

# NOTES TO THE ACCOUNTS

## 1 Principal accounting policies

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

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

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

The changes to the group's accounting policies are set out below and the effect of adopting SSAP 26, SSAP 9 (revised) and SSAP 14 (revised) are stated in note 2, note 8(a) and note 29 respectively.

The principal accounting policies adopted in the preparation of these accounts are set out below:

### (a) CONSOLIDATION

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

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

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

## **1 Principal accounting policies** *(Cont'd)*

### **(b) REVENUE RECOGNITION**

#### **(i) SALES OF GOODS**

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

#### **(ii) INTEREST INCOME**

Interest income is recognised on a time proportion basis.

#### **(iii) GROSS EARNINGS FROM INVESTMENTS IN FINANCE LEASES**

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

#### **(iv) RENTAL INCOME**

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

#### **(v) ROYALTY INCOME**

Royalty income is recognised on an accruals basis.

### **(c) SUBSIDIARIES**

Investments in subsidiaries are carried at cost less provision for impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

### **(d) JOINTLY CONTROLLED ENTITIES**

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

The consolidated profit and loss account includes the group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the group's share of the net assets of the jointly controlled entities and goodwill / negative goodwill (net of accumulated amortisation) on acquisition.

In the company's balance sheet, the investment in the jointly controlled entity is stated at cost less provision for impairment losses. The result of the jointly controlled entity is accounted for by the company on the basis of dividends received and receivable.

### **(e) ASSOCIATED COMPANIES**

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

The consolidated profit and loss account includes the group's share of the results of associated companies for the year, and the consolidated balance sheet includes the group's share of the net assets of the associated companies and also goodwill / negative goodwill (net of accumulated amortisation) on acquisition.

## 1 Principal accounting policies (Cont'd)

### (f) INTANGIBLES

#### (i) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's net assets of subsidiary / associated company / jointly controlled entity at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of 20 years.

Goodwill on acquisitions that occurred prior to 1st January 2001 was written off against reserves. The group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated. However, any impairment arising in such goodwill is accounted for in accordance with SSAP 31 "Impairment of Assets".

#### (ii) RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are 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. Such development costs are recognised as an asset and amortised on a straight-line basis over 8 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (iii) IMPAIRMENT OF INTANGIBLE ASSETS

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

### (g) PROPERTIES, PLANT AND EQUIPMENT

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

Depreciation of other properties, plant and equipment is calculated to write off the cost of assets less accumulated impairment losses on a straight-line basis over their estimated useful lives on the following bases.

**1 Principal accounting policies** (Cont'd)**(g) PROPERTIES, PLANT AND EQUIPMENT** (Cont'd)

Leasehold land and buildings outside the New Territories, Hong Kong	Over the unexpired term of lease
Leasehold land in the New Territories, Hong Kong	Over the unexpired term of lease
Buildings situated on freehold land outside Hong Kong and buildings situated on leasehold land in the New Territories, Hong Kong	Over 25 years
Leasehold land and buildings outside Hong Kong – medium term	Over the unexpired term of lease
Motor vehicles	Over 5 years
Moulds	Over 7 years
Computers	Over 4 years
Plant and machinery, equipment, furniture and fixtures, and tools	Over 10 years

In previous years, certain properties, plant and equipment were depreciated over their estimated useful lives on a reducing balance method. Commencing from 1st April 2001, for the sake of uniformity in the use of depreciation methods worldwide, these assets are depreciated over their estimated useful lives on a straight-line basis and this change in accounting estimate has been accounted for prospectively. The effect of this change is that the group's profit for the year ended 31st March 2002 would have been decreased by US\$3,475,000 had the reducing balance method been used.

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

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that properties, plant and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

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

**1 Principal accounting policies (Cont'd)**

**(h) INVESTMENT PROPERTIES**

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

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

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

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

**(i) STOCKS AND WORK IN PROGRESS**

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

**(j) FOREIGN EXCHANGE**

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

- (i) In respect of foreign currency denominated assets and liabilities and the balance sheets of subsidiaries, jointly controlled entities and associated companies, the rates ruling at the balance sheet date; and
- (ii) In respect of foreign currency transactions entered into during the year, the market rates ruling at the relevant transaction dates.

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

**1 Principal accounting policies** (Cont'd)

**(k) DEFERRED TAXATION**

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

**(l) INVESTMENTS IN SECURITIES**

**(i) INVESTMENT SECURITIES**

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

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

**(ii) OTHER INVESTMENTS**

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

**(m) INVESTMENTS IN FINANCE LEASES**

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

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

**1 Principal accounting policies** (Cont'd)

**(n) ASSETS UNDER LEASES**

(i) FINANCE LEASES

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

Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. Finance charges are charged to the profit and loss account over the lease periods.

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

(ii) OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives from the leasing company are charged to the profit and loss account on a straight-line basis over the lease term.

**(o) RETIREMENT BENEFIT COSTS**

(i) DEFINED CONTRIBUTION SCHEMES

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

(ii) OTHER PENSION COSTS

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

**1 Principal accounting policies (Cont'd)****(p) WARRANTY PROVISION**

The group recognises a provision for product repairs and replacement still under warranty at the balance sheet date, which is not covered by product liability insurance policies. The provision is calculated based on past history of the level of repair and replacements. The provision is reviewed annually and any excess or shortfall is recognised in the profit and loss account.

**(q) DIVIDENDS**

In accordance with the revised SSAP 9, dividends are recognised in the accounting period when declared. This represents a change in accounting policy as in prior years dividends proposed after the balance sheet date would be recognised as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in Note 27, opening retained earnings at 1st April 2000 have increased by US\$33,620,000 which is the reversal of the provision for the 2000 proposed final dividend previously recorded as a liability as at 31st March 2000 although not declared until after balance sheet date. Opening retained earnings at 1st April 2001 have increased by US\$34,383,000 which is the reversal of the provision for 2001 proposed final dividend previously recorded as a liability as at 31st March 2001 although not declared until after the balance sheet date.

**2 Turnover, revenues and segment information**

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

	2002 US\$'000	2001 US\$'000
<b>Turnover</b>		
Sales of goods - motors	773,660	790,190
<b>Other revenues</b>		
Scrap sales	4,292	5,407
Interest income	2,982	3,820
Gross earnings from investments in finance leases	591	1,271
Gross rental income from investment properties	1,429	1,536
Royalty income	76	165
	<b>9,370</b>	12,199
<b>Total revenues</b>	<b>783,030</b>	<b>802,389</b>



**2 Turnover, revenues and segment information**(Cont'd)

The group's business operates in three geographical areas:

	Asia 2002 US\$'000	America 2002 US\$'000	Europe 2002 US\$'000	Group 2002 US\$'000
Turnover	428,786	140,987	203,887	<b>773,660</b>
Operating profit	93,307	7,082	32,630	<b>133,019</b>
Finance costs				<b>(365)</b>
Share of profits less losses of jointly controlled entities and associated companies	(1,152)	(679)	(4,887)	<b>(6,718)</b>
Profit before taxation				<b>125,936</b>
Taxation				<b>(15,102)</b>
Profit after taxation				<b>110,834</b>
Minority interests				<b>(2)</b>
Profit attributable to shareholders				<b>110,832</b>
Segment assets	461,575	133,623	131,819	<b>727,017</b>
Investments in jointly controlled entities	18,439	-	-	<b>18,439</b>
Investments in associated companies	-	-	3,709	<b>3,709</b>
Total assets				<b>749,165</b>
Segment liabilities	91,132	30,798	71,067	<b>192,997</b>
Total liabilities				<b>192,997</b>
Capital expenditure	40,441	12,281	5,920	<b>58,642</b>
Depreciation	23,870	4,024	5,640	<b>33,534</b>
Amortisation charge	-	570	71	<b>641</b>

**2 Turnover, revenues and segment information** (Cont'd)

	Asia 2001 US\$'000	America 2001 US\$'000	Europe 2001 US\$'000	Group 2001 US\$'000
Turnover	471,908	127,105	191,177	<b>790,190</b>
Operating profit	121,461	(18,344)	35,798	<b>138,915</b>
Finance costs				<b>(464)</b>
Share of profits less losses of jointly controlled entities and associated companies	(1,036)	40	(1,284)	<b>(2,280)</b>
Profit before taxation				<b>136,171</b>
Taxation				<b>9,199</b>
Profit after taxation				<b>145,370</b>
Minority interests				<b>(2)</b>
Profit attributable to shareholders				<b>145,368</b>
Segment assets	439,608	84,150	128,836	<b>652,594</b>
Investments in jointly controlled entities	15,719	3,787	-	<b>19,506</b>
Investments in associated companies	-	-	7,361	<b>7,361</b>
Total assets				<b>679,461</b>
Segment liabilities	74,494	31,046	72,373	<b>177,913</b>
Total liabilities				<b>177,913</b>
Capital expenditure	48,069	8,659	6,044	<b>62,772</b>
Depreciation	24,417	4,773	6,505	<b>35,695</b>
Provision for costs of restructuring	-	26,661	-	<b>26,661</b>

**3 Selling and administrative expenses**

	2002 US\$'000	2001 US\$'000
Selling expenses	<b>29,102</b>	28,093
Administrative expenses	<b>90,784</b>	78,650
	<b>119,886</b>	106,743

**4 Operating profit**

Operating profit is stated after crediting and charging the following:

	2002 US\$'000	2001 US\$'000
<b>Crediting</b>		
Interest income		
- unlisted investments	260	186
- deposits	2,722	3,634
Net realised and unrealised gain on other investments and investment securities	-	2,855
<b>Charging</b>		
Depreciation on owned properties, plant and equipment	35,089	38,274
Depreciation on leased properties, plant and equipment	13	54
Less : amounts capitalised on machinery under construction	(1,568)	(2,633)
	33,534	35,695
Staff costs (including directors' remuneration)	125,395	123,797
Less: amounts capitalised on machinery under construction	(4,217)	(2,228)
	121,178	121,569
Retirement benefit costs		
- defined contribution schemes (note 10)	765	1,634
- other pension costs (note 24)	2,037	3,745
Auditors' remuneration	427	421
Amortisation of goodwill (note 12)	641	-
Loss on disposal of properties, plant and equipment	3,255	497
Net realised and unrealised loss on other investments and investment securities	1,364	-
Net exchange loss	2,349	1,083

**5 Finance costs**

	2002 US\$'000	2001 US\$'000
Interest on bank loans and overdrafts	213	198
Interest on other loans, not wholly repayable within five years	51	172
Interest element of finance leases	-	6
Other incidental borrowing costs	101	88
	365	464

**6 Taxation (charge) / credit**

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rate on the estimated assessable profit for the year.

	2002 US\$'000	2001 US\$'000
Current taxation		
Hong Kong profits tax	(6,275)	(8,925)
Overseas taxation	(12,897)	(8,809)
	(19,172)	(17,734)
Deferred taxation (note 25)	4,201	26,933
	(14,971)	9,199
Share of taxation attributable to jointly controlled entities	(131)	-
	(15,102)	9,199

No provision for taxation has been made by the associated companies as they do not have any assessable profit for the year (2001: Nil).

There was no material unprovided deferred taxation for the year.

**7 Profit attributable to shareholders**

Profit attributable to shareholders is dealt with in the accounts of the company to the extent of US\$32,293,000 (2001: US\$23,406,000).

**8 Dividends**

	2002 US\$'000	2001 US\$'000
Interim, paid, of 0.38 US cents per share (2001: 0.38 US cents)	14,130	14,130
Final, proposed, of 0.94 US cents per share (2001: 0.94 US cents)	34,383	34,383
	48,513	48,513

(a) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31st March 2000 and 2001 were US\$33,620,000 and US\$34,383,000 respectively. Under the group's new accounting policy as described in note 1(q), these have been written back against opening reserves as at 1st April 2000 and 2001 in note 27 and are now charged in the period in which they were approved by the shareholders.

(b) At a meeting held on 11th June 2002 the directors declared a final dividend of 0.94 US cents per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2003.

## 9 Earnings per share

The calculation of earnings per share is based on the group's profit attributable to shareholders of US\$110,832,000 (2001: US\$145,368,000) and 3,673,788,920 shares currently in issue after subdivision of each of the issued and unissued shares into four subdivided shares on 14th August 2000.

## 10 Defined contribution schemes

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

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

Contributions are charged to profit and loss account as incurred and may be reduced by contributions forfeited from those employees who leave the ORSO scheme prior to vesting fully in the contributions. At 31st March 2002, the balance of the forfeited contributions was US\$340,000 (2001: US\$1,208,000). The group utilised US\$1,000,000 (2001: nil) of the forfeited contributions during the year to offset its required contributions to the retirement scheme.

## 11 Directors' emoluments and senior management compensation

### (a) DIRECTORS' EMOLUMENTS

	2002 US\$'000	2001 US\$'000
Fees	123	121
Salaries and allowances	1,762	2,048
Retirement scheme contributions	8	8
Bonuses	14	14
	<b>1,907</b>	<b>2,191</b>

The emoluments were paid to the directors as follows:

Emoluments band	Number of directors	
	2002	2001
US\$0 - US\$128,000 (HK\$0 - HK\$1,000,000)	7	7
US\$450,001 - US\$514,000 (HK\$3,500,001 - HK\$4,000,000)	1	-
US\$514,001 - US\$578,000 (HK\$4,000,001 - HK\$4,500,000)	-	1
US\$578,001 - US\$642,000 (HK\$4,500,001 - HK\$5,000,000)	1	-
US\$642,001 - US\$706,000 (HK\$5,000,001 - HK\$5,500,000)	1	-
US\$706,001 - US\$771,000 (HK\$5,500,001 - HK\$6,000,000)	-	2

Emoluments paid to independent non-executive directors amounted to US\$80,000 during the year (2001: US\$80,000).

**11 Directors' emoluments and senior management compensation (Cont'd)**

**(b) SENIOR MANAGEMENT COMPENSATION**

The emoluments of the five highest paid individuals, including three directors (2001: three), were analysed as follows:

	<b>2002</b>	2001
	US\$'000	US\$'000
Salaries, allowances and other benefits	<b>2,679</b>	2,861
Retirement scheme contributions	<b>48</b>	43
Bonuses	<b>111</b>	288
	<b>2,838</b>	3,192

<b>Emoluments band</b>	<b>Number of individuals</b>	
	<b>2002</b>	2001
US\$385,001 - US\$450,000 (HK\$3,000,001 - HK\$3,500,000)	<b>1</b>	-
US\$450,001 - US\$514,000 (HK\$3,500,001 - HK\$4,000,000)	<b>1</b>	-
US\$514,001 - US\$578,000 (HK\$4,000,001 - HK\$4,500,000)	-	2
US\$578,001 - US\$642,000 (HK\$4,500,001 - HK\$5,000,000)	<b>1</b>	-
US\$642,001 - US\$706,000 (HK\$5,000,001 - HK\$5,500,000)	<b>2</b>	1
US\$706,001 - US\$771,000 (HK\$5,500,001 - HK\$6,000,000)	-	2

**12 Intangibles**

<b>Group</b>	<b>Goodwill</b>		<b>Development costs</b>		<b>Total</b>	
	<b>2002</b>	2001	<b>2002</b>	2001	<b>2002</b>	2001
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of year	-	-	-	-	-	-
Acquisition (note 30)	<b>19,902</b>	-	-	-	<b>19,902</b>	-
Development costs recognised as an asset	-	-	<b>3,322</b>	-	<b>3,322</b>	-
Amortisation charge (note 4)	<b>(641)</b>	-	-	-	<b>(641)</b>	-
At end of year	<b>19,261</b>	-	<b>3,322</b>	-	<b>22,583</b>	-

**13 Properties, plant and equipment**

Group	Investment properties US\$'000	Other properties US\$'000	Buildings under construction US\$'000	Plant and machinery US\$'000	Machinery under construction US\$'000	Other assets*	Total US\$'000
<b>Cost or valuation</b>							
At 1st April 2001	14,541	100,407	437	321,610	13,471	166,663	617,129
Exchange adjustments	-	241	-	(10,260)	(29)	(61)	(10,109)
Acquisitions through business combinations	-	-	-	21,446	3	15	21,464
Additions	-	11,923	206	11,605	15,705	4,668	44,107
Transfers	-	632	(545)	77,793	(11,117)	(66,763)	-
Disposals	(1,449)	(25,111)	-	(57,477)	(1,137)	(1,945)	(87,119)
Revaluation deficit (note 27)	(806)	-	-	-	-	-	(806)
At 31st March 2002	12,286	88,092	98	364,717	16,896	102,577	584,666
<b>Accumulated depreciation</b>							
At 1st April 2001	-	34,123	-	236,050	-	112,669	382,842
Exchange adjustments	-	(34)	-	(5,119)	-	152	(5,001)
Acquisitions through business combinations	-	-	-	6,929	-	-	6,929
Charge for the year	-	3,475	-	19,869	-	11,758	35,102
Transfers	-	(265)	-	54,405	-	(54,140)	-
Written back on disposals	-	(13,630)	-	(54,931)	-	(1,676)	(70,237)
At 31st March 2002	-	23,669	-	257,203	-	68,763	349,635
<b>Net book value</b>							
At 31st March 2002	12,286	64,423	98	107,514	16,896	33,814	235,031
At 31st March 2001	14,541	66,284	437	85,560	13,471	53,994	234,287
<b>The analysis of cost or valuation of the above assets is as follows:</b>							
At cost	-	88,092	98	364,717	16,896	102,577	572,380
At professional valuation - 2002	12,286	-	-	-	-	-	12,286
	12,286	88,092	98	364,717	16,896	102,577	584,666

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

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

Investment properties and other properties are analysed as follows:

Group	2002		2001	
	Investment properties US\$'000	Other properties US\$'000	Investment properties US\$'000	Other properties US\$'000
<b>In Hong Kong:</b>				
On long-term lease (over 50 years)	5,872	-	6,180	229
On medium-term lease (between 10 to 50 years)	6,414	25,789	8,361	27,594
<b>Outside Hong Kong:</b>				
Freehold	-	26,801	-	27,438
On medium-term lease (between 10 to 50 years)	-	11,833	-	11,023
	<b>12,286</b>	<b>64,423</b>	14,541	66,284

The investment properties were revalued on an open market value basis as at 31st March 2002 by an independent valuer, DTZ Debenham Tie Leung Limited, Registered Professional Surveyors.

**14 Subsidiaries**

Company	2002 US\$'000	2001 US\$'000
Unlisted shares, at cost	472,558	460,596
Amounts due from subsidiaries	159,418	166,389
	<b>631,976</b>	626,985
Amounts due to subsidiaries	(104,787)	(80,235)
	<b>527,189</b>	546,750

The amounts due from / to subsidiaries are interest free and have no fixed terms of repayment.

Details of principal subsidiaries are shown in note 32.



**15 Jointly controlled entities**

<b>Group</b>	<b>2002</b>	<b>2001</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Share of net assets	<b>10,939</b>	12,006
Loan	<b>7,500</b>	7,500
	<b>18,439</b>	19,506

<b>Company</b>	<b>2002</b>	<b>2001</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unlisted shares, at cost	<b>5,712</b>	510
Loan	<b>7,500</b>	7,500
	<b>13,212</b>	8,010

The group's share of losses of these jointly controlled entities during the year amounts to US\$1,831,000 (2001: US\$996,000).

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

Details of principal jointly controlled entities are shown in note 32.

**16 Associated companies**

<b>Group</b>	<b>2002</b>	<b>2001</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Share of net assets	<b>3,709</b>	7,361

The group's share of losses of these associated companies during the year amounts to US\$4,887,000 (2001: US\$1,284,000).

Details of principal associated companies are shown in note 32.

**17 Investment securities**

<b>Group and Company</b>	<b>2002</b>	<b>2001</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unlisted equity securities	<b>9,480</b>	11,136

**18 Investments in finance leases**

<b>Group</b>	<b>2002</b> <b>US\$'000</b>	<b>2001</b> <b>US\$'000</b>
Gross rental receivable	<b>16,806</b>	25,578
Less: gross earnings allocated to future period	<b>(2,258)</b>	(4,152)
	<b>14,548</b>	21,426
Less: amounts due within one year included in trade and other receivables	<b>(704)</b>	(904)
	<b>13,844</b>	20,522

The finance leases are receivable in the following years:

	<b>Net investment</b>		<b>Gross earnings</b>		<b>Gross rental</b>	
	<b>2002</b> <b>US\$'000</b>	<b>2001</b> <b>US\$'000</b>	<b>2002</b> <b>US\$'000</b>	<b>2001</b> <b>US\$'000</b>	<b>2002</b> <b>US\$'000</b>	<b>2001</b> <b>US\$'000</b>
Within one year	<b>704</b>	904	<b>710</b>	1,051	<b>1,414</b>	1,955
In the second to fifth year	<b>10,071</b>	15,227	<b>1,480</b>	2,771	<b>11,551</b>	17,998
After the fifth year	<b>3,773</b>	5,295	<b>68</b>	330	<b>3,841</b>	5,625
	<b>14,548</b>	21,426	<b>2,258</b>	4,152	<b>16,806</b>	25,578

The group has entered into agreements with its employees whereby certain leasehold property assets of the group which are located in Hong Kong are leased to these employees. Under the terms of these agreements, substantially all the risks and rewards of ownership of the assets are transferred to the employees. Consequently, these transactions are accounted for as finance leases. The aggregate cost of assets acquired for the purpose of letting under finance leases as at 31st March 2002 is US\$18,503,000 (2001: US\$26,064,000).

**19 Stocks and work in progress**

<b>Group</b>	<b>2002</b> <b>US\$'000</b>	<b>2001</b> <b>US\$'000</b>
Raw materials	<b>30,237</b>	32,640
Work in progress	<b>16,933</b>	21,444
Finished goods	<b>41,311</b>	30,883
	<b>88,481</b>	84,967

At 31st March 2002, the carrying amount of stocks and work in progress that are pledged as security for long term bank loans amounted to US\$20,509,000 (2001: US\$19,139,000).

At 31st March 2002, the carrying amounts of all stocks and work in progress were stated at cost.

**20 Trade and other receivables**

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

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

Group	2002 US\$'000	2001 US\$'000
0-60 days	114,514	123,273
61-90 days	31,249	16,215
Over 90 days	11,188	14,880
Total	156,951	154,368

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

	31st March 2002 US\$'000	31st March 2001 US\$'000	Maximum outstanding during year US\$'000
Yip Chee Lan	80	96	96

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

(c) At 31st March 2002, trade receivables of US\$19,596,000 (2001: US\$21,477,000) are pledged as security for long term bank loans.

**21 Other investments**

Group	2002 US\$'000	2001 US\$'000
Unlisted investments	15,855	11,413
Listed investments, outside Hong Kong	10,000	-
Total	25,855	11,413

Other investments mainly comprise bonds and floating rate notes.

**22 Trade and other payables**

The trade and other payables included trade payables balance of US\$109,682,000 (2001: US\$73,844,000). The ageing analysis of trade payables was as follows:

Group	2002 US\$'000	2001 US\$'000
0-60 days	76,172	51,355
61-90 days	16,871	12,010
Over 90 days	16,639	10,479
Total	109,682	73,844

**23 Long term loans**

Group	2002 US\$'000	2001 US\$'000
Loans		
Secured	6,415	4,643
Unsecured	816	1,826
	7,231	6,469
Current portion of long term loans	(215)	(547)
	7,016	5,922

The analysis of the above is as follows :

Wholly repayable within five years		
Bank loans	5,000	3,000
	5,000	3,000
Not wholly repayable within five years		
Other loans	2,231	3,469
	7,231	6,469
Current portion of long term loans	(215)	(547)
	7,016	5,922

**23 Long term loans (Cont'd)**

At 31st March 2002, the group's loans were repayable as follows:

	Bank loans		Other loans	
	2002 US\$'000	2001 US\$'000	2002 US\$'000	2001 US\$'000
Within one year	-	-	215	547
In the second year	5,000	-	223	763
In the third to fifth year	-	3,000	1,033	1,144
After the fifth year	-	-	760	1,015
	<b>5,000</b>	3,000	<b>2,231</b>	3,469

Other loans not wholly repayable within five years are repayable by instalments starting from July 2000 to January 2011. Interest is charged on the outstanding balances at 1.5% to 3.75% per annum (2001: 1.9875% to 7.95% per annum).

**24 Other provisions**

Group	Other pension costs US\$'000	Warranty provision US\$'000	Sundries US\$'000	Total US\$'000
At 1st April 2000	8,371	4,629	2,124	15,124
Exchange adjustments	(304)	(168)	(5)	(477)
Provisions	3,745	1,854	74	5,673
Unused amounts reversed	-	(3,860)	-	(3,860)
Utilised	(1,394)	(1,174)	(1,571)	(4,139)
At 1st April 2001	10,418	1,281	622	12,321
Exchange adjustments	(106)	(50)	(1)	(157)
Provisions	2,037	-	-	2,037
Utilised	(2,622)	(151)	(621)	(3,394)
<b>At 31st March 2002</b>	<b>9,727</b>	<b>1,080</b>	-	<b>10,807</b>
Analysis of total provisions			2002 US\$'000	2001 US\$'000
Non-current			10,807	12,321
Current			-	-
			<b>10,807</b>	<b>12,321</b>

A provision of US\$1,080,000 (2001: US\$1,281,000) has been recognised at the year-end for expected warranty claims based on past experience of the level of repairs and returns.

**25 Deferred taxation**

Group	2002 US\$'000	2001 US\$'000
At beginning of year	(19,828)	6,581
Acquisition through business combination	(600)	-
Exchange adjustments	173	524
Transfer to profit and loss account (note 6)	(4,201)	(26,933)
At end of year	(24,456)	(19,828)
Provided in accounts		
Accelerated depreciation allowances	16,777	13,918
Other timing differences	(41,233)	(33,746)
	(24,456)	(19,828)
Represented by		
Deferred tax assets	(34,960)	(30,752)
Deferred tax liabilities	10,504	10,924
	(24,456)	(19,828)

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

**26 Share capital**

	2002 US\$'000	2001 US\$'000
Authorised:		
7,040,000,000 ordinary shares of HK\$0.0125 each	11,355	11,355
Issued and fully paid:		
3,673,788,920 ordinary shares of HK\$0.0125 each	5,925	5,925

**27 Reserves**

Group	Share premium US\$'000	Investment property revaluation reserve US\$'000	Capital reserve US\$'000	(Goodwill)/ reserve on consolidation US\$'000	Exchange reserve US\$'000	Contributed surplus US\$'000	Retained earnings US\$'000	Total US\$'000
At 31st March 2000								
As previously reported	77,855	13,542	38,917	(226,544)	(20,182)	15,499	480,145	379,232
Effect of adopting SSAP 9 (revised) (note 1(q))	-	-	-	-	-	-	33,620	33,620
As restated	77,855	13,542	38,917	(226,544)	(20,182)	15,499	513,765	412,852
Adjustment arising on translation of foreign subsidiaries, associated companies and jointly controlled entities	-	-	-	-	(5,065)	-	-	(5,065)
Revaluation deficit	-	(2,441)	-	-	-	-	-	(2,441)
Goodwill adjustment on previously acquired subsidiaries	-	-	-	(7,341)	-	-	-	(7,341)
Revaluation surplus realised upon disposal	-	(128)	-	-	-	-	128	-
Retained profit for the year	-	-	-	-	-	-	145,368	145,368
Final dividend paid 99/00	-	-	-	-	-	-	(33,620)	(33,620)
Interim dividend paid 00/01	-	-	-	-	-	-	(14,130)	(14,130)
At 31st March 2001	77,855	10,973	38,917	(233,885)	(25,247)	15,499	611,511	495,623
Final dividend proposed	-	-	-	-	-	-	34,383	34,383
Other	77,855	10,973	38,917	(233,885)	(25,247)	15,499	577,128	461,240
At 31st March 2001	77,855	10,973	38,917	(233,885)	(25,247)	15,499	611,511	495,623
Company and subsidiaries	77,855	10,973	38,917	(233,885)	(25,247)	15,499	613,748	497,860
Jointly controlled entities	-	-	-	-	-	-	(355)	(355)
Associated companies	-	-	-	-	-	-	(1,882)	(1,882)
At 31st March 2001	77,855	10,973	38,917	(233,885)	(25,247)	15,499	611,511	495,623

**27 Reserves** (Cont'd)

Group	Share premium US\$'000	Investment property revaluation reserve US\$'000	Capital reserve US\$'000	(Goodwill)/ reserve on consolidation US\$'000	Exchange reserve US\$'000	Contributed surplus US\$'000	Retained earnings US\$'000	Total US\$'000
At 31st March 2001								
As previously reported	77,855	10,973	38,917	(233,885)	(25,247)	15,499	577,128	461,240
Effect of adopting SSAP 9 (revised) (note 1(q))	-	-	-	-	-	-	34,383	34,383
As restated	77,855	10,973	38,917	(233,885)	(25,247)	15,499	611,511	495,623
Adjustment arising on translation of foreign subsidiaries, associated companies and jointly controlled entities	-	-	-	-	(5,910)	-	-	(5,910)
Revaluation deficit	-	(806)	-	-	-	-	-	(806)
Revaluation surplus realised upon disposal	-	(983)	-	-	-	-	-	(983)
Retained profit for the year	-	-	-	-	-	-	110,832	110,832
Final dividend paid 00/01	-	-	-	-	-	-	(34,383)	(34,383)
Interim dividend paid 01/02	-	-	-	-	-	-	(14,130)	(14,130)
At 31st March 2002	77,855	9,184	38,917	(233,885)	(31,157)	15,499	673,830	550,243
Final dividend proposed	-	-	-	-	-	-	34,383	34,383
Other	77,855	9,184	38,917	(233,885)	(31,157)	15,499	639,447	515,860
At 31st March 2002	77,855	9,184	38,917	(233,885)	(31,157)	15,499	673,830	550,243
Company and subsidiaries	77,855	9,184	38,917	(233,885)	(31,157)	15,499	682,785	559,198
Jointly controlled entities	-	-	-	-	-	-	(2,186)	(2,186)
Associated companies	-	-	-	-	-	-	(6,769)	(6,769)
At 31st March 2002	77,855	9,184	38,917	(233,885)	(31,157)	15,499	673,830	550,243



**27 Reserves** (Cont'd)

Company	Share premium US\$'000	Contributed surplus US\$'000	Retained earnings US\$'000	Total US\$'000
At 31st March 2000				
As previously reported	77,855	95,273	380,804	553,932
Effect of adopting SSAP 9 (revised) (note 1(q))	-	-	33,620	33,620
As restated	77,855	95,273	414,424	587,552
Retained profit for the year	-	-	23,406	23,406
Dividends	-	-	(47,750)	(47,750)
At 31st March 2001				
Retained profit for the year	-	-	32,293	32,293
Dividends	-	-	(48,513)	(48,513)
At 31st March 2002				
Final dividend proposed	-	-	34,383	34,383
Other	77,855	95,273	339,477	512,605
At 31st March 2002				
	77,855	95,273	373,860	546,988

Distributable reserves of the company at 31st March 2002 amounted to US\$469,133,000 (2001: US\$485,353,000).

**28 Contingent liabilities**

(a)	Group		Company	
	2002 US\$'000	2001 US\$'000	2002 US\$'000	2001 US\$'000
Bills discounted	1,972	2,527	-	-
Guarantee for credit facilities granted to				
- subsidiaries	-	-	19,256	13,898
- a jointly controlled entity	-	3,000	-	3,000
- an associated company	4,844	-	-	-
	<b>6,816</b>	5,527	<b>19,256</b>	16,898

(b) The company has given guarantees for a subsidiary in respect of future payment of operating lease rentals amounting US\$2,655,000 (2001: US\$2,964,000).

**28 Contingent liabilities** (Cont'd)

- (c) In August 2001, a claim for damages was made against a subsidiary of the group and several other third party defendants for personal injury and property damage in a lawsuit pertaining to environmental contamination involving the group's automotive parts manufacturing facility in Columbus, Mississippi, USA which was closed down in November 2001. The group has resisted and will vigorously defend these claims as a result of advice from the group's legal advisers as to its position with respect to these claims. During the year under review, the defendants removed the case from the Lowndes County Circuit Court to the United States District Court (the "Court") for the Northern District of Mississippi, Eastern Division. The plaintiffs filed a motion to remand the case back to county court. However, the Court has not yet rendered a decision on the motion to remand.

The directors consider that the litigation continues to be in its formative stage and are therefore unable at such early stage to predict the final outcome of this litigation.

**29 Commitments****(a) CAPITAL COMMITMENTS**

<b>Group</b>	<b>2002</b>	<b>2001</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Capital commitments for properties, plant and equipment</b>		
Authorised but not contracted for	<b>5,617</b>	6,588
Contracted but not provided for	<b>7,945</b>	8,791
	<b>13,562</b>	15,379

The group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

Authorised but not contracted for	<b>444</b>	659
Contracted but not provided for	<b>1,104</b>	1,749
	<b>1,548</b>	2,408

**29 Commitments** (Cont'd)**(b) OPERATING LEASE COMMITMENTS**

- (i) At 31st March 2002, the group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings US\$'000	Others US\$'000	Land and buildings US\$'000	Others US\$'000
Not later than one year	1,281	32	1,393	30
Later than one year and not later than five years	3,540	16	4,050	48
Later than five years	2,481	-	3,253	-
	<b>7,302</b>	<b>48</b>	<b>8,696</b>	<b>78</b>

The 2001 comparative have been restated to conform with the current year presentation in accordance with the revised SSAP 14.

- (ii) At 31st March 2002, the group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2002 US\$'000	2001 US\$'000
Not later than one year	729	1,027
Later than one year and not later than five years	565	1,281
Later than five years	1	2
	<b>1,295</b>	<b>2,310</b>

**30 Consolidated cash flow statement****(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2002</b>	2001
	<b>US\$'000</b>	US\$'000
Profit before taxation	<b>125,936</b>	136,171
Share of profits less losses of jointly controlled entities / associated companies	<b>6,718</b>	2,280
Depreciation charges	<b>33,534</b>	35,695
Amortisation of goodwill	<b>641</b>	-
Loss on sale of properties, plant and equipment	<b>3,255</b>	497
Interest and dividends	<b>(2,617)</b>	(3,356)
Gross earnings from investments in finance leases	<b>(591)</b>	(1,271)
Net realised and unrealised loss / (gain) on other investments and investment securities	<b>1,364</b>	(2,855)
Exchange translation differences	<b>(889)</b>	(1,510)
Decrease / (increase) in stocks and work in progress	<b>3,600</b>	(13,333)
(Increase) / decrease in trade and other receivables	<b>(4,905)</b>	(21,856)
(Decrease) / increase in trade and other payables	<b>(1,075)</b>	26,040
<b>Net cash inflow from operating activities</b>	<b>164,971</b>	156,502

**(b) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<b>2002</b>	2001
	<b>US\$'000</b>	US\$'000
Loans		
At beginning of year	<b>6,469</b>	5,125
Effect of foreign exchange rate changes	<b>(43)</b>	(77)
Net cash inflow from financing	<b>805</b>	1,421
<b>At end of year</b>	<b>7,231</b>	6,469

**30 Consolidated cash flow statement (Cont'd)****(c) ACQUISITIONS THROUGH BUSINESS COMBINATIONS**

	2002 US\$'000	2001 US\$'000
<b>Net assets acquired</b>		
Properties, plant and equipment	14,536	-
Deferred tax assets	600	-
Stocks and work in progress	7,114	-
Trade and other receivables	7,152	-
Bank balances and cash	174	-
Trade and other payables	(13,590)	-
	15,986	-
Interest in jointly controlled entities previously accounted for	(3,108)	-
	12,878	-
<b>Goodwill</b>	<b>19,902</b>	-
	32,780	-
<b>Satisfied by</b>		
Cash	30,680	-
Debt assignment	2,100	-
	32,780	-

The subsidiaries acquired during the year contributed US\$4,300,000 (2001: Nil) to the group's net operating cash flows. The group did not have any cash flows in respect of the net returns on investments, servicing of finance, taxation or investing activities.

**(d) ANALYSIS OF THE NET OUTFLOW IN RESPECT OF THE ACQUISITIONS THROUGH BUSINESS COMBINATIONS**

	2002 US\$'000	2001 US\$'000
Cash consideration	30,680	-
Bank balances and cash acquired	(174)	-
Net cash outflow in respect of the acquisitions through business combinations	<b>30,506</b>	-

**31 Approval of accounts**

The accounts were approved by the directors on 11th June 2002.

### 32 Principal subsidiaries, jointly controlled entities and associated companies

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

Name	Principal activities	Place of incorporation and operation	Issued and paid up capital	Effective shareholding by company	by subsidiary
<b>SUBSIDIARIES</b>					
Bernie International Ltd.	Manufacturing and Trading	Malaysia	1 share of US\$1 each	-	100%
Bloor Company Ltd.	Property holding	British Virgin Islands	50,000 shares of US\$1 each	-	100%
Crown Trend Ltd.	Property holding	British Virgin Islands	1 share of US\$1 each	-	100%
Deyang Lianzhou Electric Ltd.	Manufacturing	China	US\$480,000	-	100%
Easy Fortune (H.K.) Ltd.	Property holding	British Virgin Islands	50,000 shares of US\$1 each	-	100%
Gate do Brasil Ltda.	Manufacturing	Brazil	BRL 383,166.66	-	100%
Gate Deutschland GmbH	Manufacturing	Germany	DM100,000	-	100%
Gate Espana Automocion, S.A.	Manufacturing	Spain	PTS25,000,000	-	100%
Gate France S.A.	Manufacturing	France	FRF2,500,000	-	99.98%
Gate S.p.A.	Manufacturing	Italy	5,000,000 shares of ITL 1,000 each	-	100%
Gate U.K. Ltd.	Manufacturing	United Kingdom	GBP50,000	-	100%
Gentlegain Company Inc.	Trading	Liberia	2 shares with no par value issued at US\$200	100%	-
Gether Success Ltd.	Investment holding and trading	British Virgin Islands	30,000 shares of US\$1 each	100%	-
Guiyang Deguang Electric Co Ltd.	Manufacturing	China	US\$200,000	-	100%
Harbour Sky (BVI) Ltd. (formerly known as Harbour Sky (Asia) Ltd.)	Property holding	British Virgin Islands	50,000 shares of US\$1 each	-	100%
Hwa Sun Electric Company Ltd.	Subcontractor	Hong Kong	10,000 shares of HK\$1 each	-	100%
JE Automotive Holdings, Inc.	Investment holding	United States of America	100 shares of US\$0.01 each	-	100%
JEA Gate Holdings S.r.l.	Investment holding	Italy	ITL63,400,000	-	100%
JEA Limited	Investment holding	British Virgin Islands	1 share of US\$1 each	100%	-
Johnson and Associates Ltd.	Investment holding	Hong Kong	20,000 shares of HK\$100 each	-	100%
Johnson Electric Automotive, Inc.	Manufacturing and investment holding	United States of America	100 shares of US\$0.01 each	-	100%

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

Name	Principal activities	Place of incorporation and operation	Issued and paid up capital	Effective shareholding by company	Effective shareholding by subsidiary
<b>SUBSIDIARIES</b>					
Johnson Electric Consulting, Inc.	Technical services	United States of America	1,000 shares with no par value issued at US\$10,000	100%	-
Johnson Electric do Brasil Ltda	Trading	Brazil	BRL 50,000	-	99%
Johnson Electric Engineering GmbH	Research and development and technical support	Germany	500 shares of DM100 each	100%	-
Johnson Electric Engineering Ltd.	Technical support	Hong Kong	100,000 shares of HK\$1 each	100%	-
Johnson Electric (France) SAS	Trading	France	1,910 shares of EUR20 each	-	100%
Johnson Electric Industrial Manufactory, Ltd.	Manufacturing	Hong Kong	308,000,000 shares of HK\$0.5 each	100%	-
Johnson Electric Industrial (Thailand) Ltd.	Manufacturing	Thailand	5,700,050 shares of BHT100 each	100%	-
Johnson Electric Intellectual Property Ltd.	Licensing	Bermuda	1,000,000 shares of HK\$0.1 each	100%	-
Johnson Electric North America, Inc.	Sales distributor	United States of America	12 shares with no par value issued at US\$120,000	-	100%
Johnson Electric S.A.	Research and development	Switzerland	500 shares of SFR1,000 each	-	100%
Johnson Electric (Shanghai) Ltd.	Sales & Marketing	China	US\$200,000	-	100%
Johnson Electric (Shenzhen) Co. Ltd.	Manufacturing	China	HK\$30,000,000	100%	-
Johnson Electric (Suzhou) Ltd.	Manufacturing	China	US\$210,000	-	100%
Johnson Electric Trading Ltd.	Trading	Hong Kong	100,000 shares of HK\$1 each	100%	-
Johnson Electric (UK) Ltd.	Trading	United Kingdom	100 shares of GBP1 each	-	100%
Johnson Electric World Trade Ltd.	Marketing, sales agent and distributor	Hong Kong	100,000 shares of HK\$1 each	100%	-
Johnson Properties Ltd.	Investment holding	British Virgin Islands	50,000 shares of US\$1 each	100%	-
Main Country Ltd.	Property holding	British Virgin Islands	1 share of US\$1 each	-	100%
Manufactura de Motores Argentinos S.r.l.	Manufacturing	Argentina	Peso 3,880,000	-	100%

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

Name	Principal activities	Place of incorporation and operation	Issued and paid up capital	Effective shareholding by company	by subsidiary
<b>SUBSIDIARIES</b>					
Nanjing Hop Keung Industrial Co. Ltd.	Manufacturing	China	US\$2,500,000	-	100%
Nison Trading Ltd.	Trading	Malaysia	1 share of US\$1 each	-	100%
Sun View Group (Denmark) ApS	Investment holding	Denmark	DKK1,401,000 distributed on shares of DKK1,000 or multiples	-	100%
Sun View Group (Denmark) Holdings ApS	Investment holding	Denmark	DKK1,406,000 distributed on shares of DKK1,000 or multiples	-	100%
Teknik Development Inc.	Licensing	British Virgin Islands	15,000 shares of US\$1 each	100%	-
Tinkerbelle Investments Ltd.	Investment holding	Hong Kong	100 shares of HK\$10 each	-	100%
Triowell Ltd.	Property holding	British Virgin Islands	50,000 shares of US\$1 each	-	100%
Unicorn (France) SAS	Sales and marketing	France	1,910 shares of EUR 20 each	-	100%
Unicorn International Ltd.	Manufacturing and Trading	Malaysia	1 share of US\$1 each	100%	-
Vaucluse Industries Ltd.	Manufacturing and Trading	Malaysia	1 share of US\$1 each	-	100%
<b>JOINTLY CONTROLLED ENTITIES</b>					
Nidec Johnson Electric (Hong Kong) Ltd.	Investment holding	Hong Kong	11,200,000 shares of US\$1 each	51%	-
Nidec Johnson Electric Corporation	Sales and Marketing	Japan	2,000 shares of JPY50,000 each	-	49%
Nidec Johnson Electric (Malaysia) Ltd.	Manufacturing	Malaysia	1 share of US\$1 each	-	51%
Shanghai Ri Yong-JEA Gate Electric Co., Ltd.	Manufacturing	China	US\$17,000,000	-	50%
<b>ASSOCIATED COMPANIES</b>					
Brushless Technology Motors S.r.l.	Manufacturing	Italy	EUR20,000,000	-	51%*
FG Microdesign S.r.l.	Manufacturing	Italy	ITL100,000,000	-	40%

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