NACGC has reviewed the compliance status of the Company with both the Old Code and the New Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code throughout the year ended 31st March 2012. No incident of non-compliance was noted by the Company in FY2011/12.

Employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

COMMUNICATIONS WITH SHAREHOLDERS

Johnson Electric uses a number of formal communication channels to account to shareholders for the performance of the Group. These include the annual report and accounts, the interim report, periodic announcements made through the Stock Exchange, as well as through the annual general meeting. Copies of relevant corporate and financial information are also made available through the Group's website: *www.johnsonelectric.com*.

The Company aims to provide its shareholders and potential investors with high standards of disclosure and financial transparency. In order to provide effective disclosure to investors and potential investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcements as required by the Listing Rules. The Company supplements and follows up such announcements through periodic presentations, investor road shows and conference calls with the international investment community. The Company also welcomes comments and questions from shareholders at its annual general meeting.

VOTING BY POLL

The Company regularly informs shareholders of the procedures for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws of the Company.

Procedures for and the rights of shareholders to demand a poll are disclosed in the Company's circular to shareholders dated 4th June 2012.

Since 2003 the Chairman has demanded a poll on each of the resolutions submitted for determination at annual general meetings. The Chairman will continue to demand a poll on each of the resolutions submitted for determination at the forthcoming Annual General Meeting. The results of the poll will be published on the websites of the Group and the Stock Exchange.

SOCIAL RESPONSIBILITIES

Johnson Electric is a global organisation which is dedicated to act in a socially responsible way in its interactions with all stakeholders (i.e. shareholders, customers, employees, suppliers, business partners and local communities) worldwide.

The Group's commitment to social accountability includes policies and practices on a variety of issues such as human rights, non-discrimination and environmental management.

The Group's commitment to business excellence is demonstrated on a continuing basis by a focus on innovation and quality. These goals can only be achieved in a work environment where respect for the highest standard of business ethics is present. Management and the Board of Directors are committed to operating in compliance with all applicable national, state and local laws.

GLOBAL ENVIRONMENTAL, HEALTH AND SAFETY (EHS)

Progressive structures for the management of Environmental Engineering, as well as Health & Safety programs, are central to Johnson Electric's overall business objectives.

A major objective of Global Environmental, Health and Safety (EHS) is ongoing activity to develop and install an EHS Management System worldwide. This system, when fully operational, is a necessary step to the good management in our businesses and is also a prerequisite to securing and maintaining contracts with major global customers. A major component of system-based management is regulatory compliance, driven by auditable standards in place and maintained. All levels of management are committed to this.

Other EHS highlights include monitoring and approval of machine design and build to ensure operational safety and comprehensive fire safety and emergency response plans. Also critical is the training and development of Safety Officers, Safety Committee members, workers and managers.

RESPONSIBLE CORPORATE CITIZEN

The Group is active in its support of worthy causes. Specifically, support for education and the development of young people is central to Johnson Electric's efforts as a responsible corporate citizen.

Such support may be in the form of donations to education institutions at various locations in the world, or through the provision of financial and other support to young students to increase their general academic qualifications and workplace skills in Group sponsored programs. Most noteworthy of these latter initiatives is the Johnson Electric Technical College (JETC), run out of our Shajing, China location. This program, first established in 2004, provides general education and attainment of technical qualifications for youths from China. This program is successful at producing skilled young technicians, who, it is hoped, will remain with the Group for their careers. This program continues to expand in scope and represents a significant commitment by the Group, and by the staff and educators who administer it. In 2012 an intake of 230 new students is anticipated.

At new locations, such as Chennai, India, and soon Zacatecas, Mexico, young people have been, or will be, identified for the JETC program. These individuals will travel to Shajing, China for extended periods for training.

OUR COMMUNITIES

We are dedicated to being an active participant in every community we do business in around the world. We pursue responsible employment and social practices that are sustainable over time in all our business locations. We also encourage these practices be adopted by our suppliers and business partners.

Good corporate social policies are not only desirable but make good business sense; investments made today for our people and communities are for the benefit of our world tomorrow.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 39 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2012 are set out in the consolidated income statement on page 63 of the accounts.

The directors declared an interim dividend of 0.38 US Cents (3 HK Cents) per share, totalling US$13.8 million which was paid on 5th January 2012.

The directors recommend the payment of a final dividend of 0.90 US Cents (7 HK Cents) per share, totalling US$32.3 million, payable on 25th July 2012.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in Note 23 to the accounts.

DISTRIBUTABLE RESERVES

As of 31st March 2012, the distributable reserves of the Company available for distribution as dividends amounted to US$1,058.2 million, comprising retained earnings of US$962.9 million and contributed surplus of US$95.3 million arising from the reorganisation of Johnson Electric Group in 1988 less a bonus issue in 1991.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

DONATIONS

During the year, the Group made donations of US$0.1 million (FY2010/11: US$0.1 million).

FIXED ASSETS

Details of the movements in property, plant and equipment are shown in Note 5 to the accounts.

SHARE CAPITAL

Details of the share capital are shown in Note 22 to the accounts.

DIRECTORS

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

Yik-Chun Koo Wang
Patrick Shui-Chung Wang *JP*
Winnie Wing-Yee Wang
Austin Jesse Wang
Peter Kin-Chung Wang
Peter Stuart Allenby Edwards
Patrick Blackwell Paul
Oscar de Paula Bernardes Neto
(retired on 20th July 2011)
Michael John Enright
Joseph Chi-Kwong Yam *GBM, GBS, CBE, JP*

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Austin Jesse Wang, Mr. Peter Stuart Allenby Edwards, Mr. Patrick Blackwell Paul and Prof. Michael John Enright retire from office by rotation and being eligible, offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

The Company is controlled through the Board of Directors which comprises nine directors. As of 31st March 2012, three of the directors are executive and six of the directors are non-executive, of whom four are independent. Their details are set out in the Profile of Directors and Senior Management section on pages 150 to 152.

DISCLOSURE OF INTERESTS

DIRECTORS

As of 31st March 2012, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Shares of HK$0.0125 each of the Company		
Name	Personal Interests	Other Interests	
Yik-Chun Koo Wang	–	2,201,610,880	*(Notes 1 & 2)*
Peter Kin-Chung Wang	–	577,000	*(Note 3)*
Peter Stuart Allenby Edwards	–	125,500	*(Note 4)*
Patrick Blackwell Paul	95,500	–	
Michael John Enright	25,500	–	
Joseph Chi-Kwong Yam	11,500	–	

Notes:

1. *These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.*
2. *Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.*
3. *These shares were held beneficially by Peter Kin-Chung Wang's spouse.*
4. *These shares were held under a trust of which Peter Stuart Allenby Edwards was one of the beneficiaries.*

Save as disclosed herein, as of 31st March 2012, the register maintained by the Company pursuant to Section 352 of the SFO recorded no other interests or short positions of the Directors and Chief Executive in any shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

At no time during the year, the Directors and Chief Executive (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

As of 31st March 2012, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Capacity	Numbers of shares held	Approximate % of Shareholding
Yik-Chun Koo Wang	Beneficiary of family trusts	2,201,610,880 *(Notes 1 & 2)*	60.94
Ansbacher (Bahamas) Limited	Trustee	887,040,000 *(Notes 1)*	24.55
HSBC International Trustee Limited	Trustee	760,066,228 *(Notes 1)*	21.04
Great Sound Global Limited	Interest of controlled corporation	745,359,860 *(Notes 3)*	20.63
Winibest Company Limited	Beneficial owner	745,359,860 *(Notes 4)*	20.63
Federal Trust Company Limited	Trustee	560,915,520 *(Notes 1)*	15.53
Ceress International Investment (PTC) Corporation	Trustee	223,014,080 *(Notes 5)*	6.17
Merriland Overseas Limited	Beneficial owner	211,943,040 *(Notes 6)*	5.87

Notes:

1. *The shares in which Ansbacher (Bahamas) Limited and Federal Trust Company Limited were interested and 753,655,360 of the shares in which HSBC International Trustee Limited was interested were held, directly or indirectly, by them as the trustees of various trusts associated with the Wang family and were included in the shares in which Ms. Yik-Chun Koo Wang was interested as referred to above under Directors' Interests of Disclosure of Interests.*
2. *The shares in which Ms. Yik-Chun Koo Wang was interested as referred to above formed part of the shares referred to in Note 1.*
3. *The interests of Great Sound Global Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.*
4. *The interests of Winibest Company Limited in the Company were duplicated by the interests in the Company held by Great Sound Global Limited.*
5. *The interests of Ceress International Investment (PTC) Corporation in the Company formed part of the interests in the Company held by Federal Trust Company Limited.*
6. *The interests of Merriland Overseas Limited in the Company formed part of the interests in the Company held by Federal Trust Company Limited.*

Save as disclosed herein, as of 31st March 2012, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares of the Company.

SHARE SCHEME

SHARE OPTION SCHEME

The Company had on 29th July 2002 adopted a share option scheme (the "Option Scheme").

The major terms of the Option Scheme, in conjunction with the requirements of Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are as follows:

(a) Purpose

The purpose of the Option Scheme is to provide incentive or rewards to participants.

(b) Participants

The participants of the Option Scheme are

(i) any director (including a non-executive director and an independent non-executive director), employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company ("Affiliate"); or

(ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or

(iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate.

(c) Maximum number of shares

The maximum number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme(s) of the Company shall not exceed 2% of the share capital of the Company in issue from time to time.

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Option Scheme to any one grantee in any 12-month period shall not exceed 0.1% of the share capital of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained with such grantee and his associates abstaining from voting in accordance with the Listing Rules and a circular is issued.

(d) Time of acceptance and exercise of an option

There is no specific requirement under the Option Scheme that an option must be held for any minimum period before it can be exercised, but the terms of the Option Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular option. The date of grant of any particular Option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration is received by the Company, such date must be on or before the 28th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(e) Subscription price for shares

The subscription price for shares shall be a price determined by the directors, but shall not be less than the higher of

(i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; and

(ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant.

(f) Period of the Option Scheme

The Option Scheme will remain in force for a period of 10 years from the date of adoption of such Option Scheme.

Details of the options granted under the Option Scheme as to the date of this report were as follows:

Type of grantees	Options held at 01/04/2011 and 31/03/2012	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
Employees	350,000	8.02	17/09/2002	01/08/2004	16/09/2012
	350,000	8.02	17/09/2002	01/08/2005	16/09/2012
	262,500	9.65	31/07/2003	01/07/2005	30/07/2013
	262,500	9.65	31/07/2003	01/07/2006	30/07/2013
	100,000	7.40	28/12/2004	01/01/2007	27/12/2014
	100,000	7.40	28/12/2004	01/01/2008	27/12/2014
	1,425,000				

LONG-TERM INCENTIVE SHARE SCHEME

The Long-Term Incentive Share Scheme was initially approved by the shareholders on 26th July 1999 and expired on 31st July 2009. Such scheme was replaced by a new Long-Term Incentive Share Scheme (the "Incentive Share Scheme") approved by the shareholders on 24th August 2009. The Incentive Share Scheme was further amended, with its amendments being approved by the shareholders, on 20th July 2011. The directors may grant shares (time-vested units ("Restricted Stock Units") and performance-vested units ("Performance Stock Units")) to such eligible employees and directors as the directors may select in their absolute discretion under the Incentive Share Scheme.

Movements in the number of unvested units granted as of the date of this report are as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31st March 2011	8,035	2,150	10,185
Units granted to employees and Independent Non-Executive Directors in FY2011/12	3,751	4,430	8,181
Shares vested to employees and Independent Non-Executive Directors in FY2011/12	(2,480)	–	(2,480)
Forfeited in FY2011/12	(825)	(670)	(1,495)
Unvested units granted, as of 31st March 2012	8,481	5,910	14,391
Units granted to employees in FY2012/13	5,395	6,100	11,495
Shares vested to employees in FY2012/13	(730)	–	(730)
Unvested units granted, as of the date of this report	13,146	12,010	25,156

The number of shares vesting in the next four financial years as of the date of this report is as follows:

	Number of unvested units granted (thousands)		
Vesting period	Restricted Stock Units	Performance Stock Units	Total
FY2012/13	366	–	366
FY2013/14	3,265	1,900	5,165
FY2014/15	3,620	4,010	7,630
FY2015/16	5,895	6,100	11,995
Total unvested units granted, as of the date of this report	13,146	12,010	25,156

Apart from the 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March 2012, the Company repurchased a total of 60,848,000 ordinary shares of HK$0.0125 each of the Company on the Stock Exchange, all of which shares were cancelled. The number of issued shares as of 31st March 2012 was 3,612,940,920 shares. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Purchase price paid per share Lowest HK$	Aggregate consideration paid HK$ million*
August 2011	13,234,000	4.02	3.65	50.70
September 2011	28,401,500	4.39	3.89	118.59
October 2011	13,559,000	4.35	3.70	53.85
December 2011	4,945,500	4.30	4.12	20.93
January 2012	708,000	4.30	4.23	3.03
	60,848,000			247.10

* *Note: In addition a brokerage and cancellation fee of HK$1.2 million was incurred.*

The Directors consider the repurchases a constructive element in the prudent management of the Company's overall capital structure and in enhancing returns to shareholders over time.

Also, the Company purchased 5,499,500 shares of the Company at a cost of US$2.62 million during the year (i.e. August 2011) in connection with the Long-Term Incentive Share Scheme for eligible employees and Directors. The highest and the lowest purchase price paid per share was HK$3.83 and HK$3.60, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year. The Company has not redeemed any of its shares during the year.

JOHNSON ELECTRIC GROUP TEN-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last ten financial years are set out on pages 148 to 149.

PRE-EMPTIVE RIGHTS

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

MAJOR SUPPLIERS AND CUSTOMERS

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

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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as of the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

SENIOR MANAGEMENT

The profile of the senior management as of the date of this report is set out in the Profile of Directors and Senior Management section on pages 152 to 155.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 36 to 47.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31st March 2012, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

AUDITOR

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

On behalf of the Board

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 17th May 2012

STATEMENT OF ACCOUNTS

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF JOHNSON ELECTRIC HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Johnson Electric Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 60 to 147, which comprise the consolidated and company balance sheets as at 31st March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17th May 2012

CONSOLIDATED BALANCE SHEET

As of 31st March 2012

	Note	**2012 US$'000**	2011 US$'000
Assets			
Non-current assets			
Property, plant and equipment	5	**374,668**	403,985
Investment property	6	**53,705**	44,142
Land use rights	7	**4,677**	9,346
Intangible assets	8	**757,783**	774,688
Investment in associate	10	**2,184**	1,926
Deferred income tax assets	21	**37,726**	35,957
Available-for-sale financial assets	11	**6,307**	1,956
Other financial assets at fair value through profit and loss	12	**1,093**	4,499
Other financial assets	13	**8,441**	–
Deposits		**5,859**	8,113
		1,252,443	1,284,612
Current assets			
Inventories	14	**240,103**	252,763
Trade and other receivables	15	**384,388**	421,735
Non-current asset held for sale	16	**–**	9,967
Other financial assets at fair value through profit and loss	12	**3,359**	5,148
Other financial assets	13	**12,139**	9,534
Income tax recoverable		**2,382**	3,899
Cash and deposits	17	**385,117**	354,715
		1,027,488	1,057,761
Current liabilities			
Trade and other payables	18	**364,124**	414,522
Current income tax liabilities		**34,267**	27,932
Other financial liabilities	13	**8,535**	393
Borrowings	19	**203,104**	134,248
Provision obligations and other liabilities	20	**30,373**	16,783
		640,403	593,878
Net current assets		**387,085**	463,883
Total assets less current liabilities		**1,639,528**	1,748,495

	Note	2012 US$'000	2011 US$'000
Non-current liabilities			
Other financial liabilities	13	**2,056**	–
Borrowings	19	**2,258**	179,458
Deferred income tax liabilities	21	**78,192**	78,160
Provision obligations and other liabilities	20	**69,541**	68,585
		152,047	326,203
NET ASSETS		**1,487,481**	1,422,292
Equity			
Share capital and share premium	22	**36,422**	69,970
Reserves	23	**1,392,826**	1,263,947
Proposed dividends	23	**32,311**	28,285
		1,461,559	1,362,202
Non-controlling interests		**25,922**	60,090
TOTAL EQUITY		**1,487,481**	1,422,292

The notes on pages 69 to 147 form an integral part of these consolidated financial statements.

COMPANY BALANCE SHEET

As of 31st March 2012

	Note	**2012 US$'000**	2011 US$'000
Assets			
Non-current assets			
Interest in subsidiaries	9	**1,016,444**	1,019,678
Available-for-sale financial assets	11	**1,552**	1,956
		1,017,996	1,021,634
Current assets			
Amounts due from subsidiaries	9	**340,272**	370,505
Other receivables	15	**217**	–
Cash and deposits	17	**807**	39
		341,296	370,544
Current liabilities			
Amounts due to subsidiaries	9	**211,131**	390,520
Other financial liabilities	13	**–**	147
Other payables	18	**65**	269
Borrowings	19	**49,835**	–
		261,031	390,936
Net current assets/(liabilities)		**80,265**	(20,392)
Total assets less current liabilities		**1,098,261**	1,001,242
Non-current liabilities			
Borrowings	19	**–**	148,911
		–	148,911
NET ASSETS		**1,098,261**	852,331
Equity			
Share capital and share premium	22	**36,422**	69,970
Reserves	23	**1,029,528**	754,076
Proposed dividends	23	**32,311**	28,285
TOTAL EQUITY		**1,098,261**	852,331

The notes on pages 69 to 147 form an integral part of these consolidated financial statements.

Patrick Shui-Chung Wang *JP*
Director

Winnie Wing-Yee Wang
Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2012

	Note	2012 US$'000	2011 US$'000
Sales	4	**2,140,803**	2,104,029
Cost of goods sold		**(1,556,337)**	(1,524,370)
Gross profit		**584,466**	579,659
Other income and gains	24	**18,309**	14,817
Selling and administrative expenses	25	**(368,637)**	(358,392)
Restructuring costs and assets impairment	26	**(13,033)**	(411)
Operating profit		**221,105**	235,673
Finance income	29	**5,794**	3,566
Finance costs	29	**(6,858)**	(12,970)
Share of profits of associate		**468**	138
Profit before income tax		**220,509**	226,407
Income tax expenses	30	**(31,618)**	(36,046)
Profit for the year		**188,891**	190,361
Less: profit attributable to non-controlling interests		**(2,191)**	(8,633)
Profit attributable to owners	31	**186,700**	181,728
Basic earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	33	**5.16**	4.97
Diluted earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	33	**5.15**	4.97

The notes on pages 69 to 147 form an integral part of these consolidated financial statements. Details of recommended final dividends of 0.90 US Cents per share (FY2010/11: 0.77 US Cents) equivalent to US$32.3 million (FY2010/11: US$28.3 million) are set out in Note 32 to the accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2012

	Note	2012 US$'000	2011 US$'000
Profit for the year		**188,891**	190,361
Other comprehensive (expenses)/income:			
Available-for-sale financial assets			
– fair value (losses)/gains, net	11	**(348)**	209
– release of reserves upon disposal	23	**11**	(101)
Hedging instruments			
– fair value gains, net	23	**4,393**	13,636
– deferred income tax effect on net fair value changes	21	**372**	(686)
– transferred to income statement	23	**(9,459)**	(6,346)
Defined benefit plans			
– actuarial losses, net	20	**(10,786)**	(5,361)
– deferred income tax effect on actuarial losses	21	**417**	2,411
Actuarial (losses)/gains of long service payment		**(1,595)**	317
Gains on revaluation of property, plant and equipment transferred to investment property		**–**	758
Currency translation of foreign subsidiaries and associate		**5,352**	102,704
Other comprehensive (expenses)/income for the year, net of tax		**(11,643)**	107,541
Total comprehensive income for the year, net of tax		**177,248**	297,902
Total comprehensive income attributable to:			
Owners		**173,654**	287,333
Non-controlling interests			
Share of profits for the year		**2,191**	8,633
Currency translation		**1,403**	1,936
		177,248	297,902

The notes on pages 69 to 147 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2012

	Attributable to owners of the Company					
	Share capital and share premium US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31st March 2011	69,970	66,508	1,225,724	1,362,202	60,090	1,422,292
Profit for the year	–	–	186,700	186,700	2,191	188,891
Other comprehensive income:						
Available-for-sale financial assets						
– fair value losses, net	–	(348)	–	(348)	–	(348)
– release of reserves upon disposal	–	11	–	11	–	11
Hedging instruments						
– fair value gains, net	–	4,393	–	4,393	–	4,393
– deferred income tax effect on net fair value changes	–	372	–	372	–	372
– transferred to income statement	–	(9,459)	–	(9,459)	–	(9,459)
Defined benefit plans						
– actuarial losses, net	–	–	(10,786)	(10,786)	–	(10,786)
– deferred income tax effect on actuarial losses	–	–	417	417	–	417
Actuarial losses of long service payment	–	–	(1,595)	(1,595)	–	(1,595)
Revaluation surplus on property						
– realised upon disposal	–	(5,339)	5,339	–	–	–
Currency translation of foreign subsidiaries and associate	–	3,949	–	3,949	1,403	5,352
Total comprehensive income/ (expenses) for the year ended 31st March 2012	–	(6,421)	180,075	173,654	3,594	177,248
Transactions with owners:						
Appropriation of retained earnings to statutory reserve	–	35,382	(35,382)	–	–	–
Cancellation of issued capital	(31,884)	–	–	(31,884)	–	(31,884)
Long-Term Incentive Share Scheme						
– shares vested	959	(959)	–	–	–	–
– value of employee services	–	2,112	–	2,112	–	2,112
– purchase of shares	(2,623)	–	–	(2,623)	–	(2,623)
Release on the divestiture of a controlling stake in a noncore subsidiary	–	–	–	–	(37,762)	(37,762)
FY2010/11 final dividend paid	–	–	(28,095)	(28,095)	–	(28,095)
FY2011/12 interim dividend paid	–	–	(13,807)	(13,807)	–	(13,807)
Total transactions with owners	(33,548)	36,535	(77,284)	(74,297)	(37,762)	(112,059)
As of 31st March 2012	**36,422**	96,622	1,328,515	**1,461,559**	**25,922**	**1,487,481**

** Note: Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, appropriation of retained earnings to statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.*

The notes on pages 69 to 147 form an integral part of these consolidated financial statements.

For the year ended 31st March 2011

	Attributable to owners of the Company					
	Share capital and share premium US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31st March 2010	79,493	(42,476)	1,084,651	1,121,668	51,468	1,173,136
Profit for the year	–	–	181,728	181,728	8,633	190,361
Other comprehensive income:						
Available-for-sale financial assets						
– fair value gains, net	–	209	–	209	–	209
– release of reserves upon disposal	–	(101)	–	(101)	–	(101)
Hedging instruments						
– fair value gains, net	–	13,636	–	13,636	–	13,636
– deferred income tax effect on net fair value changes	–	(686)	–	(686)	–	(686)
– transferred to income statement	–	(6,346)	–	(6,346)	–	(6,346)
Defined benefit plans						
– actuarial losses, net	–	–	(5,361)	(5,361)	–	(5,361)
– deferred income tax effect on actuarial losses	–	–	2,411	2,411	–	2,411
Actuarial gains of long service payment	–	–	317	317	–	317
Gains on revaluation of property, plant and equipment transferred to investment property	–	758	–	758	–	758
Currency translation of foreign subsidiaries and associate	–	100,768	–	100,768	1,936	102,704
Total comprehensive income for the year ended 31st March 2011	–	108,238	179,095	287,333	10,569	297,902
Transactions with owners:						
Appropriation of retained earnings to statutory reserve	–	160	(160)	–	–	–
Long-Term Incentive Share Scheme						
– shares vested	1,138	(1,138)	–	–	–	–
– value of employee services	–	1,724	–	1,724	–	1,724
– purchase of shares	(10,661)	–	–	(10,661)	–	(10,661)
Acquisitions of non-controlling interests	–	–	–	–	450	450
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	(2,397)	(2,397)
FY2009/10 final dividend paid	–	–	(23,659)	(23,659)	–	(23,659)
FY2010/11 interim dividend paid	–	–	(14,203)	(14,203)	–	(14,203)
Total transactions with owners	(9,523)	746	(38,022)	(46,799)	(1,947)	(48,746)
As of 31st March 2011	69,970	66,508	1,225,724	1,362,202	60,090	1,422,292

* *Note: Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, appropriation of retained earnings to statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.*

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2012

	Note	2012 US$'000	2011 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	35	314,318	322,465
Other non-cash items and adjustments	35	(5,244)	(5,417)
Change in working capital	35	(42,424)	(38,981)
Cash generated from operations	35	266,650	278,067
Interest paid		(5,934)	(9,440)
Income taxes paid		(27,567)	(27,577)
Net cash generated from operating activities		**233,149**	241,050
Investing activities			
Purchase of land use rights and property, plant and equipment		(91,252)	(85,560)
Proceeds from disposal of investment property, land use rights and property, plant and equipment	35	18,356	10,582
Interest received		5,794	3,566
		(67,102)	(71,412)
Acquisition of non-controlling interests		–	(350)
Purchase of intangible assets		–	(3,000)
Proceeds from sale of available-for-sale financial assets and other financial assets at fair value through profit and loss		5,029	712
Proceeds from divestiture of a controlling stake in a noncore subsidiary, net of cash divested *		28,962	–
Decrease in time deposits		1,925	2,002
Net cash used in investing activities		**(31,186)**	(72,048)

* *Note: In FY2011/12, the Group received a net cash consideration of US$28.9 million (receipt of US$32.2 million, net of US$3.3 million cash on hand) from the divestiture of a controlling stake in a noncore subsidiary.*

	Note	**2012 US$'000**	2011 US$'000
Financing activities			
Purchase of shares for cancellation of issued capital	22	(31,884)	–
Purchase of shares held for Long-Term Incentive Share Scheme	22	(2,623)	(10,661)
Proceeds from borrowings		62,585	161,475
Repayments of borrowings		(159,438)	(260,502)
Dividends paid to owners		(41,902)	(37,862)
Dividends paid to non-controlling interests		–	(2,170)
Currency swap unwound		–	(35,113)
Net cash used in financing activities		**(173,262)**	(184,833)
Net increase/(decrease) in cash and cash equivalents		**28,701**	(15,831)
Cash and cash equivalents at beginning of the year		**352,790**	363,133
Currency translation on cash and cash equivalents		**3,626**	5,488
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**385,117**	352,790
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and deposits		385,117	354,715
Less: time deposit with maturities over three months		–	(1,925)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**385,117**	352,790

The notes on pages 69 to 147 form an integral part of these consolidated financial statements.

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION

The principal operations of Johnson Electric Holdings Limited ("the Company") and its subsidiaries (together "the Group") are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipt.

These consolidated financial statements are presented in US Dollar, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17th May 2012.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of Johnson Electric Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss, and investment property.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

In FY2011/12, the Group adopted new/revised standards and interpretations of HKFRS effective for the first time in FY2011/12. The effect of adopting the new HKFRSs is disclosed in Note 38.

2.1 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March 2012.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.9). If total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions and balances between Group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 Subsidiaries *(Cont'd)*

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associate are accounted for using the equity method of accounting under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition less dividends received. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long term unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee that makes strategic decisions.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollar, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Such foreign exchange gains and losses are presented in the income statement within "selling and administrative expenses".

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss.

For equities classified as available-for-sale financial assets, the translation differences are included in other comprehensive income. Where there is an impairment charge, the translation differences are recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) When the Group ceases to have control or significant influence, any retained interest in the income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.5 Foreign currency translation *(Cont'd)*

(c) Group companies *(Cont'd)*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences (that were recorded in equity) are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange difference arising are recognised in equity.

2.6 Property, plant and equipment

Property, plant and equipment other than investment property (Note 2.7) and leasehold land classified as finance lease are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not amortised. No depreciation is provided for assets under construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Replacement parts, repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use.

Depreciation of property, plant and equipment and leasehold land classified as finance lease is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Leasehold land	Shorter of lease term or useful life
Buildings on leasehold land	Shorter of lease term or useful life
Buildings on freehold land	10 to 50 years*
Machinery, equipment, moulds and tools	3 to 10 years
Furniture and fixtures and computers	3 to 10 years
Motor vehicles	3 to 7 years
Aircraft	25 years

** Note: 50 years for buildings in Hungary, Germany and Switzerland according to local tax legislation*

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.6 Property, plant and equipment *(Cont'd)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its estimated recoverable amount if this is lower.

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amounts of those assets and are recognised within other income and gains/(losses) in the income statement.

2.7 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external appraisers.

The basis of the valuation of investment property is fair value being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar property in the same location and condition and subject to similar leases.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement as part of a valuation gain or loss in other income.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. If a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Any balance of the decrease is recognised as an expense in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.8 Land use rights

The up-front prepayments made for land use rights are expensed in the income statement on a straight-line basis over the periods of the lease, or when there is impairment, the impairment is expensed in the income statement.

2.9 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose according to operating segment.

(b) Intangible assets (other than goodwill)

Patents, technology and license rights, brands and client relationships that are acquired by the Group are stated in the balance sheet at fair value at the date of acquisition less accumulated amortisation and impairment losses.

Research and development costs are expensed as incurred and are only recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Research and development costs that do not meet the above criteria are expensed as incurred.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life. The estimated useful life for amortisation purposes is:

Technology and license rights	15 to 20 years
Patents	4 to 10 years
Brands	25 years
Client relationships	5 to 15 years

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.10 Impairment of investments in subsidiaries, associate and non-financial assets

Assets that have an indefinite useful life, for example goodwill are not subject to amortisation, and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associate is required if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.11 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Other financial assets at fair value through profit and loss

Other financial assets at fair value through profit and loss are held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling. Assets in this category are classified as current and non-current assets based on maturity date.

(b) Loans and receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market and they are included in current assets. Receivables are included in trade and other receivables in the balance sheet (Note 2.14).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either classified in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.11 Financial assets *(Cont'd)*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are not recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. If the fair value of the available-for-sale financial assets cannot be measured reliably, the carrying amount is a reasonable approximation of fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the income statement within other income and gains/(losses), in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group adopted the fair value determined by the financial institutions.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.11 Financial assets *(Cont'd)*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses previously recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.12 Other financial assets and liabilities

Other financial assets and liabilities are related to financial instruments and hedging activities.

Financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the financial instrument is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain financial instruments as either:

(a) hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or

(b) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various financial instruments used for hedging purposes are disclosed in Note 13. Movements on the hedging reserve in shareholders' equity are shown in Note 23. The full fair value of a hedging financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months. Trading financial instruments are classified as a current asset or liability.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.12 Other financial assets and liabilities *(Cont'd)*

(a) Cash flow hedge

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income and gains/(losses).

Amounts accumulated in equity are reclassified in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective raw material commodity price hedging is recognised in the income statement within cost of goods sold. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging sales transactions denominated in Euro are recognised in the income statement within selling and administrative expenses, and hedging manufacturing conversion costs transactions denominated in RMB, CHF, HUF, PLN, ILS are recognised in the income statement within cost of goods sold.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other income and gains/(losses).

(b) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss of the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income and gains/(losses).

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(c) Financial instruments that do not qualify for hedge accounting

Certain financial instruments do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these financial instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other income and gains/(losses).

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a First-in-first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. The value calculated approximates the weighted-average actual cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts dues according to the original terms of receivables. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the charge is recognised in the income statement within selling and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and administrative expenses in the income statement.

2.15 Non-current asset held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probably. Investment property classified as held for sale is stated at fair value.

2.16 Cash and deposits

Cash and deposits comprise cash on hand and demand deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and within three months of maturity at acquisition.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are vested, cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of reporting period.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in comprehensive income or directly in equity. In this case, the tax is also recognised in comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes accruals where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss at the time of such a transaction.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.20 Current and deferred income tax *(Cont'd)*

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except for departure income tax liability where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee compensation

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

(i) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and/or the employees pay fixed contributions into a separate entity fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee compensation when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.21 Employee compensation *(Cont'd)*

(a) Pension obligations *(Cont'd)*

(ii) Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the shares/options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares/options granted.

Under the long term incentive scheme, shares granted to eligible employees for their services are charged as an expense based on the share price at the grant date.

Under the share option scheme, the fair value of the options granted to the employees for their services rendered is recognised as an expense.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.21 Employee compensation *(Cont'd)*

(b) Share-based compensation *(Cont'd)*

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares/options that are expected to vest. It recognised the impact of the revision to original estimates, if any, are recognised in the income statement, with a corresponding adjustment to equity.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A charge is made for the estimated liability for untaken annual leave due to employees as a result of services rendered by them up to the balance sheet date.

(d) Profit sharing and bonus plan

Charges for profit sharing and bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.22 Judgmental accruals, valuation allowances and provision obligations

Judgmental accruals, valuation allowances and provision obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.23 Revenue recognition

Revenue is shown net of valued-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) Sales of goods

Revenue from the sales 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 the customer and title has passed.

(b) Interest income

Interest income is recognised when it is earned on a time-proportion basis using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.23 Revenue recognition *(Cont'd)*

(c) Rental income

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

2.24 Leases

HKAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Finance leases as the lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short term and other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(b) Operating leases as the lessee

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases, net of any incentives from the leasing company, are recognised in the income statement on a straight-line basis over the lease term.

2.25 Dividend distribution

Dividend distribution to the Company's owners is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved. Approval of the proposed final dividend for the year ended 31st March 2012 will be given by the Company's owners at the Annual General Meeting to be held on 11th July 2012.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.26 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a liability on the balance sheet.

2.27 Financial guarantee contracts

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated income statement immediately.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are made based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Assessment of goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

3. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Cont'd)*

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues when management assesses that it is probable such issues will impact the current and deferred income tax assets and liabilities.

(c) Warranty and claims

The Group generally offers warranties for its motors and other products. Consequently, management uses historical warranty claims experience as well as recent trends to determine the need for warranty liability. On specific claims brought against the Group by customers, a provision is made based on the consideration of the merits of a warranty claim against the Group, the existence of any obligation under the warranty commitment and legal advice if appropriate.

(d) Useful lives and impairment of property, plant and equipment and other intangible assets

The Group's management determine the estimated useful lives, residual values and related depreciation and amortisation charges for property, plant and equipment and other intangible assets by reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charges where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore depreciation and amortisation expense in the future periods.

The Group reviews tangibles and intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recovered. Assessing the impairment loss requires a determination of fair value which is based on the best estimates and information available.

(e) Fair value of other financial assets/liabilities

The fair value of other financial assets/liabilities is determined using various valuation techniques such as discounted cash flow analysis. Copper price and foreign currency exchange price are the key inputs in the valuation.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (as defined in HKFRS). The chief operating decision maker has been identified as the Group's Executive Committee.

The Group had two operating segments – Manufacturing and Trading in prior years. The trading operating segment, which was principally engaged in trading of goods and materials not manufactured by the Group, was wound down in the financial year ended 31st March 2011. Therefore the Group had one single operating segment in the year ended 31st March 2012.

The Group's management assesses the performance of the operating segments based on the measure of operating profit. The measure excludes items which are not directly related to the segment performance including non-operating income/(expenses) such as interest income and expense, rental income, fair value gains/(losses) on investment property and gains/(losses) on disposals of fixed assets and investments.

The reconciliation of the operating profit presented to management to the consolidated income statement is as follows:

	2012 US$'000	2011 US$'000
Operating profit presented to management	202,975	223,823
Rental income	4,232	4,265
(Losses)/gains on investments, net	(207)	832
Gains on disposal of fixed assets	1,586	2,959
Fair value gains on investment property	12,269	7,988
Fair value gains/(losses) on other financial assets/liabilities	429	(1,227)
Miscellaneous expenses	(179)	(2,967)
Operating profit per consolidated income statement	221,105	235,673

4. SEGMENT INFORMATION *(Cont'd)*

Revenue from external customers is analysed by business units as follows:

	2012 US$'000	2011 US$'000
Automotive Products Group ("APG")	1,272,844	1,149,624
Industry Products Group ("IPG")	753,745	796,153
Other businesses	93,077	79,873
Divested business	21,137	78,379
	2,140,803	2,104,029

The Powertrain Cooling business (included in APG) is primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers. Revenues for this business unit, comprised 19% of the total revenues of the Group during FY2011/12 (FY2010/11: 17%).

Revenue by geography

Revenue from external customers by country for the year ended 31st March 2012 is as follows:

	2012 US$'000	2011 US$'000
Hong Kong / People's Republic of China ("HK/PRC")	581,665	636,044
United States of America ("USA")	422,734	392,638
Germany	356,046	343,811
France	129,450	122,987
Italy	90,470	90,001
Others	560,438	518,548
	2,140,803	2,104,029

No single external customer contributed more than 10% of the total Group revenue.

Segment assets

For FY2011/12, the additions to non-current assets (other than deferred tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss and other financial assets) were US$89.4 million (FY2010/11: US$93.6 million).

As of 31st March 2012, excluding goodwill held centrally, the total of non-current assets (other than deferred tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss and other financial assets) located in HK/PRC was US$320.0 million (31st March 2011: US$342.6 million) and the total of these non-current assets located in other countries was US$362.2 million (31st March 2011: US$387.1 million).

5. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets* US$'000	Total US$'000
As of 31st March 2010						
Cost	215,747	596,511	13,986	251,005	146,831	1,224,080
Accumulated depreciation and impairment	(80,349)	(462,949)	–	(191,369)	(106,199)	(840,866)
Net book amount	135,398	133,562	13,986	59,636	40,632	383,214
Year ended 31st March 2011						
Opening net book amount	135,398	133,562	13,986	59,636	40,632	383,214
Currency translations	6,096	3,514	295	656	557	11,118
Additions	1,330	21,866	40,711	9,982	11,713	85,602
Transfer	942	10,439	(23,754)	9,878	2,495	–
Transfer to investment property (Note 6)	(1,007)	–	–	–	–	(1,007)
Disposals	(1,342)	(1,208)	(376)	(258)	(408)	(3,592)
Provision for impairment (Note 27)	(1,802)	(692)	–	(1,792)	(51)	(4,337)
Depreciation (Note 27)	(9,906)	(30,094)	–	(18,125)	(8,888)	(67,013)
Closing net book amount	129,709	137,387	30,862	59,977	46,050	403,985
As of 31st March 2011						
Cost	238,111	612,422	30,862	263,211	155,954	1,300,560
Accumulated depreciation and impairment	(108,402)	(475,035)	–	(203,234)	(109,904)	(896,575)
Net book amount	129,709	137,387	30,862	59,977	46,050	403,985

5. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Group

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets* US$'000	Total US$'000
Year ended 31st March 2012						
Opening net book amount	129,709	137,387	30,862	59,977	46,050	403,985
Currency translations	(76)	905	282	58	17	1,186
Divestiture of a controlling stake in a noncore subsidiary	(13,630)	(27,113)	(5,225)	(1,027)	(346)	(47,341)
Additions	9,226	32,156	27,684	17,017	5,553	91,636
Transfer	5,730	10,072	(21,851)	5,250	799	–
Transfer from investment property (Note 6)	402	–	–	–	–	402
Transfer to investment property (Note 6)	–	–	–	–	(131)	(131)
Disposals	(2,042)	(1,528)	(233)	(316)	(306)	(4,425)
Provision for impairment (Note 27)	(842)	(1,140)	–	(254)	(53)	(2,289)
Depreciation (Note 27)	(10,155)	(30,951)	–	(19,508)	(7,741)	(68,355)
Closing net book amount	118,322	119,788	31,519	61,197	43,842	**374,668**
As of 31st March 2012						
Cost	236,822	584,564	31,519	274,269	145,035	1,272,209
Accumulated depreciation and impairment	(118,500)	(464,776)	–	(213,072)	(101,193)	(897,541)
Net book amount	118,322	119,788	31,519	61,197	43,842	**374,668**

** Note: Other assets comprise computers, furniture and fixtures, motor vehicles and aircraft.*

Freehold land is located in Thailand, Europe and North America.

The Group's interests in leasehold land were analysed as follows:

	2012 US$'000	2011 US$'000
In Hong Kong:		
On lease between 10 to 50 years	10,815	12,558
	10,815	12,558

6. INVESTMENT PROPERTY

Group

	2012 US$'000	2011 US$'000
As of 31st March	44,142	45,392
Currency translations	(57)	110
Fair value gains (Note 24)	12,269	7,988
Transfer from property, plant and equipment		
– Net book value (Note 5)	131	1,007
– Revaluation surplus (Note 23)	–	758
Transfer to property, plant and equipment (Note 5)	(402)	–
Disposals	(2,378)	(1,146)
Transfer to non-current asset held for sale (Note 16)	–	(9,967)
At end of the year	**53,705**	44,142

The Group's investment property was valued on an open market basis as of 31st March 2012. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Registered Professional Surveyor.

As of 31st March 2012, the Group's investment property has tenancies expiring in the period from April 2012 to December 2014.

The Group's interests in investment property were analysed as follows:

	2012 US$'000	2011 US$'000
In Hong Kong:		
On lease between 10 to 50 years	52,790	40,793
Outside Hong Kong:		
On lease between 10 to 50 years	915	3,349
	53,705	44,142

7. LAND USE RIGHTS

Group

	2012 US$'000	2011 US$'000
As of 31st March	9,346	12,036
Currency translations	246	446
Additions	–	317
Divestiture of a controlling stake in a noncore subsidiary	(4,525)	–
Amortisation of prepaid operating lease payments (Note 27)	(390)	(568)
Disposals	–	(2,885)
At end of the year	**4,677**	9,346

The Group's interests in land use rights represent prepaid operating lease payments and their net book value was analysed as follows:

	2012 US$'000	2011 US$'000
In PRC:		
On lease between 10 to 50 years	4,677	9,346
	4,677	9,346

8. INTANGIBLE ASSETS

Group

	Goodwill US$'000	Technology, license rights, patents and development costs US$'000	Brands US$'000	Client relationships US$'000	Total intangible assets US$'000
As of 31st March 2010					
Cost	454,155	166,022	64,002	108,797	792,976
Accumulated amortisation and impairment	–	(55,623)	(11,005)	(26,477)	(93,105)
Net book amount	454,155	110,399	52,997	82,320	699,871
Year ended 31st March 2011					
Opening net book amount	454,155	110,399	52,997	82,320	699,871
Currency translations	58,393	13,812	7,467	11,562	91,234
Additions	–	3,150	–	–	3,150
Amortisation (Note 27)	–	(10,912)	(2,601)	(6,054)	(19,567)
Closing net book amount	512,548	116,449	57,863	87,828	774,688
As of 31st March 2011					
Cost	512,548	190,592	73,400	124,019	900,559
Accumulated amortisation and impairment	–	(74,143)	(15,537)	(36,191)	(125,871)
Net book amount	512,548	116,449	57,863	87,828	774,688
Year ended 31st March 2012					
Opening net book amount	512,548	116,449	57,863	87,828	774,688
Currency translations	6,647	1,871	944	1,694	11,156
Divestiture of a controlling stake in a noncore subsidiary	(2,581)	(175)	–	(750)	(3,506)
Amortisation (Note 27)	–	(12,092)	(3,004)	(9,459) *	(24,555)
Closing net book amount	516,614	106,053	55,803	79,313	**757,783**
As of 31st March 2012					
Cost	516,614	192,101	74,490	124,656	907,861
Accumulated amortisation and impairment	–	(86,048)	(18,687)	(45,343)	(150,078)
Net book amount	516,614	106,053	55,803	79,313	**757,783**

** Note: The Group made a prospective change to the estimated remaining useful life of client relationships (purchased intangible assets resulting from the Saia-Burgess and Parlex acquisitions). The estimated remaining useful life was reduced from a range of 15 to 20 years to 10 years. The impact of this change was an increase in amortisation expense (non-cash charge) of US$2.4 million for FY2011/12.*

The amortisation charge was included in the "Selling and administrative expenses" in the income statement.

8. INTANGIBLE ASSETS *(Cont'd)*

Impairment tests for goodwill

Goodwill is allocated to the manufacturing segment which is also a cash-generating unit ("CGU"). In accordance with HKAS 36 "Impairment of Assets", an impairment test for goodwill is carried out by comparing the recoverable amount of an asset belonging to a CGU to the carrying amount of that asset as of the balance sheet date. The recoverable amount is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the FY2012/13 financial budget.

Forecast profitability is based on past performance and expected future changes in costs and sales prices. Cash flow projections are based on long-range financial forecasts using the estimated sales growth rate of 6% till 2017 and a 2% perpetual growth rate thereafter (FY2010/11: 3% to 10%). Future cash flow are discounted at a pre-tax rate of 11.6% (equivalent to weighted average cost of 10%) (FY2010/11: 10%).

There was no evidence of impairment arising from tests of reasonable variations of the assumptions used for the manufacturing CGU.

9. SUBSIDIARIES

Company	*2012* *US$'000*	*2011* *US$'000*
Unlisted investments, at cost	*1,001,956*	*1,001,956*
Amounts due from subsidiaries		
– non-current portion (a)	*14,488*	*17,722*
	1,016,444	*1,019,678*
Amounts due from subsidiaries		
– current portion (b)	***340,272***	*370,505*
Amounts due to subsidiaries		
– current portion (b)	***(211,131)***	*(390,520)*
	129,141	*(20,015)*
	1,145,585	*999,663*

(a) The amount is unsecured, interest-free and is not repayable in the foreseeable future (FY2010/11: US$3.2 million was unsecured, interest bearing at 3% per annum and the remaining was unsecured, interest-free and is not repayable in the foreseeable future).

(b) US$0.5 million is unsecured, interest bearing at 3% per annum and is not repayable in the foreseeable future. The remaining amounts are unsecured, interest-free and repayable on demand (FY2010/11: the amounts were unsecured, interest-free and repayable on demand).

Details of principal subsidiaries are shown in Note 39.

10. INVESTMENT IN ASSOCIATE

Group	2012 US$'000	2011 US$'000
At beginning of the year	1,926	1,527
Currency translations	87	264
Share of associate's results		
– profits for the year	468	138
Dividend received	(297)	–
Disposal of an associate	–	(3)
At end of the year	**2,184**	1,926

Details of associate are shown in Note 39.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		***Company***	
	2012 US$'000	2011 US$'000	*2012 US$'000*	*2011 US$'000*
At beginning of the year	1,956	2,386	*1,956*	*2,042*
Currency translations	–	19	–	–
Additions	5,000	–	–	–
Disposal	(56)	(295)	*(56)*	*(295)*
Provision for impairment	(245)	(363)	–	–
Fair value (losses)/gains transferred to equity (Note 23)	(348)	209	*(348)*	*209*
At end of the year	**6,307**	1,956	***1,552***	*1,956*

Impairment charges of US$0.2 million on available-for-sale financial assets were booked in the income statement in FY2011/12 (FY2010/11: US$0.4 million).

Available-for-sale financial assets included the following:

	Group		***Company***	
	2012 US$'000	2011 US$'000	*2012 US$'000*	*2011 US$'000*
Unlisted securities				
– Unlisted equity investments	**6,307**	1,956	***1,552***	*1,956*

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Cont'd)*

The carrying amounts of the Group's available-for-sale financial assets were denominated in the following currencies:

	Group		*Company*	
	2012	2011	*2012*	*2011*
	US$'000	US$'000	*US$'000*	*US$'000*
US Dollar	1,552	1,956	*1,552*	*1,956*
RMB	4,755	–	*–*	*–*
Total	**6,307**	1,956	***1,552***	*1,956*

Of these available-for-sale financial assets, an asset of US$4.8 million was realised with cash proceeds subsequent to the balance sheet date.

12. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Group	2012 US$'000	2011 US$'000
Unlisted debt securities	4,452	9,647

The carrying amounts of the above financial assets are classified as follows:

Designated as fair value through profit and loss on initial recognition	4,452	9,647
Current portion	**3,359**	5,148
Non-current portion	**1,093**	4,499
	4,452	9,647

The fair values of unlisted debt securities are based on the fair value using discounted cash flow.

The maximum exposure to credit risk at the reporting date is the fair value of these securities.

13. OTHER FINANCIAL ASSETS AND LIABILITIES

Group	Assets		Liabilities	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Commodity contracts (Note a)				
– copper hedging contracts (cash flow hedge)	9,494	8,059	2,767	–
– silver hedging contracts (cash flow hedge)	579	–	73	–
Forward foreign currency exchange contracts (Note b)				
– cash flow hedge	10,449	1,263	7,718	368
– held for trading	–	212	33	–
Others – held for trading (Note c)	58	–	–	25
Total (Note d)	20,580	9,534	10,591	393
Current portion	**12,139**	9,534	**8,535**	393
Non-current portion	**8,441**	–	**2,056**	–
Total	20,580	9,534	10,591	393

The Company did not have any other financial assets and liabilities as of 31st March 2012 (31st March 2011: US$0.1 million current financial liabilities).

Note:

(a) Copper and silver hedging contracts

Gains and losses on copper and silver hedging contracts, including gains and losses recognised in the hedging reserve as of 31st March 2012, are recognised in the income statement in the period or periods in which the underlying hedged copper and silver volumes are consumed. As of 31st March 2012, there were outstanding copper hedging contracts of US$127.5 million (31st March 2011: US$65.0 million) with maturities ranging from 1 month to 36 months and silver hedging contracts of US$10.0 million (31st March 2011: nil) with maturities ranging from 1 month to 19 months.

(b) Forward foreign currency exchange contracts

Gains and losses on RMB, Euro, CHF, HUF, PLN, ILS and MXN forward foreign currency exchange contracts designated as hedges, including gains and losses recognised in the hedging reserve as of 31st March 2012, are recognised in the income statement in the period or periods in which the underlying hedged transactions occur. For currency contracts designated as held for trading, fair value gains and losses on the forward contracts are immediately recognised in the income statement. The net fair value gains recognised in the income statement were not material.

13. OTHER FINANCIAL ASSETS AND LIABILITIES *(Cont'd)*

(b) Forward foreign currency exchange contracts *(Cont'd)*

As of 31st March 2012, the Group has the following outstanding forward foreign currency exchange contracts:

	Notional amount (million)	Maturities ranging (months)
Cash flow hedge		
Chinese Renminbi forward purchase contracts	RMB3,440.0	1 – 36
Euro forward sales contracts	EUR159.0	1 – 24
Swiss Franc forward purchase contracts	CHF61.8	1 – 18
Hungarian Forint forward purchase contracts	HUF13,040.0	1 – 60
Polish Zloty forward purchase contracts	PLN44.7	1 – 24
Israeli New Shekel forward purchase contracts	ILS29.2	1 – 17
Mexican Peso forward purchase contracts	MXN55.5	3 – 14
Held for trading		
Indian Rupee forward purchase contracts	INR83.6	2 – 19

(c) Others – held for trading

This represents the mark-to-market value for gold hedging contracts, including gains and losses recognised in the income statement as of 31st March 2012 (as of 31st March 2011: the mark-to-market value for a credit default swap matured on 20th March 2012 on a notional amount of US$25.0 million of sovereign debt of China bought by the Group).

(d) The maximum exposure of other financial assets to credit risk at the reporting date is the fair value in the balance sheet.

14. INVENTORIES

Group	2012 US$'000	2011 US$'000
Raw materials	101,099	125,382
Work in progress	5,906	8,213
Finished goods	133,098	119,168
	240,103	252,763

15. TRADE AND OTHER RECEIVABLES

Group	2012 US$'000	2011 US$'000
Trade receivables – gross	321,731	362,856
Less: impairment of trade receivables	(1,910)	(4,090)
Trade receivables – net	319,821	358,766
Prepayments and other receivables	64,567	62,969
	384,388	421,735

The Company had trade and other receivables of US$0.2 million as of 31st March 2012 (31st March 2011: nil).

All trade and other receivables are repayable within one year. Accordingly, the fair value of the Group's trade and other receivables were approximately equal to the carrying value.

Aging of gross trade receivables

The Group normally grants credit terms ranging 30 to 90 days to its trade customers. The aging of gross trade receivables based on overdue date was as follows:

Group	2012 US$'000	2011 US$'000
Current	299,562	328,334
1–60 days	18,242	26,122
61–90 days	597	2,039
Over 90 days	3,330	6,361
Total	321,731	362,856

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

15. TRADE AND OTHER RECEIVABLES *(Cont'd)*

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

Group	2012 US$'000	2011 US$'000
US Dollar	144,360	149,993
Euro	122,982	122,988
RMB	42,809	75,354
Others	11,580	14,521
Total	321,731	362,856

Aging of overdue trade receivables but not impaired

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As of 31st March 2012, trade receivables of US$20.3 million (31st March 2011: US$30.4 million) were overdue but not impaired. Management assessed the credit quality of this US$20.3 million by reference to the repayment history and current financial position of the customers. These receivables are related to a number of independent customers for whom there is no recent history of default and no significant change in credit quality. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The aging of these overdue trade receivables but not impaired is as follows:

Group	2012 US$'000	2011 US$'000
1-60 days	18,196	25,956
61-90 days	577	2,003
Over 90 days	1,486	2,476
Total	20,259	30,435

15. TRADE AND OTHER RECEIVABLES *(Cont'd)*

Impairment of trade receivables

Movements on the impairment of trade receivables were as follows:

Group	2012 US$'000	2011 US$'000
At beginning of the year	4,090	5,596
Currency translations	(57)	237
Divestiture of a controlling stake in a noncore subsidiary	(31)	–
Receivables written off during the year as uncollectible	(1,873)	(1,061)
Impairment of trade receivables	26	1,351
Unused amounts reversed	(245)	(2,033)
At end of the year	1,910	4,090

The creation and release of impairment of trade receivables have been included in "Net write back for impairment of trade receivables" in the income statement (Note 27).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

16. NON-CURRENT ASSET HELD FOR SALE

Group	2012 US$'000	2011 US$'000
Asset held for sale	–	9,967

In the prior year, the Group entered into an agreement with a third party to sell an investment property in Hong Kong with completion date by August 2011.

17. CASH AND DEPOSITS

	Group		*Company*	
	2012	2011	*2012*	*2011*
	US$'000	US$'000	*US$'000*	*US$'000*
Cash at bank and in hand	141,250	148,059	*807*	*39*
Short term bank deposits	243,867	204,731	–	–
Cash and cash equivalents	385,117	352,790	*807*	*39*
Other short term bank deposits	–	1,925	–	–
Total	**385,117**	354,715	***807***	*39*

The effective interest rate on bank balances and deposits was 1.9% (FY2010/11: 1.3%). These deposits have an average maturity of 60 days (FY2010/11: 38 days).

The carrying amounts of the Group's cash and deposits are denominated in the following currencies:

Group	2012	2011
	US$'000	US$'000
RMB	306,751	266,939
US Dollar	43,559	29,339
Euro	22,992	34,109
Japanese Yen	3,341	13,918
HK Dollar	2,328	2,891
Others	6,146	7,519
Total	**385,117**	354,715

18. TRADE AND OTHER PAYABLES

Group	2012 US$'000	2011 US$'000
Trade payables	195,299	244,824
Accrued expenses and sundry payables	168,825	169,698
	364,124	414,522

Company	*2012* *US$'000*	*2011* *US$'000*
Accrued expenses and sundry payables	*65*	*269*
	65	*269*

The fair value of the Group's trade and other payables was approximately equal to the carrying value. The aging analysis of trade payables based on invoice date was as follows:

Group	2012 US$'000	2011 US$'000
0-60 days	150,194	177,446
61-90 days	26,118	44,522
Over 90 days	18,987	22,856
Total	195,299	244,824

The carrying amounts of the Group's trade payables are denominated in the following currencies:

Group	2012 US$'000	2011 US$'000
US Dollar	76,514	97,683
Euro	35,440	51,575
RMB	35,437	45,137
HK Dollar	35,898	40,300
Others	12,010	10,129
Total	195,299	244,824

19. BORROWINGS

	Group		Company	
	2012 US$'000	2011 US$'000	*2012 US$'000*	*2011 US$'000*
Three-year term loan (due on 26th February 2013) (Note a)	50,000	150,000	*50,000*	*150,000*
Unamortised upfront fees	(165)	(1,089)	*(165)*	*(1,089)*
Carrying value	49,835	148,911	*49,835*	*148,911*
Committed revolving three-year credit line (Note b)	–	27,700	–	–
Loans based on trade receivables (Note c)	142,836	118,559	–	–
Other borrowings – Non-current	2,258	2,847	–	–
– Current	10,433	15,689	–	–
Total borrowings	205,362	313,706	*49,835*	*148,911*
Current borrowings	**203,104**	134,248	***49,835***	–
Non-current borrowings	**2,258**	179,458	**–**	*148,911*

Note:

(a) The Company repaid US$100.0 million of the US$150.0 million term loan during the year. The term loan is subject to the usual terms and conditions by a bank group to an industrial credit. As of 31st March 2012, the loan was classified as a current borrowing. On 4th May 2012, the Company gave notice of repayment for the remaining US$50.0 million outstanding term loan on 31st May 2012.

(b) The Group's U.S. subsidiary has a US$35.0 million three year (expires on 14th February 2014) committed revolving line of credit, of which none was outstanding as of 31st March 2012 (31st March 2011: US$27.7 million).

(c) Subsidiary companies have borrowed US$142.8 million in the USA, Europe and Hong Kong as of 31st March 2012 based on trade receivables. The borrowings' covenants are subject to the same terms and conditions as the existing term loan and are guaranteed by the Company. These loans are placed such that the interest expense will match the source of the operating income.

- Unsecured borrowings in the USA of US$55.0 million, with a covenant that trade receivables shall not be pledged to other parties (31st March 2011: US$55.0 million).

- Borrowings in Europe of US$73.4 million (EUR55.0 million) [31st March 2011: US$63.6 million (EUR 45.0 million)], which are secured by trade receivables require an over-collateralisation level of 20% of the amount loaned (US$88.1 million as of 31st March 2012 and US$76.3 million as of 31st March 2011).

- Unsecured borrowings in Hong Kong of US$14.4 million based on trade receivables (31st March 2011: nil).

19. BORROWINGS *(Cont'd)*

The maturity of borrowings is as follows:

	Group				*Company*	
	Bank borrowings		Other loans		*Bank borrowings*	
	2012	2011	2012	2011	*2012*	*2011*
	US$'000	US$'000	US$'000	US$'000	*US$'000*	*US$'000*
Within one year	202,671	133,804	433	444	*49,835*	–
In the second year	–	148,911	446	458	–	*148,911*
In the third to fifth year	–	27,700	1,420	1,459	–	–
After the fifth year	–	–	392	930	–	–
	202,671	310,415	2,691	3,291	*49,835*	*148,911*

At the balance sheet date, the interest rate charged on outstanding balances ranged from 0.7% to 3.2% per annum (31st March 2011: 0.7% to 6.1% per annum) and the weighted average effective interest rate of the borrowings was approximately 1.2% (31st March 2011: 1.6%).

As of 31st March 2012, borrowings of subsidiary companies amounting to US$152.8 million (31st March 2011: US$161.5 million) were guaranteed by the Company.

The carrying amounts of the borrowings (bank loans and other loans) were denominated in the following currencies:

	Group		*Company*	
	2012	2011	*2012*	*2011*
	US$'000	US$'000	*US$'000*	*US$'000*
US Dollar	129,235	231,611	*49,835*	*148,911*
Euro	76,127	66,851	–	–
RMB	–	15,244	–	–
Total borrowings	205,362	313,706	*49,835*	*148,911*

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES

Group	Retirement benefit obligations US$'000	Other pension costs US$'000	Finance lease liabilities US$'000	Restructuring US$'000	Legal and warranty US$'000	Long service payment and sundries US$'000	Total US$'000
As of 31st March 2010	22,468	1,058	7,845	20,110	21,797	1,206	74,484
Currency translations	2,081	3	43	763	571	23	3,484
Provisions	3,435	188	–	411	22,437	1,691	28,162
Utilised	(7,592)	–	(1,043)	(7,496)	(9,123)	(552)	(25,806)
Actuarial losses/(gains) recognised in equity (Note 23)	5,361	–	–	–	–	(317)	5,044
As of 31st March 2011	25,753	1,249	6,845	13,788	35,682	2,051	85,368
Current portion	–	–	690	5,503	10,571	19	16,783
Non-current portion	25,753	1,249	6,155	8,285	25,111	2,032	68,585
As of 31st March 2011	25,753	1,249	6,845	13,788	35,682	2,051	85,368
As of 31st March 2011	25,753	1,249	6,845	13,788	35,682	2,051	85,368
Currency translations	(784)	(8)	(17)	(843)	(209)	(11)	(1,872)
Divestiture of a controlling stake in a noncore subsidiary	–	–	–	–	(356)	–	(356)
Provisions	3,446	3,742	21	11,774 *	8,403	553	27,939
Utilised	(6,615)	(3,408)	(729)	(4,164)	(8,610)	(20)	(23,546)
Actuarial losses recognised in equity (Note 23)	10,786	–	–	–	–	1,595	12,381
As of 31st March 2012	32,586	1,575	6,120	20,555	34,910	4,168	99,914
Current portion	–	348	702	17,867	11,456	–	**30,373**
Non-current portion	32,586	1,227	5,418	2,688	23,454	4,168	**69,541**
As of 31st March 2012	32,586	1,575	6,120	20,555	34,910	4,168	99,914

** Note: Restructuring costs are described in Note 26.*

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

20.1 Retirement benefit plans and obligations

Defined benefit pension plans

The Group's defined benefit plans provide employees coverage related to old age pension, early retirement pension, disability pension, and widow's pension. Defined benefit plans in Europe are valued by independent external actuaries.

The Group's defined benefit plans provide pensions to employees after meeting certain age/service conditions. Pensions are based on specific pension rates applied to the employees' years of service and pensionable earnings.

The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's major plans were valued by qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs.

20.1.1 The amounts recognised as a net liability in the balance sheet were determined as follows:

	2012 US$'000	2011 US$'000
Present value of obligations that are funded	(185,449)	(168,349)
Present value of obligations that are unfunded	(13,007)	(12,644)
Gross present value of obligations (Note (a))	(198,456)	(180,993)
Less : Fair value of plan assets (Note (b))	165,870	155,240
Total retirement benefit obligations (net liability)	(32,586)	(25,753)

The increase in the present value of funded defined obligations was primarily due to a decrease in the discount rate:

	2012	2011
Switzerland	2.3%	2.8%
United Kingdom	4.5%	5.5%
Germany	4.7%	5.6%

(a) Present value of defined benefit obligations

The movement in the present value of defined benefit obligations recognised in the balance sheet was as follows:

	2012 US$'000	2011 US$'000
At beginning of the year	180,993	153,688
Current service cost (Note 20.1.2)	4,045	3,044
Interest cost (Note 20.1.2)	5,951	6,020
Contributions by plan participants	4,376	3,795
Actuarial losses (Note 20.1.3)	9,764	4,993
Currency translations	928	20,511
Benefits paid	(7,601)	(11,058)
At end of the year (Note 20.1.1)	198,456	180,993

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

20.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

20.1.1(b) Fair value of plan assets

The movement in the fair value of plan assets for the year was as follows:

	2012 US$'000	2011 US$'000
At beginning of the year	155,240	131,220
Expected return on plan assets (Note 20.1.2)	6,551	5,629
Actuarial losses (Note 20.1.3)	(1,022)	(368)
Currency translations	1,712	18,430
Employer contributions	5,922	5,465
Employee contributions	4,376	3,795
Benefits paid	(6,909)	(8,931)
At end of the year (Note 20.1.1)	165,870	155,240

The actual gains on plan assets were US$5.5 million (FY2010/11: US$5.3 million).

20.1.2 The amounts recognised in the income statement were as follows:

	2012 US$'000	2011 US$'000
Current service cost (Note 20.1.1(a))	4,045	3,044
Interest cost (Note 20.1.1(a))	5,951	6,020
Expected return on plan assets (Note 20.1.1(b))	(6,551)	(5,629)
Past service cost	25	8
Expensed in income statement for pensions benefits included in staff costs (Note 28)	3,470	3,443

20.1.3 The amounts recognised through equity were as follows:

	2012 US$'000	2011 US$'000
Actuarial losses on obligations (Note 20.1.1(a))	(9,764)	(4,993)
Actuarial losses on plan assets (Note 20.1.1(b))	(1,022)	(368)
Net actuarial losses (Note 23)	(10,786)	(5,361)
Less: deferred taxation on actuarial losses (Note 23)	417	2,411
Total losses, included in equity	(10,369)	(2,950)

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

20.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

Plan assets

The plan asset mix is established through consideration of many factors, including assumptions of tolerance for fluctuations in market values, portfolio diversification and the targeted long term rate of return for the assets. Foreign exchange risk is inherent in the asset mix policy and foreign currency fluctuations may significantly affect the return on the assets held by the trustees of the funds.

Over the past 7 years, the weighted average rate of return for the defined benefits pension plans was 2.7% per annum.

Plan assets comprised the following:

	2012		2011	
	US$'000	Percentage	US$'000	Percentage
Equities	61,572	37%	56,158	36%
Bonds	64,628	39%	66,870	43%
Others (mainly property investment)	39,670	24%	32,212	21%
	165,870	100%	155,240	100%

Experience adjustments were as follows:

	2012 US$'000	2011 US$'000	2010 US$'000	2009 US$'000	2008 US$'000
As of 31st March					
Present value of funded defined obligations	185,449	168,349	135,303	114,112	140,232
Less: Fair value of plan assets	(165,870)	(155,240)	(131,220)	(103,907)	(132,915)
Deficit in funded plan	19,579	13,109	4,083	10,205	7,317
Present value of unfunded defined obligations	13,007	12,644	18,385	22,059	26,170
Total deficit	32,586	25,753	22,468	32,264	33,487
Experience adjustments on plan liabilities	(4)	(686)	2,073	926	(286)
Experience adjustments on plan assets	–	–	(2)	41	99

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

20.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the balance sheet date. Expected returns on equity and property investments reflect long term real rates of return experienced in the respective markets where these assets are based.

The Group did not expect to make contributions to post-employment benefit plans for the year ending 31st March 2013.

The principal actuarial assumptions used were as follows:

	2012 Percentage	2011 Percentage
Discount rate	2% - 5%	3% - 6%
Expected return on plan assets	4% - 5%	4% - 6%
Future salary increases	0% - 3%	0% - 3%
Future pension increases	0% - 3%	0% - 3%

Mortality rates

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory.

The life expectancy in years of a pensioner retiring at age 65 on the balance sheet date were as follows:

	2012	2011
Male	19.5	19.2
Female	22.9	22.2

20.2 Pensions – Defined contribution plans

The largest defined contribution schemes are in Hong Kong and the Group operates two defined contribution schemes which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance ("ORSO") and the 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 made by the employer to the ORSO Scheme are based on 5% of the basic salary of the employees.

20. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

20.2 Pensions – Defined contribution plans *(Cont'd)*

Contributions are charged to the income statement as incurred and may be reduced by contributions forfeited from those employees who leave the ORSO scheme prior to the contributions fully vesting. As of 31st March 2012, the balance of the forfeited contributions was US$1.2 million (31st March 2011: US$0.8 million).

The Group also operates other defined contribution retirement schemes which are available to certain employees in the United States of America, PRC and Europe.

20.3 Finance lease liabilities

Property, plant and equipment included the following amounts held under finance leases:

	2012 US$'000	2011 US$'000
Cost – capitalised finance leases	10,780	11,103
Accumulated depreciation and impairment	(7,401)	(7,174)
Net book amount	3,379	3,929

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease obligation – minimum lease payments:

	2012 US$'000	2011 US$'000
Not later than 1 year	1,377	1,492
Later than 1 year and not later than 5 years	5,592	5,576
Later than 5 years	1,662	3,062
	8,631	10,130
Future finance charges on finance leases	(2,511)	(3,285)
Present value of finance lease liabilities	6,120	6,845

The present value of finance lease liabilities was as follows:

	2012 US$'000	2011 US$'000
Not later than 1 year	702	690
Later than 1 year and not later than 5 years	3,872	3,463
Later than 5 years	1,546	2,692
	6,120	6,845

21. DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting within a tax return, are shown in the consolidated balance sheet:

	2012 US$'000	2011 US$'000
Deferred income tax assets	**37,726**	35,957
Deferred income tax liabilities	**(78,192)**	(78,160)
Deferred income tax liabilities, net	(40,466)	(42,203)

The gross differences between book and tax accounting, before netting in a tax return were as follows:

	2012 US$'000	2011 US$'000
Gross deferred income tax assets	48,415	49,240
Gross deferred income tax liabilities	(88,881)	(91,443)
Deferred income tax liabilities, net	(40,466)	(42,203)

The details of the change in components of book and tax accounting differences are shown in the next section.

21. DEFERRED INCOME TAX *(Cont'd)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accrued liabilities		Accelerated tax depreciation		Tax losses		Fair value gains/(losses)		Others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Deferred income tax assets												
At beginning of the year	**12,441**	8,824	**1,481**	115	**20,304**	22,115	**1,211**	–	**13,803**	13,497	**49,240**	44,551
Currency translations	**(131)**	286	**(43)**	36	**(37)**	36	**56**	(10)	**(74)**	64	**(229)**	412
Divestiture of a controlling stake in a noncore subsidiary	**(89)**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(89)**	–
Credited/(charged) to income statement	**5,951**	3,327	**(184)**	1,330	**(1,230)**	(1,847)	**(1,260)**	(97)	**(1,381)**	(2,094)	**1,896**	619
Impairment of deferred income tax assets	**-**	–	**-**	–	**(626)**	–	**-**	–	**(2,836)**	–	**(3,462)**	–
Taxation credited to equity	**8**	4	**-**	–	**-**	–	**642**	1,318	**409**	2,336	**1,059**	3,658
Assets at end of the year	**18,180**	12,441	**1,254**	1,481	**18,411**	20,304	**649**	1,211	**9,921**	13,803	**48,415**	49,240
Deferred income tax (liabilities)												
At beginning of the year	**(2,383)**	(1,943)	**(15,410)**	(16,128)	**-**	–	**(63,804)**	(58,465)	**(9,846)**	(5,427)	**(91,443)**	(81,963)
Currency translations	**73**	(297)	**(121)**	(790)	**-**	–	**(1,131)**	(8,421)	**(25)**	109	**(1,204)**	(9,399)
Credited/(charged) to income statement	**(4,177)**	(143)	**1,083**	1,508	**-**	–	**5,964**	3,775	**1,166**	(3,288)	**4,036**	1,852
Taxation charged to equity	**-**	–	**-**	–	**-**	–	**(270)**	(693)	**-**	(1,240)	**(270)**	(1,933)
Liabilities at end of the year	**(6,487)**	(2,383)	**(14,448)**	(15,410)	**-**	–	**(59,241)**	(63,804)	**(8,705)**	(9,846)	**(88,881)**	(91,443)
Deferred income tax assets/ (liabilities), net	**11,693**	10,058	**(13,194)**	(13,929)	**18,411**	20,304	**(58,592)**	(62,593)	**1,216**	3,957	**(40,466)**	(42,203)

Deferred income tax liabilities of US$7.7 million (FY2010/11: US$8.5 million) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries on the basis such amounts are permanently reinvested.

21. DEFERRED INCOME TAX *(Cont'd)*

Shown as:

	2012 US$'000	2011 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	36,658	38,483
Deferred income tax assets to be recovered within twelve months	11,757	10,757
Deferred income tax assets	48,415	49,240
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than twelve months	(82,295)	(84,346)
Deferred income tax liabilities to be recovered within twelve months	(6,586)	(7,097)
Deferred income tax liabilities	(88,881)	(91,443)
Deferred income tax liabilities, net	(40,466)	(42,203)

The movement on the deferred income tax account is as follows:

	2012 US$'000	2011 US$'000
At beginning of the year	(42,203)	(37,412)
Currency translations	(1,433)	(8,987)
Divestiture of a controlling stake in a noncore subsidiary	(89)	–
Transfer to income statement (Note 30)	5,932	2,471
Impairment of deferred income tax assets (Note 30)	(3,462)	–
Deferred tax credited to equity	789	1,725
At end of the year	(40,466)	(42,203)

The deferred income tax credited/(charged) to equity (Note 23) during the year was as follows:

	2012 US$'000	2011 US$'000
Fair value reserves in shareholders' equity – hedging reserve	372	(686)
Actuarial losses of defined benefit plans	417	2,411
	789	1,725

21. DEFERRED INCOME TAX *(Cont'd)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The Group did not recognise deferred income tax assets in respect of tax losses amounting to US$115.9 million (FY2010/11: US$125.6 million) that can be carried forward against future taxable income. The aging of unrecognised tax losses by their expiry dates was as follows:

	2012 US$'000	2011 US$'000
Less than 1 year	1,559	1,847
1-2 years	1,352	1,055
3-5 years	410	12,962
5-20 years	57,834	37,860
Unlimited	54,735	71,841
	115,890	125,565

Deferred income tax assets have not been recognised with respect to other deductible temporary differences amounting to US$6.7 million (FY2010/11: US$5.5 million), for which no taxable profit will be available to offset the deductible temporary difference.

The movement table describes component parts of the deferred income tax assets and liabilities which are shown on the Balance Sheet.

Accrued liabilities:
Certain tax authorities do not allow accounting accrued liabilities as deductions against current taxable profit, which gives rise to a different basis for calculating accounting and taxable profit.

Accelerated tax depreciation:
This represents the difference between the rate of depreciation which is charged against accounting profit and the accelerated rate of depreciation which is charged against taxable profit.

Tax losses:
The value of current losses which can be offset against future profits to reduce future taxation charges.

Fair value gains/(losses):
The extent to which a change in value resulting from the reassessment of an asset's economic worth is not treated as current year taxable income.

Others:
These represent all other differences between the bases of valuation of assets and liabilities for accounting and taxation purposes which give rise to a difference in accounting and taxable profit.

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)		
	Ordinary shares	Shares held for the Share Scheme	Total
As of 31st March 2010	3,673,789	(8,861)	3,664,928
Shares purchased by trustee for the Long-Term Incentive Share Scheme ("Share Scheme")	–	(20,000)	(20,000)
Shares vested to employees and Independent Non-Executive Directors ("INED") for the Share Scheme	–	2,690	2,690
As of 31st March 2011	3,673,789	(26,171)	3,647,618
Repurchase and cancellation of issued capital	(60,848)	–	(60,848)
Shares purchased by trustee for the Share Scheme	–	(5,499)	(5,499)
Shares vested to employees and INED for the Share Scheme	–	2,480	2,480
As of 31st March 2012	3,612,941	(29,190)	3,583,751

	Ordinary shares US$'000	Shares held for the Share Scheme US$'000	Share premium US$'000	Total US$'000
As of 31st March 2010	5,925	(4,291)	77,859	79,493
Shares purchased by trustee for the Share Scheme	–	(10,661)	–	(10,661)
Shares vested to employees and INED for the Share Scheme	–	1,498	(360)	1,138
As of 31st March 2011	5,925	(13,454)	77,499	69,970
Repurchase and cancellation of issued capital	(98)	–	(31,786)	(31,884)
Shares purchased by trustee for the Share Scheme	–	(2,623)	–	(2,623)
Shares vested to employees and INED for the Share Scheme	–	1,336	(377)	959
As of 31st March 2012	5,827	(14,741)	45,336	**36,422**

As of 31st March 2012, the total authorised number of ordinary shares was 7,040.0 million (31st March 2011: 7,040.0 million) with a par value of HK$0.0125 per share (31st March 2011: HK$0.0125 per share). All issued shares are fully paid.

22. SHARE CAPITAL AND SHARE PREMIUM *(Cont'd)*

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at the Company's Annual General Meeting held on 20th July 2011 which empowers the Board to repurchase shares up to 10% (367.4 million shares) of the aggregate nominal amount of the issued share capital of the Company. This mandate will lapse at the conclusion of the next Annual General Meeting which is expected to be held in July 2012. As of 31st March 2012, 60.8 million shares had been repurchased and cancelled at a total cost of HK$248.3 million.

Long-Term Incentive Share Scheme

Share awards under the Long-Term Incentive Share Scheme ("Share Scheme") were granted to directors, senior management and other employees as recommended by the Chairman and CEO and approved by the Remuneration Committee of the Company.

The Share Scheme was initially approved by the shareholders on 26th July 1999 and expired on 31st July 2009. Such scheme was replaced by a new Long-Term Incentive Share Scheme approved by the shareholders on 24th August 2009. The Share Scheme was further amended, with its amendments being approved by the shareholders, on 20th July 2011. The directors may grant shares to such eligible employees and directors as the directors may select in their absolute discretion under the Share Scheme.

Senior management of the Company regularly receive annual grants of time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs). Time-vested units vest after three years. Performance-vested units vest after three years, subject to achievement of the performance conditions over the three-year vesting period. The performance conditions consist of a combination of a three-year cumulative earnings per share target set at the time of grant and a series of one-year earnings per share targets set at the beginning of each year of the three-year vesting period. The full vesting of performance-vested units is subject to achievement of the three-year cumulative earnings per share target; partial vesting occurs if one or more of the one-year earnings per share targets are met.

Prior to April 2010, the Company only granted time-vested units, with 20% of the grant vesting each year for the five years following the date of the grant.

The Company makes grants of time-vested units to key staff below the senior management level. These are subject to a three-year vesting period.

Once vested, the directors have the discretion to deliver either shares or the cash equivalent of the vested shares to eligible employees.

The Company makes annual grants of fully-vested shares to the Independent Non-Executive Directors ("INED"). The shares granted must be held by each director for the remainder of the board term in which the grant was made. Each year, the Company grants each of the INED shares equivalent in value to US$6,000.

22. SHARE CAPITAL AND SHARE PREMIUM *(Cont'd)*

Movements in the number of unvested units granted during the year are as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units granted, as of 31st March 2011	8,035	2,150	10,185
Units granted to employees and INED during the year	3,751	4,430	8,181
Shares vested to employees and INED during the year	(2,480)	–	(2,480)
Forfeited during the year	(825)	(670)	(1,495)
Unvested units granted, as of 31st March 2012	8,481	5,910	14,391

The weighted average fair value of the unvested units granted during the year was HK$4.57.

The number of shares vesting in the next four financial years is as follows, excluding grants that may be made after 31st March 2012 and excluding any subsequent forfeitures:

	Number of unvested units granted (thousands)		
Vesting period	Restricted Stock Units	Performance Stock Units	Total
FY2012/13	1,096	-	1,096
FY2013/14	3,265	1,900	5,165
FY2014/15	3,620	4,010	7,630
FY2015/16	500	-	500
Total	8,481	5,910	14,391

Share Options

Pursuant to the Share Option Scheme (the "Scheme") approved at the Annual General Meeting of the Company held on 29th July 2002 and adopted by the Company on the same day, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full time or part time employees and any executive or nonexecutive directors of the Company or any affiliate as defined in the Scheme).

Under the Scheme, the Company granted options to purchase the Company's shares at the subscription price which was set at the higher of the closing price on date of grant and the average closing price for the five trading days immediately preceding the date of the offer of grant. No option may be exercised more than 10 years after it has been granted.

22. SHARE CAPITAL AND SHARE PREMIUM *(Cont'd)*

As of 31st March 2012, share options granted to employees under the Scheme were as follows:

Held at 31/03/2011	Forfeited during the year	Held at 31/03/2012	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
350,000	–	350,000	8.02	17/09/2002	01/08/2004	16/09/2012
350,000	–	350,000	8.02	17/09/2002	01/08/2005	16/09/2012
262,500	–	262,500	9.65	31/07/2003	01/07/2005	30/07/2013
262,500	–	262,500	9.65	31/07/2003	01/07/2006	30/07/2013
100,000	–	100,000	7.40	28/12/2004	01/01/2007	27/12/2014
100,000	–	100,000	7.40	28/12/2004	01/01/2008	27/12/2014
1,425,000	–	1,425,000				

No share option was granted or exercised during the year (FY2010/11: nil).

The fair value of the options was determined using the binomial valuation method at the date of grant; no subsequent revaluation at the year end is required. The significant inputs into the model were dividend yield of 1.5%, sub optimal early exercise factor of 1.5, withdrawal rate of 5% post the vesting period, volatility of 40% and the risk-free rate which varied depending on the grant date.

The aggregate fair value of the options as of 31st March 2012 was US$0.3 million (31st March 2011: US$0.3 million).

There was no profit and loss impact relating to the Scheme in the current year (FY2010/11: nil).

23. RESERVES

Group

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31st March 2011	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,225,724	1,292,232
Available-for-sale financial assets									
– fair value losses, net	–	–	–	–	–	–	(348)	–	(348)
– release of reserves upon disposal	–	–	–	–	–	–	11	–	11
Hedging instruments									
– fair value gains, net	–	–	–	–	–	4,393	–	–	4,393
– deferred income tax effect on net fair value changes	–	–	–	–	–	372	–	–	372
– transferred to income statement	–	–	–	–	–	(9,459)	–	–	(9,459)
Defined benefit plans									
– actuarial losses, net	–	–	–	–	–	–	–	(10,786)	(10,786)
– deferred income tax effect on actuarial losses	–	–	–	–	–	–	–	417	417
Actuarial losses of long service payment	–	–	–	–	–	–	–	(1,595)	(1,595)
Revaluation surplus on property									
– realised upon disposal	–	–	–	–	–	–	(5,339)	5,339	–
Currency translation of foreign subsidiaries and associate	–	–	–	3,949	–	–	–	–	3,949
Net income recognised directly in equity	–	–	–	3,949	–	(4,694)	(5,676)	(6,625)	(13,046)
Profit for the year	–	–	–	–	–	–	–	186,700	186,700
Total comprehensive income for the year	–	–	–	3,949	–	(4,694)	(5,676)	180,075	173,654
Appropriation of retained earnings to statutory reserve	–	–	–	–	–	–	35,382	(35,382)	–
Long-Term Incentive Share Scheme									
– shares vested	–	–	–	–	(959)	–	–	–	(959)
– value of employee services	–	–	–	–	2,112	–	–	–	2,112
FY2010/11 final dividend paid	–	–	–	–	–	–	–	(28,095)	(28,095)
FY2011/12 interim dividend paid	–	–	–	–	–	–	–	(13,807)	(13,807)
	–	–	–	3,949	1,153	(4,694)	29,706	102,791	132,905
As of 31st March 2012	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,328,515	1,425,137
Final dividend proposed	–	–	–	–	–	–	–	32,311	**32,311**
Other	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,296,204	**1,392,826**
As of 31st March 2012	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,328,515	1,425,137
Company and subsidiaries	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,326,415	1,423,037
Associate	–	–	–	–	–	–	–	2,100	2,100
As of 31st March 2012	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,328,515	1,425,137

** Note: Other reserves mainly represent property revaluation reserve, investment revaluation reserve and appropriation of retained earnings to statutory reserve.*

23. RESERVES *(Cont'd)*

Group

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31st March 2010	15,499	38,904	(233,885)	114,030	2,228	5,145	15,603	1,084,651	1,042,175
Available-for-sale financial assets									
– fair value gains, net	–	–	–	–	–	–	209	–	209
– release of reserves upon disposal	–	–	–	–	–	–	(101)	–	(101)
Hedging instruments									
– fair value gains, net	–	–	–	–	–	13,636	–	–	13,636
– deferred income tax effect on net fair value changes	–	–	–	–	–	(686)	–	–	(686)
– transferred to income statement	–	–	–	–	–	(6,346)	–	–	(6,346)
Defined benefit plans									
– actuarial losses, net	–	–	–	–	–	–	–	(5,361)	(5,361)
– deferred income tax effect on actuarial losses	–	–	–	–	–	–	–	2,411	2,411
Actuarial gains of long service payment	–	–	–	–	–	–	–	317	317
Gains on revaluation of property, plant and equipment transferred to investment property	–	–	–	–	–	–	758	–	758
Currency translation of foreign subsidiaries and associate	–	–	–	100,768	–	–	–	–	100,768
Net income recognised directly in equity	–	–	–	100,768	–	6,604	866	(2,633)	105,605
Profit for the year	–	–	–	–	–	–	–	181,728	181,728
Total comprehensive income for the year	–	–	–	100,768	–	6,604	866	179,095	287,333
Appropriation of retained earnings to statutory reserve	–	–	–	–	–	–	160	(160)	–
Long-Term Incentive Share Scheme									
– shares vested	–	–	–	–	(1,138)	–	–	–	(1,138)
– value of employee services	–	–	–	–	1,724	–	–	–	1,724
FY2009/10 final dividend paid	–	–	–	–	–	–	–	(23,659)	(23,659)
FY2010/11 interim dividend paid	–	–	–	–	–	–	–	(14,203)	(14,203)
	–	–	–	100,768	586	6,604	1,026	141,073	250,057
As of 31st March 2011	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,225,724	1,292,232
Final dividend proposed	–	–	–	–	–	–	–	28,285	28,285
Other	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,197,439	1,263,947
As of 31st March 2011	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,225,724	1,292,232
Company and subsidiaries	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,224,092	1,290,600
Associate	–	–	–	–	–	–	–	1,632	1,632
As of 31st March 2011	15,499	38,904	(233,885)	214,798	2,814	11,749	16,629	1,225,724	1,292,232

** Note: Other reserves mainly represent property revaluation reserve, investment revaluation reserve and appropriation of retained earnings to statutory reserve.*

23. RESERVES *(Cont'd)*

Company

	Contributed surplus US$'000	Share-based employee compensation reserve US$'000	Other reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000
As of 31st March 2010	95,273	2,228	(85)	–	520,132	617,548
Long-Term Incentive Share Scheme						
– shares vested	–	(1,138)	–	–	–	(1,138)
– value of employee services	–	1,724	–	–	–	1,724
Available-for-sale financial assets						
– fair value gains	–	–	209	–	–	209
– release of reserves upon disposal	–	–	(101)	–	–	(101)
Hedging instruments						
– fair value losses	–	–	–	(147)	–	(147)
Profit for the year	–	–	–	–	202,128	202,128
FY2009/10 final dividend paid	–	–	–	–	(23,659)	(23,659)
FY2010/11 interim dividend paid	–	–	–	–	(14,203)	(14,203)
As of 31st March 2011	95,273	2,814	23	(147)	684,398	782,361
Final dividend proposed	–	–	–	–	28,285	28,285
Other	95,273	2,814	23	(147)	656,113	754,076
As of 31st March 2011	95,273	2,814	23	(147)	684,398	782,361
Long-Term Incentive Share Scheme						
– shares vested	–	(959)	–	–	–	(959)
– value of employee services	–	2,112	–	–	–	2,112
Available-for-sale financial assets						
– fair value losses	–	–	(348)	–	–	(348)
– release of reserves upon disposal	–	–	11	–	–	11
Hedging instruments						
– transferred to income statement	–	–	–	147	–	147
Profit for the year	–	–	–	–	320,417	320,417
FY2010/11 final dividend paid	–	–	–	–	(28,095)	(28,095)
FY2011/12 interim dividend paid	–	–	–	–	(13,807)	(13,807)
As of 31st March 2012	95,273	3,967	(314)	–	962,913	1,061,839
Final dividend proposed	–	–	–	–	32,311	**32,311**
Other	95,273	3,967	(314)	–	930,602	**1,029,528**
As of 31st March 2012	95,273	3,967	(314)	–	962,913	1,061,839

Distributable reserves of the Company as of 31st March 2012 amounted to US$1,058.2 million (31st March 2011: US$779.7 million).

24. OTHER INCOME AND GAINS

	2012 US$'000	2011 US$'000
Gross rental income from investment property	4,232	4,265
(Losses)/gains on investments, net	(207)	832
Gains on disposal of investment property, land use rights, property, plant and equipment	1,586	2,959
Fair value gains on investment property (Note 6)	12,269	7,988
Fair value gains/(losses) on other financial assets/liabilities	429	(1,227)
	18,309	14,817

25. SELLING AND ADMINISTRATIVE EXPENSES

	2012 US$'000	2011 US$'000
Selling expenses	112,479	112,593
Administrative expenses	258,714	232,694
Warranty (Note 20)	8,403	22,437
Net exchange gains on revaluation of monetary assets and liabilities	(10,959)	(9,332)
	368,637	358,392

Note: Included in selling and administrative expenses, operating lease payment for the year was US$6.5 million (FY2010/11: US$5.6 million).

26. RESTRUCTURING COSTS AND ASSETS IMPAIRMENT

	2012 US$'000	2011 US$'000
Restructuring costs (Note 20)	11,774	411
Impairment of property, plant and equipment (Note 27)	850	–
Impairment of other assets	409	–
Total provisions	**13,033**	411

Note: The restructuring costs primarily consisted of severance payments in relation to initiatives to simplify the European manufacturing, supply chain and legal entity footprint.

27. EXPENSES BY NATURE

Operating profit is stated after crediting and charging the following:

	2012 US$'000	2011 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 5)	68,355	67,013
Less: amounts capitalised in assets under construction	(384)	(359)
	67,971	66,654
Employee compensation (Note 28)	479,907	425,837
Less: amounts capitalised in assets under construction	(2,450)	(2,284)
	477,457	423,553
Impairment of property, plant and equipment (Note 5)		
– Relating to restructuring (Note 26)	850	–
– Included in selling and administrative expenses and cost of goods sold	1,439	4,337
	2,289	4,337
Other items:		
Cost of goods sold*	1,556,337	1,524,370
Auditors' remuneration**	1,661	2,084
Amortisation on land use rights (Note 7)	390	568
Amortisation of intangible assets (Note 8)	24,555	19,567
Net foreign exchange gains	(10,959)	(9,332)
Net write back for impairment of trade receivables (Note 15)	(219)	(682)

Note:

* *Cost of goods sold includes materials, direct labour costs (including their social costs) and production overheads.*

Included in the cost of goods sold was an operating lease payment of US$17.2 million (FY2010/11: US$15.1 million).

** *Excluded US$0.5 million of contracted fees for work to be performed subsequent to 31st March 2012.*

28. EMPLOYEE COMPENSATION

	2012 US$'000	2011 US$'000
Wages and salaries	429,729	388,849
Share-based payments	2,087	1,699
Social security costs	41,211	26,131
Pension costs – defined contribution plans	3,410	5,715
Pension costs – defined benefit plans (Note 20.1.2)	3,470	3,443
	479,907	425,837

28. EMPLOYEE COMPENSATION *(Cont'd)*

28.1 Pensions – Defined benefit plans

The Group's major plans were valued by qualified actuaries using the projected unit credit method to account for the Group's pension costs.

28.2 Directors' remuneration

The remuneration of directors for the year ended 31st March 2012 is set out below:

Name of director	Fees US$'000	Salary US$'000	Other compensation # US$'000	Employer's contribution to pension scheme US$'000	Total US$'000
Yik-Chun Koo Wang	–	72	–	–	72
Patrick Shui-Chung Wang	–	809	–	81	890
Winnie Wing-Yee Wang	–	571	–	57	628
Austin Jesse Wang	–	155	17	2	174
Peter Kin-Chung Wang	36	–	–	–	36
Peter Stuart Allenby Edwards	39 *	–	–	–	39
Patrick Blackwell Paul	52 *	–	–	–	52
Oscar de Paula Bernardes Neto	8	–	–	–	8
Michael John Enright	49 *	–	–	–	49
Joseph Chi-Kwong Yam	39 *	–	–	–	39
	223	1,607	17	140	1,987

The remuneration of directors for the year ended 31st March 2011 is set out below:

Name of director	Fees US$'000	Salary US$'000	Other compensation # US$'000	Employer's contribution to pension scheme US$'000	Total US$'000
Yik-Chun Koo Wang	–	72	–	–	72
Patrick Shui-Chung Wang	–	735	–	71	806
Winnie Wing-Yee Wang	–	414	123	40	577
Austin Jesse Wang	–	135	12	1	148
Peter Kin-Chung Wang	36	–	–	–	36
Peter Stuart Allenby Edwards	39 *	–	–	–	39
Patrick Blackwell Paul	51 *	–	–	–	51
Oscar de Paula Bernardes Neto	40 *	–	–	–	40
Michael John Enright	49 *	–	–	–	49
Joseph Chi-Kwong Yam	15	–	–	–	15
	230	1,356	135	112	1,833

* *Includes the value of the grant of shares to independent non-executive directors*
\# *Other compensation includes housing allowance benefits*

28. EMPLOYEE COMPENSATION *(Cont'd)*

28.3 Key/senior management compensation

Of the five highest individuals paid employees of the Group, none (FY2010/11: nil) are directors of the Company whose remuneration is included in Note 28.2. The compensation paid to the 5 (FY2010/11: 5) highest paid employees are as follows:

	2012 US$'000	2011 US$'000
Salaries, allowances and other benefits	3,135	2,764
Retirement scheme contributions	217	278
Bonuses	2,443	1,490
	5,795	4,532

Remuneration bands

	Number of individuals 2012	 2011
US$833,001 – US$897,000 (HK$6,500,001 – HK$7,000,000)	–	4
US$1,026,001 – US$1,090,000 (HK$8,000,001 – HK$8,500,000)	2	1
US$1,218,001 – US$1,282,000 (HK$9,500,001 – HK$10,000,000)	3	–

Other than the directors' remuneration and senior management compensation disclosed above, the amounts paid to the senior management as disclosed in the Profile of directors and senior management of the annual report were as follows:

	2012 US$'000	2011 US$'000
Salaries and other short term employee benefits	4,709	3,910
Share-based payments	593	472
	5,302	4,382

29. FINANCE COSTS, NET

	2012 US$'000	2011 US$'000
Interest on bank loans wholly repayable within five years and overdrafts	6,847	12,870
Interest on bank loans wholly repayable later than five years	11	100
Interest income	(5,794)	(3,566)
Net interest on bank loans and overdrafts	1,064	9,404

30. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (FY2010/11: 16.5%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the year. The overall global effective tax rate for the year ended 31st March 2012 was 14.3% (FY2010/11: 15.9%).

	2012 US$'000	2011 US$'000
Current income tax		
Hong Kong profits tax	11,997	11,532
Overseas taxation	21,345	28,313
Under/(over) provisions in prior years	746	(1,328)
	34,088	38,517
Deferred income tax (Note 21)	(5,932)	(2,471)
Impairment of deferred income tax assets (Note 21)	3,462	–
Total income tax expenses	**31,618**	36,046
Effective tax rate	14.3%	15.9%

30. INCOME TAX EXPENSES *(Cont'd)*

The effective tax rate of the Group of 14.3% differs from the statutory tax rate of Hong Kong of 16.5% as follows:

	2012	2011	2012 US$'000	2011 US$'000
Profit before income tax			220,509	226,407
Tax charged at Hong Kong profits tax rate	16.5%	16.5%	36,384	37,357
Effect of different tax rates in other countries				
– Countries with taxable profit	2.3%	1.7%	5,023	3,782
– Countries with loss	(1.8)%	(1.5)%	(3,854)	(3,422)
Income, net of expenses not subject to tax	(6.1)%	(5.5)%	(13,413)	(12,399)
Over provisions for prior years	(0.1)%	(0.9)%	(289)	(2,064)
Tax losses and other timing differences not recognised as an asset and other tax, net of utilisation	2.0%	5.6%	4,305	12,792
Impairment of deferred income tax assets	1.5%	–	3,462	–
	14.3%	15.9%	31,618	36,046

31. PROFIT ATTRIBUTABLE TO OWNERS

The Group's consolidated profit attributable to owners was US$186.7 million (FY2010/11: US$181.7 million). Profit of the Company for the year was US$320.4 million (FY2010/11: US$202.1 million).

Details of movement in reserves are shown in Note 23.

32. DIVIDENDS

	2012 US$'000	2011 US$'000
Interim, of 0.38 US Cents (3 HK Cents) per share, paid in January (FY2010/11: 0.39 US Cents or 3 HK Cents)	13,807	14,203
Final, proposed, of 0.90 US Cents (7 HK Cents) per share, to be paid in July (FY2010/11: 0.77 US Cents or 6 HK Cents)	32,311	28,285
	46,118	42,488

Total dividend per share for the year is 10 HK Cents (FY2010/11: 9 HK Cents).

At a meeting held on 17th May 2012 the directors recommended a final dividend of 0.90 US Cents (7 HK Cents) per share to be paid out in July 2012. The recommended final dividend will be reflected as an appropriation of retained earnings for the year ending 31st March 2013.

33. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held for the Long-Term Incentive Share Scheme.

	2012	2011
Profit attributable to owners (thousands US Dollar)	186,700	181,728
Weighted average number of ordinary shares in issue (thousands)	3,614,874	3,659,782
Basic earnings per share (US Cents per share)	**5.16**	4.97
Basic earnings per share (HK Cents per share)	**40.17**	38.60

Diluted earnings per share

For the purpose of calculating diluted EPS, the number of ordinary shares is the weighted average number of ordinary shares calculated as per basic EPS, plus the weighted average number of all the dilutive potential ordinary shares.

	2012	2011
Weighted average number of ordinary shares issued and outstanding (thousands)	3,614,874	3,659,782
Adjustments for restricted shares units granted:		
– Share Scheme (Time vesting)	8,481	–
– Share Scheme (Performance earned)	1,953	–
Weighted average number of ordinary shares (diluted) (thousands)	3,625,308	3,659,782
Diluted earnings per share (US Cents per share)	**5.15**	4.97
Diluted earnings per share (HK Cents per share)	**40.05**	38.60

Note: The basis of calculation of diluted earnings per share has been modified in this financial year.

34. COMMITMENTS

34.1 Capital commitments

Group	2012 US$'000	2011 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for *	24,658	24,658
Contracted but not yet accrued	15,783	18,403
	40,441	43,061

** Note: As of the balance sheet date, capital commitment authorised but not contracted for represents the management's budget for the coming quarter.*

The Company did not have any capital commitments as of 31st March 2012 (31st March 2011: nil).

34.2 Operating lease commitments

(i) As of 31st March 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2012		2011	
	Land and buildings US$'000	Others US$'000	Land and buildings US$'000	Others US$'000
Not later than one year	16,521	1,580	14,859	1,164
Later than one year and not later than five years	58,386	2,532	41,382	796
Later than five years	34,360	–	30,173	16
	109,267	4,112	86,414	1,976

(ii) As of 31st March 2012, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2012 US$'000	2011 US$'000
Not later than one year	2,963	1,850
Later than one year and not later than five years	1,624	45
	4,587	1,895

The Company did not have any operating lease commitments as of 31st March 2012 (31st March 2011: nil).

35. CASH GENERATED FROM OPERATIONS

	2012 US$'000	2011 US$'000
Profit before income tax	220,509	226,407
Add: Depreciation of property, plant and equipment and amortisation of land use rights	68,361	67,222
Amortisation of intangible assets	24,555	19,567
Net interest expense	1,064	9,404
Share of profits of associate	(171)	(135)
EBITDA*	314,318	322,465
Other non-cash items and adjustments		
Gains on disposals of land use rights, property, plant and equipment	(1,586)	(2,959)
Provision for impairment on property, plant and equipment	2,289	4,337
Insourcing of a distribution channel	3,732	–
Net realised and unrealised losses/(gains) on disposals of other financial assets at fair value through profit and loss	223	(377)
Share-based compensation	2,112	1,724
Fair value gains on investment property	(12,269)	(7,988)
Net realised losses/(gains) on available-for-sale financial assets	255	(154)
	(5,244)	(5,417)
EBITDA* net of other non-cash items and adjustments	309,074	317,048
Change in working capital		
Decrease/(increase) in inventories	7,267	(51,700)
Increase in trade and other receivables	(1,221)	(48,031)
Increase in non-current deposits	(299)	(4,908)
(Decrease)/increase in trade and other payables	(45,584)	63,823
Increase in provision obligations and other liabilities	3,327	2,284
Decrease in net financial liabilities	(5,914)	(449)
	(42,424)	(38,981)
Cash generated from operations	266,650	278,067

* *EBITDA: Earnings before interest, taxes, depreciation and amortisation*

35. CASH GENERATED FROM OPERATIONS *(Cont'd)*

In the cash flow statement, proceeds from disposal of investment property, land use rights, property, plant and equipment comprises:

	2012 US$'000	2011 US$'000
Net book amount	16,770	7,623
Gains on disposal of investment property, land use rights, property, plant and equipment	1,586	2,959
Proceeds from disposal of investment property, land use rights, property, plant and equipment	18,356	10,582

36. RELATED-PARTY TRANSACTIONS

Details of substantial owners are shown in Disclosure of Interests in the Report of the Directors. The Group had no material related party transactions during the year. Details of senior management / key management compensation are disclosed in Note 28.3 in these financial statements.

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, fair value interest rate risk and raw material commodity price risk), customer credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department ("Group Treasury") according to the Group policy. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk primarily through sales and purchases transactions that are denominated in a currency other than the functional currency of the subsidiaries.

For the year to 31st March 2012, of the sales, 48% (FY2010/11: 49%) were in US Dollar, 34% (FY2010/11: 31%) in Euro, 13% (FY2010/11: 14%) in RMB and the rest in other currencies such as Japanese Yen.

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.1 Financial risk factors *(Cont'd)*

(a) Market risk *(Cont'd)*

(i) Foreign exchange risk *(Cont'd)*

The major currencies used for raw material purchases, production overhead costs and S&A costs are the US Dollar, the Chinese Renminbi, the Euro, the Hong Kong Dollar, the Swiss Franc, the Hungarian Forint and the Polish Zloty. Aside from the US Dollar and the Hong Kong Dollar (which is pegged to the US Dollar), open foreign exchange exposures are hedged with forward foreign exchange contracts, with a view to reducing the net exposure to currency fluctuation. At the year end, these contracts for the forward purchase of foreign currencies were typically up to duration of 24 months, with some longer-dated exceptions.

As of 31st March 2012, if the US Dollar had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax profit for the year would be 4.7% (FY2010/11: 5.1%) higher/lower, mainly a result of foreign exchange difference on translation of RMB denominated net current assets.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from interest-bearing borrowings.

The Group will continue to monitor interest rate risk and will consider the use of both fixed and floating interest rate borrowings in the functional currencies where the Group operates.

The bank balances and deposits as of 31st March 2012 were US$385.1 million (31st March 2011: US$354.7 million) and were interest bearing at weighted average rate of approximately 1.9% (31st March 2011: 1.3%). Other than the bank deposits, the Group has no significant interest-bearing assets. Management does not anticipate significant impact resulting from the changes in interest rates on interest-bearing assets and borrowings.

(iii) Raw material commodity price risk

The Group is exposed to raw material commodity price risk, mainly due to fluctuations in steel, copper and silver purchase prices. Price risks due to steel are reduced through fixed price contracts up to 3 months forward with the Group's suppliers, and price risk due to copper and silver is also reduced through hedging through the appropriate financial instruments. The Group also manages copper and silver prices through incorporating appropriate clauses in contracts with certain customers so as to have the flexibility to pass increases in raw material costs onto these customers. At the year end, the copper hedging contracts had a maturity ranging from 1 month to 36 months, and silver hedging contracts had a maturity ranging from 1 month to 19 months from the balance sheet date.

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.1 Financial risk factors *(Cont'd)*

(a) Market risk *(Cont'd)*

(iii) Raw material commodity price risk *(Cont'd)*

A 10% increase/decrease change in the copper price would increase/decrease the equity by US$13.4 million (31st March 2011: US$7.3 million), representing the change in fair value of copper hedging contract at the balance sheet date.

(b) Credit and customer collection risks

The credit and customer collection risks of the Group mainly arises from trade and other receivables. The Group has no significant concentrations of credit risks. During the year, the Group sold approximately 20% of its goods and services to its 5 largest customers and the largest single customer was less than 5% of sales. The Group normally grants credit terms ranging from 30 to 90 days to trade customers. It has a policy in place to evaluate customers' credit risk by considering their current financial position and past repayment history. Management reviews the collectability of the overdue accounts receivable according to the Group's credit and provision for doubtful debt policies. The Group's customer credit management has resulted in a continuing low rate of bad debt.

As of 31st March 2012, the Company's maximum exposure to credit risk for financial guarantees is US$152.8 million (31st March 2011: US$161.5 million).

(c) Liquidity risk

Management believes the combination of cash on hand, available credit lines and expected future operating cash flows to be sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseable future. Available credit lines include financing of trade receivables by subsidiary companies in USA, Europe and Hong Kong, guaranteed by the Company.

The Group had cash and cash equivalents of US$385.1 million as of 31st March 2012 (31st March 2011: US$352.8 million), which constitute 17% of its total assets. The Group had approximately US$320 million of available uncommitted and unutilised short term borrowing facilities provided by its principal bankers (31st March 2011: US$270.0 million).

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.1 Financial risk factors *(Cont'd)*

(c) Liquidity risk *(Cont'd)*

The table below analyses the Group's and the Company's bank borrowings and other financial assets/liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
Group				
As of 31st March 2012				
Bank borrowings	203,778	80	1,641	1,324
Other financial assets and liabilities				
– Forward foreign exchange contracts				
– Net settled	166	71	–	–
– Gross settled:				
– inflow	(517,948)	(275,434)	(66,680)	–
– outflow	514,012	271,099	63,098	–
– Others	2,766	74	–	–
Finance lease	1,377	1,392	4,200	1,662
Trade and other payables	364,124	–	–	–
Company				
As of 31st March 2012				
Bank borrowings	*50,792*	–	–	–
Trade and other payables	*65*	–	–	–
Amounts due to subsidiaries	*211,131*	–	–	–
Financial guarantee contracts	*152,835*	–	–	–

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.1 Financial risk factors *(Cont'd)*

(c) Liquidity risk *(Cont'd)*

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
Group				
As of 31st March 2011				
Bank borrowings	137,682	152,842	28,308	3,429
Other financial assets and liabilities				
– Forward foreign exchange contracts				
– Gross settled:				
– inflow	(102,459)	–	–	–
– outflow	102,666	–	–	–
– Others	25	–	–	–
Finance lease	1,492	1,384	4,192	3,062
Trade and other payables	414,522	–	–	–
Company				
As of 31st March 2011				
Bank borrowings	*2,619*	*152,382*	–	–
Other financial liabilities				
– Forward foreign exchange contracts	*147*	–	–	–
Trade and other payables	*269*	–	–	–
Amounts due to subsidiaries	*390,520*	–	–	–
Financial guarantee contracts	*161,503*	–	–	–

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.2 Capital risk management

The Group's debt to capital ratio was 12% as compared to 18% in prior year.

The debt to capital ratio was as follows:

	31st March 2012 US$'000	31st March 2011 US$'000
Short term borrowings	203,104	134,248
Long term borrowings	2,258	179,458
Total debt (Note 19)	205,362	313,706
Total equity	1,487,481	1,422,292
Total capital (equity + debt)	1,692,843	1,735,998
Debt to capital ratio	12%	18%

The net cash position as of 31st March 2012 and 31st March 2011 was as follows:

Total debt	(205,362)	(313,706)
Cash and deposits (Note 17)	385,117	354,715
Net cash (total debt less cash)	179,755	41,009

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase shares, issue new shares or change the amount of debt outstanding.

Funding requirements for capital expenditures are expected to be met by internal cash flows.

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.3 Fair value estimation

The fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's and the Company's assets and liabilities other than investment property that are measured at fair value as of 31st March 2012.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
Assets				
Other financial assets				
– Derivatives held for trading	–	58	–	58
– Derivatives used for hedging	–	20,522	–	20,522
Other financial assets at fair value through profit and loss				
– Unlisted debt securities	–	4,452	–	4,452
Available-for-sale financial assets				
– Unlisted securities	–	–	6,307	6,307
Total assets	–	25,032	6,307	31,339
Liabilities				
Other financial liabilities				
– Derivatives held for trading	–	33	–	33
– Derivatives used for hedging	–	10,558	–	10,558
Total liabilities	–	10,591	–	10,591
Company				
Assets				
Available-for-sale financial assets				
– Unlisted securities	–	–	*1,552*	*1,552*
Total assets	–	–	*1,552*	*1,552*

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.3 Fair value estimation *(Cont'd)*

The following table presents the Group's and the Company's assets and liabilities other than investment property that are measured at fair value as of 31st March 2011:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
Assets				
Other financial assets				
– Derivatives held for trading	–	212	–	212
– Derivatives used for hedging	–	9,322	–	9,322
Other financial assets at fair value through profit and loss				
– Unlisted debt securities	–	9,647	–	9,647
Available-for-sale financial assets				
– Unlisted securities	–	–	1,956	1,956
Total assets	–	19,181	1,956	21,137
Liabilities				
Other financial liabilities				
– Derivatives held for trading	–	25	–	25
– Derivatives used for hedging	–	368	–	368
Total liabilities	–	393	–	393
Company				
Assets				
Available-for-sale financial assets				
– Unlisted securities	–	–	*1,956*	*1,956*
Total assets	–	–	*1,956*	*1,956*
Liabilities				
Other financial liabilities				
– Derivatives used for hedging	–	*147*	–	*147*
Total liabilities	–	*147*	–	*147*

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

37. FINANCIAL RISK MANAGEMENT *(Cont'd)*

37.3 Fair value estimation *(Cont'd)*

The following table presents the changes in level 3 instruments for the year ended 31st March:

	Available-for-sale financial assets 2012 US$'000	2011 US$'000
Opening balance	1,956	2,386
Currency translations	–	19
Additions	5,000	–
Disposal	(56)	(295)
Fair value gains transfer to equity	(348)	209
Provision for impairment	(245)	(363)
Closing balance	6,307	1,956
Total losses for the year included in profit or loss	(245)	(363)

The following summarises the major methods and assumptions used in estimating the fair values of the financial assets and liabilities:

(i) Other financial assets/liabilities
The Group relies on bank valuations to determine the fair value of financial assets/liabilities which in turn are determined using various valuation techniques such as discounted cash flow analysis. Copper price and foreign currency exchange prices are the key inputs in the valuation.

(ii) Other financial assets at fair value through profit and loss
The fair values of unlisted debt securities are based on the fair value using discounted cash flow analysis valued by the financial institutions.

(iii) Available-for-sale financial assets
The fair values of unlisted securities are based on the fair value using discounted cash flow analysis valued by the financial institutions.

38. EFFECT OF ADOPTING NEW HKFRS

Interpretations and amendments to published standards effective in FY2011/12 which are relevant to the Group

In FY2011/12, the Group adopted the revised and amended standards and interpretations of HKFRS below, which are relevant to its operations.

HKAS 24 (revised)	Related party disclosures
HK (IFRIC) – Int 14 (amendment)	Prepayments of a minimum funding requirement
Annual Improvements Project	Improvements to HKFRSs 2010

The adoption of such revised and amended standards and interpretations do not have material impact on the consolidated financial statements. A summary of these new standards and interpretation is as follows:

HKAS 24 (revised), "Related party disclosures"

The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose

– the name of the government and the nature of their relationship; and
– the nature and amount of any individually-significant transactions; and
– the extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

HK (IFRIC) – Int 14 (amendment), "Prepayments of a minimum funding requirement"

Some entities that are subject to a minimum funding requirement have elected to prepay their pension contributions. The prepaid contributions are recovered through lower minimum funding requirements in future years. The previous version of HK(IFRIC) 14 did not permit the recognition of an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was an unintended consequence of the interpretation, which has been amended to require that an asset is recognised in these circumstances.

38. EFFECT OF ADOPTING NEW HKFRS *(Cont'd)*

Standards, interpretations and amendments to published standards that are not effective in FY2011/12 which are relevant to the Group's operations

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1st April 2012 or later periods, which the Group has not early adopted, are as follows:

HKAS 1 (amendment)	Presentation of financial statements[2]
HKAS 7 (amendment)	Financial instruments: Disclosures – offsetting financial assets and financial liabilities[3]
HKAS 19 (amendment)	Employee benefits[3]
HKAS 27 (revised 2011)	Separate financial statements[3]
HKAS 28 (revised 2011)	Associates and joint ventures[3]
HKAS 32 (amendment)	Financial instruments: Presentations – offsetting financial assets and financial liabilities[4]
HKFRS 7 (amendment)	Disclosures – Transfers of financial assets[1]
HKFRS 9	Financial instruments[5]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurements[3]

Note

(1) Effective on or after 1st July 2011
(2) Effective on or after 1st July 2012
(3) Effective on or after 1st January 2013
(4) Effective on or after 1st January 2014
(5) Effective on or after 1st January 2015

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application. Management's initial assessment is that the adoption of these amendments, new standards and new interpretations is unlikely to have a significant impact on the Group's results of operations and financial positions. In addition to above, there are a number of minor amendments to HKAS/HKFRS under the annual improvement project of HKICPA. These amendments are not likely to have an impact on the Group's financial statements and are not analysed in detail.

39. PRINCIPAL SUBSIDIARIES AND ASSOCIATE

The following list contains particulars of subsidiaries and associate 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/ establishment and operation	Issued and paid up capital	Effective shareholding by Company	Effective shareholding by subsidiary
Subsidiaries					
Changchun Ri Yong JEA Gate Electric Co., Ltd. #	Manufacturing	China	RMB10,000,000	–	60%
Easy Fortune (H.K.) Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	–	100%
Gate do Brasil Ltda.	Sales and manufacturing	Brazil	BRL27,568,588.40	–	100%
Gate France SAS	Manufacturing	France	EUR382,000	–	100%
Gate S.r.l.	Manufacturing	Italy	EUR2,600,000	–	100%
Harbour Sky (BVI) Ltd.	Property holding	British Virgin Islands	50,000 shares of US$1 each	–	100%
JE (DWS) Co., Ltd. *	Manufacturing	China	US$6,878,132	–	100%
Johnson Electric Dresden GmbH	Sales and marketing	Germany	EUR25,600	–	100%
Johnson Electric Halver GmbH	R&D and manufacturing	Germany	EUR25,000	–	100%
Johnson Electric Hatvan Kft	Manufacturing	Hungary	HUF30,000,000	–	100%
Johnson Electric (Beihai) Co., Ltd. *	Manufacturing, sales and marketing and R&D	China	US$10,000,000	–	100%
Johnson Electric (Guangdong) Co. Ltd. *	Manufacturing	China	US$4,250,000	–	100%
Johnson Electric Group Mexico, S. de R.L.de C.V.	Manufacturing	Mexico	2 equity interests of MXN1,500 each	–	100%
Johnson Electric Services Mexico, S. de R.L.de C.V.	Manufacturing	Mexico	2 equity interests of MXN1,500 each	–	100%
Johnson Electric Industrial Manufactory, Limited	Trading	Hong Kong	308,000,000 shares of HK$0.5 each	100%	–

* *Wholly owned foreign enterprises*

Equity joint ventures

39. PRINCIPAL SUBSIDIARIES AND ASSOCIATE *(Cont'd)*

Name	Principal activities	Place of incorporation/ establishment and operation	Issued and paid up capital	Effective shareholding by Company	Effective shareholding by subsidiary
Subsidiaries					
Johnson Electric International AG	R&D, sales and marketing	Switzerland	643,200 shares of CHF18.66 each	–	100%
Johnson Electric International Limited	Sales and manufacturing	Hong Kong	80,000,000 shares of HK$1 each	–	100%
Johnson Electric North America, Inc.	Sales distributor	United States of America	12 shares without par value issued at US$120,000	–	100%
Johnson Electric (Nanjing) Co., Ltd. *	Manufacturing	China	US$6,100,000	–	100%
Johnson Electric Oldenburg GmbH & Co. KG	Manufacturing	Germany	EUR15,338,800	–	100%
Johnson Electric Ózd Kft	Manufacturing	Hungary	HUF16,470,000	–	100%
Johnson Electric Poland Sp.zo.o.	Manufacturing	Poland	49,554 shares of PLN500 each	–	100%
Johnson Electric Private Limited	Sales and manufacturing	India	RS100,000	–	100%
Johnson Electric (Shanghai) Company Limited *	Sales and marketing	China	US$200,000	–	100%
Johnson Electric (Shenzhen) Co. Ltd. *	R&D and technical support	China	HK$30,000,000	–	100%
Johnson Electric Switzerland AG	Manufacturing	Switzerland	5,000 shares of CHF1,000 each	–	100%
Johnson Electric World Trade Limited	Marketing, sales agent and distributor	Hong Kong	100,000 shares of HK$1 each	100%	–
M.M.A (Manufactura de Motores Argentinos) S.r.l.	Sales and manufacturing	Argentina	388,000 shares of 10 Pesos each	–	100%
Nanomotion Ltd.	Sales and manufacturing	Israel	18,669,985 shares of NIS0.01 each	–	98.57%
Parlex Dynaflex Corporation	Manufacturing	United States of America	1,000 shares issued without par value	–	100%
Parlex Pacific Limited	Sales and marketing	Hong Kong	10,000 shares of HK$1 each	–	100%

* *Wholly owned foreign enterprises*

\# *Equity joint ventures*

39. PRINCIPAL SUBSIDIARIES AND ASSOCIATE *(Cont'd)*

Name	Principal activities	Place of incorporation/ establishment and operation	Issued and paid up capital	Effective shareholding by Company	Effective shareholding by subsidiary
Subsidiaries					
Parlex (Shanghai) Electronics Co. Ltd. *	R&D, manufacturing, sales and marketing	China	US$15,000,000	–	100%
Parlex USA Inc.	R&D, manufacturing, sales and marketing	United States of America	100 shares issued without par value	–	100%
Saia-Burgess Automotive Actuators Inc.	R&D, manufacturing, sales and marketing	United States of America	300,000 shares issued without par value	–	100%
Saia-Burgess Automotive Inc.	R&D, manufacturing, sales and marketing	United States of America	2,000 shares of US$500 each	–	100%
Saia-Burgess Benelux B.V.	Sales and marketing	Netherlands	3,000 shares of EUR45 each	–	100%
Saia-Burgess (China) Limited *	Manufacturing	China	US$6,500,000	–	100%
Saia-Burgess Controls AG	R&D, manufacturing, sales and marketing	Switzerland	100 shares of CHF1,000 each	–	100%
Saia Burgess Controls Italia S.r.l.	Sales and marketing	Italy	EUR10,000	–	100%
Saia-Burgess Controls Sarl	Sales and marketing	France	1,000 shares of EUR10 each	–	100%
Saia-Burgess Controls (Shenzhen) Co., Ltd. *	Sales and marketing	China	HK$2,000,000	–	100%
Saia-Burgess (HK) Limited	Sales and marketing	Hong Kong	2 shares of HK$10 each	–	100%
Saia-Burgess Inc.	R&D, manufacturing, sales and marketing	United States of America	36 common shares of US$0.01 each and 3,600 preferred shares of US$0.01 each	–	100%
Saia-Burgess Milano S.r.l.	Sales representative	Italy	EUR3,700,000	–	100%
Saia-Burgess Paris Sarl	Sales representative	France	6,250 shares of EUR16 each	–	100%

* Wholly owned foreign enterprises

Equity joint ventures

39. PRINCIPAL SUBSIDIARIES AND ASSOCIATE *(Cont'd)*

Name	Principal activities	Place of incorporation/ establishment and operation	Issued and paid up capital	Effective shareholding by Company	Effective shareholding by subsidiary
Subsidiaries					
Shanghai Malu Ri Yong-JEA Gate Electric Co., Ltd. #	Manufacturing	China	RMB85,000,000	–	60%
V Motor (China) Limited	Manufacturing and sales	China	US$6,000,000	–	100%
Associate					
Shenzhen SMART Micromotor Co., Ltd. #	Manufacturing	China	US$2,100,000	–	49%

* *Wholly owned foreign enterprises*

Equity joint venture

JOHNSON ELECTRIC GROUP TEN - YEAR SUMMARY

US$ million	**2012**	2011	2010
Consolidated income statement			
Sales	**2,140.8**	2,104.0	1,741.0
Earnings before interest and tax (EBIT) [1]	**221.6**	235.8	110.5
Profit before income tax	**220.5**	226.4	103.8
Income tax (expenses)/income	**(31.6)**	(36.1)	(17.8)
Discontinued operations	**–**	–	–
Profit for the year	**188.9**	190.3	85.9
Non-controlling interests	**(2.2)**	(8.6)	(10.4)
Profit attributable to owners	**186.7**	181.7	75.5
Consolidated balance sheet			
Fixed assets	**433.1**	457.5	440.6
Goodwill and intangible assets	**757.8**	774.7	699.9
Other current and non-current assets	**1,089.1**	1,110.2	990.3
Total assets	**2,280.0**	2,342.4	2,130.8
Equity attributable to owners	**1,461.6**	1,362.2	1,115.1
Non-controlling interests	**25.9**	60.1	51.5
Total equity	**1,487.5**	1,422.3	1,166.6
Debt (total borrowings)	**205.4**	313.7	408.7
Capital employed [2]	**1,692.9**	1,736.0	1,575.3
Other current and non-current liabilities	**587.1**	606.4	555.5
Total equity and liabilities	**2,280.0**	2,342.4	2,130.8
Per share data			
Basic earnings per share (US Cents) - continuing operations	**5.2**	5.0	2.1
Dividend per share (US Cents)	**1.3**	1.2	0.6
Shareholders' funds per share (US Cents)	**40.4**	37.2	30.4
Other information			
Free cash flow from operations [3]	**166.0**	169.6	215.1
Earnings before interest, tax, depreciation and amortisation	**314.3**	322.5	197.9
Ratios			
EBIT to sales %	**10%**	11%	6%
Return on equity % [4]	**13%**	13%	7%
Free cash flow from operations to debt %	**81%**	54%	53%
Debt to EBITDA (times)	**0.7**	1.0	2.1
Debt to capital %	**12%**	18%	26%
Interest coverage (times)	**32.1**	18.2	12.4

1 *Earnings before interest and tax (EBIT) is defined as operating profit (per accounts) plus share of profits/(losses) of associate*
2 *Capital Employed is defined as total equity plus total borrowings (long term debt plus short term debt)*
3 *Net cash generated from operating activities plus interest received, less capital expenditure net of proceeds from sale of assets*
4 *Return on Equity is calculated as profit for the year over total equity*

* *Historical data for FY2001/02 to FY2009/10 had not been restated in this summary for the adoption of HKAS 12 (amendment).*

2009	2008	2007	2006	2005	2004	2003
1,828.2	2,220.8	2,086.6	1,526.3	1,143.8	1,050.7	955.3
47.0	188.9	157.5	117.8	153.9	132.6	172.7
37.4	170.1	135.9	116.3	156.4	134.5	174.2
0.4	(31.9)	(22.9)	(21.9)	(15.2)	(17.9)	(24.8)
(31.1)	–	–	–	–	–	–
6.7	138.2	113.0	94.4	141.2	116.6	149.4
(4.1)	(7.4)	(3.3)	(0.4)	–	-	–
2.6	130.8	109.7	94.0	141.2	116.6	149.4
428.3	471.3	439.0	421.1	280.3	257.0	248.5
662.1	775.2	667.2	631.6	43.3	20.1	22.4
859.5	1,108.2	914.1	961.3	738.2	676.0	607.0
1,949.9	2,354.7	2,020.3	2,014.0	1,061.8	953.1	877.9
964.4	1,101.9	940.7	845.5	818.3	734.1	665.6
33.7	31.0	22.7	10.3	1.1	–	–
998.1	1,132.9	963.4	855.8	819.4	734.1	665.6
528.9	564.5	573.5	708.1	16.0	3.1	7.5
1,527.0	1,697.4	1,536.9	1,563.9	835.4	737.2	673.1
422.9	657.3	483.4	450.1	226.4	215.9	204.8
1,949.9	2,354.7	2,020.3	2,014.0	1,061.8	953.1	877.9
0.9	3.6	3.0	2.6	3.8	3.2	4.1
–	1.8	1.7	1.7	2.0	1.7	1.7
26.3	30.0	25.6	23.0	22.3	20.0	18.1
168.5	186.7	106.8	110.3	76.5	144.9	133.9
136.2	279.5	246.0	178.0	203.5	172.2	212.8
3%	9%	8%	8%	13%	13%	18%
1%	12%	12%	11%	17%	16%	22%
32%	33%	19%	16%			
3.9	2.0	2.3	4.0		The Group was substantively	
35%	33%	37%	45%		debt-free before	
3.0	7.2	5.5	15.5		FY2005/06	

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Yik-Chun Koo Wang

Non-Executive Director
Honorary Chairman

Yik-Chun Koo Wang, age 95, 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. Madam Wang is the Honorary Chairlady of Tristate Holdings Limited.

Patrick Shui-Chung Wang *JP*

Chairman and Chief Executive
Member of Nomination And Corporate Governance Committee

Patrick Shui-Chung Wang, age 61, obtained his BSc and MSc degrees in Electrical Engineering and received an Honorary Doctorate of Engineering from Purdue University in Indiana, USA. 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. Dr. Wang is the Chairman and a director of the Hong Kong Applied Science and Technology Research Institute Company Limited, a non-executive director and a member of the Audit Committee of The Hongkong and Shanghai Banking Corporation Limited, a non-executive director and a member of the Nomination Committee of VTech Holdings Limited and a non-executive director of Tristate Holdings Limited. He is a son of the Honorary Chairman, Ms. Yik-Chun Koo Wang.

Winnie Wing-Yee Wang

Vice-Chairman
Member of Remuneration Committee

Winnie Wing-Yee Wang, age 65, obtained her BSc degree from Ohio University in USA. She joined the Johnson Electric Group in 1969. She became a director in 1971 and Executive Director in 1984 and was elected Vice-Chairman in 1996. Ms. Wang is a non-executive director of Tristate Holdings Limited. She is a sister of the Chairman and Chief Executive, Dr. Patrick Wang.

Austin Jesse Wang

Executive Director

Austin Jesse Wang, age 31, graduated from Massachusetts Institute of Technology with M.Eng and B.S. degrees in Computer Science and Electrical Engineering. He joined the Johnson Electric Group in 2006 and became a director in 2009. He is the General Manager of Saia-Burgess Controls Greater China and prior to that was Senior Manager Operations of Saia-Burgess China Industry Products Group and Technical Product Manager of Saia-Burgess Controls AG. Mr. Wang is a committee member of Shenzhen Committee of The Chinese People's Political Consultative Conference. He has previously worked as a consulting engineer in the computing industry. Mr. Wang is the son of the Chairman and Chief Executive, Dr. Patrick Wang.

Peter Kin-Chung Wang

Non-Executive Director
Member of Audit Committee

Peter Kin-Chung Wang, age 58, has been a Non-Executive Director of the Company since 1982. He obtained a BSc degree in Industrial Engineering from Purdue University and an MBA degree from Boston University. He is the Chairman and Chief Executive Officer of Tristate Holdings Limited and the Chairman and Managing Director of Hua Thai Manufacturing Public Company Limited (formerly listed on The Stock Exchange of Thailand). Mr. Wang won the Young Industrialist Award of Hong Kong in 1998. In 2005, he received the Outstanding Industrial Engineer Award from the School of Industrial Engineering of Purdue University. He is a member of Anhui Provincial Committee of Chinese People's Political Consultative Conference, the honorary chairman of the Hong Kong Garment Manufacturers Association, a general committee member of the Textile Council of Hong Kong Limited and a director of The Federation of Hong Kong Garment Manufacturers. He is a brother of the Chairman and Chief Executive, Dr. Patrick Wang.

Peter Stuart Allenby Edwards

Independent Non-Executive Director
Chairman of Nomination And
Corporate Governance Committee

Peter Stuart Allenby Edwards, age 64, has been an Independent Non-Executive Director of the Company since 1995. He is a solicitor and was Senior Partner of Johnson, Stokes & Master 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. He is a director of Martin Currie Pacific Trust plc.

Patrick Blackwell Paul

Independent Non-Executive Director
Chairman of Audit Committee and
Member of Nomination And
Corporate Governance Committee

Patrick Blackwell Paul, age 64, has been an Independent Non-Executive Director of the Company since 2002. He had been Chairman and Senior Partner of PricewaterhouseCoopers in Hong Kong from 1994 to 2001. He is an independent non-executive director of The Hongkong and Shanghai Hotels, Ltd. and Pacific Basin Shipping Limited. His civic commitments include chairing the Supervisory Board of the British Chamber of Commerce in Hong Kong.

Michael John Enright

Independent Non-Executive Director
Chairman of Remuneration Committee and Member of Audit Committee

Michael John Enright, age 53, has been an Independent Non-Executive Director of the Company since 2004. He obtained his A.B. (in Chemistry), MBA, and Ph.D. (in Business Economics) degrees all from Harvard University. He was formerly a professor at the Harvard Business School. Prof. Enright is currently a professor at the University of Hong Kong School of Business and a director in Enright, Scott & Associates, a Hong Kong-based consulting firm.

Joseph Chi-Kwong Yam *GBM, GBS, CBE, JP*

Independent Non-Executive Director
Member of Remuneration Committee

Joseph Chi-Kwong Yam, age 64, has been an Independent Non-Executive Director of the Company since 2010. He graduated from the University of Hong Kong with first class honours in 1970. Over the years, he has received a number of honorary doctorate degrees and professorships from universities in Hong Kong and overseas. Mr. Yam was awarded the highest honour of the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2009. He was Chief Executive of the Hong Kong Monetary Authority from 1993 to September 2009. He is Executive Vice President of the China Society for Finance and Banking, a society managed by the People's Bank of China, Distinguished Research Fellow of the Institute of Global Economics and Finance at The Chinese University of Hong Kong and Chairman of Macroprudential Consultancy Limited. Mr. Yam is a member of the Board of Directors, the Corporate Responsibility Committee and the Risk Committee of UBS AG. He is also an independent non-executive director, chairman of the Risk Management Committee and member of the Strategic Development Committee of China Construction Bank Corporation and a member of the advisory committees of a number of academic and private institutions focusing in finance.

SENIOR MANAGEMENT

Tung-Sing Choi

Senior Vice President,
Strategic Manufacturing

Tung-Sing Choi, age 62, is responsible for the global manufacturing management of the Group. He joined the Johnson Electric Group in 1968 and has more than 40 years of experience in motor component manufacturing, motor assembly processes and the utilisation of machines and fixtures.

James Randolph Dick

Senior Vice President,
Strategic Marketing & Sales

James Randolph Dick, age 58, holds a BSc in Electrical and Electronic Engineering from the University of Paisley in Scotland. He is responsible for developing responses to macro market issues and leading the Company's productizing and selling process. He joined the Johnson Electric Group in 1999. He has 35 years of 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 with Astec (BSR) Plc, an Emerson Electric company, based in Hong Kong.

Robert Allen Gillette

Senior Vice President,
Supply Chain Services

Robert Allen Gillette, age 46, holds a BS degree in Electrical Engineering from Washington University and an MBA concentrating in Operations and Finance from Vanderbilt University. He is responsible for providing leadership and strategic direction in supply chain management for all business units of Johnson Electric. Prior to joining the Group in 2007, he worked for Emerson Electric where he held various operations, marketing and supply chain positions in North America and Asia.

Joseph Alan Guisinger

Senior Vice President,
Industry Products Group –
Europe and the Americas

Joseph Alan Guisinger, age 45, holds a BSBA degree in Transportation and Logistics from Ohio State University and a Master's Degree from the Thunderbird School of Global Management. He joined Johnson Electric in 2004 and is currently responsible for the strategic, commercial and operational direction of the Industry Products Group in Europe and the Americas. Prior to joining Johnson Electric, he worked for Emerson Electric and held senior positions in Supply Chain Management in Asia and North America.

Christopher John Hasson

Executive Vice President

Christopher John Hasson, age 49, educated at Manchester University and London Business School (Corporate Finance and Accounting). He is responsible for corporate business development, mergers and acquisitions, corporate strategic planning, and for supervision of the legal and company secretarial functions. In addition, he is responsible for business units and investments under Johnson Electric Capital, including Saia-Burgess Controls. Prior to joining Johnson Electric in 2002, he was a partner at The Boston Consulting Group.

Kam-Chin Ko

Senior Vice President,
Automotive Products Group – Asia

Kam-Chin Ko, age 46, holds a MSc degree in Manufacturing System Engineering from the University of Warwick, UK and a Doctor of Engineering from the Hong Kong Polytechnic University. He is responsible for the strategic, commercial and operational direction of the Automotive Products Group in Asia. He joined Johnson Electric in 1988 and in previous positions led the Components and Services Group and the Corporate Engineering function. He is a member of The Institute of Engineering and Technology and a member of the Institute of Industrial Engineers.

Yiu-Cheung Kwong

Senior Vice President,
Industry Products Group – Asia

Yiu-Cheung Kwong, age 46, holds a Mechanical Engineering degree from Sunderland Polytechnics, UK, and a MBA degree from City University of Hong Kong. He is responsible for the strategic, commercial and operational direction of the Industry Products Group in Asia. He joined Johnson Electric in 1999, and had been a General Manager for Home Appliance Business Unit. Prior to joining the Group, he has 10 years experience with TDK, NHK and Philips, where he held a variety of positions in product engineering, product procurement, and sales & marketing.

Peter Henry Langdon

Senior Vice President,
Human Resources

Peter Henry Langdon, age 63, holds Bachelor's (Hons.) and Master's degrees in Politics and Economics. He joined Johnson Electric in December 2007 and is responsible for Human Resources, Global Environmental, Health and Safety, and Training and Development. Prior to joining Johnson Electric, he was responsible for Human Resources and was the Assistant Corporate Secretary for a major international energy service company.

Yue Li

Senior Vice President,
Corporate Engineering

Yue Li, age 52, obtained a Bachelor of Science degree from Tsinghua University and also a Ph.D from University of Wisconsin-Madison. He is responsible for overall corporate technology, engineering operations and Value Innovation Programs. Prior to joining Johnson Electric in 2004, he worked for Emerson Electric in St. Louis as director of new products, also for Carrier Corporation in Syracuse as director of power electronics and motor technologies, and for Emergency One Inc. in Florida as vice president of product management.

Marc-Olivier Lorenz

Senior Vice President,
Automotive Products Group –
Europe and the Americas

Marc-Olivier Lorenz, age 50, obtained a Bachelor of Business Administration degree from HEC Lausanne University, Switzerland. He is responsible for the strategic, commercial and operational direction of the Automotive Products Group in Europe and the Americas. In 1999 he joined the Swiss based Saia-Burgess company and became Director of the Automotive division. Prior to joining Saia-Burgess, which was acquired by Johnson Electric in 2005, he held various executive positions with Dana Corporation from operational to sales and marketing functions.

Jeffrey L. Obermayer

Senior Vice President and
Chief Financial Officer

Jeffrey L. Obermayer, age 56, has a BS degree (Hons.) in Business Administration and an MS degree in Accounting from Illinois State University. He holds a MBA degree from Northwestern University. He is a Certified Public Accountant, a Certified Management Accountant and is a member of the Institute of Internal Auditors. Prior to joining Johnson Electric in 2010, he had 28 years experience with BorgWarner Inc. in the USA and Germany, where he held a variety of senior executive positions in finance, business development, treasury & risk management and accounting. His last position was Vice President & Controller and Principal Accounting Officer.

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the changes in information of Directors of the Company are set out below:

Name of Director	Details of Changes
Patrick Shui-Chung Wang	Total emoluments increased by US$84,000 to US$890,000 compared to FY2010/11
Winnie Wing-Yee Wang	Total emoluments increased by US$51,000 to US$628,000 compared to FY2010/11
Austin Jesse Wang	Total emoluments increased by US$26,000 to US$174,000 compared to FY2010/11
Joseph Chi-Kwong Yam	Appointed as member of the Remuneration Committee of the Company
	Total emoluments increased by US$24,000 to US$39,000 compared to FY2010/11 (Note: Mr. Yam was appointed as Independent Non-Executive Director of the Company on 30th September 2010. His emoluments in FY2010/11 covered the half-year period from 30th September 2010 to 31st March 2011)
	Appointed as chairman of the Risk Management Committee and member of the Strategic Development Committee of China Construction Bank Corporation

CORPORATE AND SHAREHOLDER INFORMATION

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

CORPORATE INFORMATION

Board of Directors

Executive Directors

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Winnie Wing-Yee Wang
Vice-Chairman

Austin Jesse Wang

Non-Executive Directors

Yik-Chun Koo Wang
Honorary Chairman

Peter Kin-Chung Wang

Peter Stuart Allenby Edwards*

Patrick Blackwell Paul*

Michael John Enright*

Joseph Chi-Kwong Yam
*GBM, GBS, CBE, JP**

** Independent Non-Executive Director*

Company Secretary

Susan Chee-Lan Yip

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Head Office

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2663 6688
Fax : (852) 2897 2054
Website : www.johnsonelectric.com

Auditor

PricewaterhouseCoopers

Registrars and Transfer Offices

Principal:
HSBC Securities Services
(Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong Branch:
Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

American Depositary Receipt (ADR)

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

ADR Bank

JPMorgan Chase Bank
JPMorgan Service Center
P.O. Box 43013
Providence, RI 02940-3013
USA
Tel : Domestic Toll Free:
+1 (800) 990-1135
International:
+1 (781) 575-4328
Fax : +1 (781) 575-4088
Email : adr@jpmorgan.com

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
BNP Paribas Hong Kong Branch
Bank of China (Hong Kong) Limited
Standard Chartered Bank
(Hong Kong) Limited
JPMorgan Chase Bank, N.A.
Hong Kong Branch

LISTING INFORMATION

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipt.

Stock Code

The Stock Exchange of Hong Kong Limited	: 179
Bloomberg	: 179:HK
Reuters	: 0179.HK

SHAREHOLDERS' CALENDAR

Annual General Meeting (AGM)

11th July 2012 (Wed)

Register of Shareholders

Closure of Register (both dates inclusive)
For attending AGM : 9th – 11th July 2012 (Mon – Wed)
For final dividend : 17th – 19th July 2012 (Tue – Thu)

Dividend (per Share)

Interim Dividend	: 3 HK Cents
Paid on	: 5th January 2012 (Thu)
Final Dividend	: 7 HK Cents
Payable on	: 25th July 2012 (Wed)

Johnson Electric Holdings Limited

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