
**THIS CIRCULAR IS IMPORTANT AND
REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of this document or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares of Johnson Electric Holdings Limited, you should hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

**PROPOSALS FOR
GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Johnson Electric Holdings Limited to be held at Bowen Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on 21st July 2003 at 11:00 a.m. is set out on pages 8 to 10 of this Circular. Whether or not you are able to attend the meeting, please complete and return the proxy form in accordance with the instructions printed thereon to the Principal Place of Business in Hong Kong of the Company at Johnson Building, 6-22 Dai Shun Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion of the proxy form will not preclude Shareholders from attending and voting at the meeting in person should they so wish.

23rd June 2003

LETTER FROM THE BOARD

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

Board of Directors

Wang Koo Yik Chun

Honorary Chairman

Patrick Wang Shui Chung JP

Chairman and Chief Executive

Winnie Wang Wing Yee

Vice-Chairman

Richard Wang Li-Chung

Executive Director

* Peter Stuart Allenby Edwards

* Peter John Wrangham

* Patrick Blackwell Paul

* Arkadi Kuhlmann

* Oscar De Paula Bernardes Neto

Peter Wang Kin Chung

* Ian Lorne Thompson Conn

Non-executive Director

* *Independent Non-executive Director*

Principal Place of Business in Hong Kong

Johnson Building

6-22 Dai Shun Street

Tai Po Industrial Estate

Tai Po, N.T.

Hong Kong

Registered Office

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

To Shareholders

Dear Sir or Madam,

PROPOSAL FOR GRANT OF GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

INTRODUCTION

In the announcement dated 5th June 2003 of the audited results of the Company for the year ended 31st March 2003, your Directors proposed to renew general mandates granted to your Directors to repurchase shares and issue shares, details of which are set out below. In addition, the purpose of this document is to give you notice of the Annual General Meeting to be convened for the purpose of considering and, if thought fit, passing resolutions to approve the renewal of the general mandates.

GENERAL MANDATE TO REPURCHASE SHARES

On 29th July 2002 a general and unconditional mandate was given to the Directors to exercise the powers of the Company to repurchase shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting ("AGM") of the Company. It is therefore proposed to seek your approval of an ordinary resolution to be proposed at the AGM granting the Directors a general mandate to repurchase shares representing not more than 10% of the share capital of the Company in issue at the date of passing the resolution (the "Buyback Mandate"). In accordance with the relevant rules set out in the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to regulate the repurchase by companies, with a primary listing on the Stock Exchange, of their own securities on the Stock Exchange (the "Share Buyback Rules"), the Company is required to send Shareholders an explanatory statement containing information reasonable necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares. This explanatory statement is set out in the Appendix to this circular.

GENERAL MANDATE TO ISSUE SHARES

On 29th July 2002 a general and unconditional mandate was also given to the Directors to allot, issue and deal with additional shares of the Company up to a limit of 5% of the aggregate nominal amount of the issued share capital of the Company as at that date.

Such general mandate will cease to be effective at the conclusion of the AGM. The Directors believe that the renewal of the general mandate is in the interest of the Company and shareholders and accordingly, a renewal of the general mandate will be sought from shareholders at the AGM to authorise the Directors to allot, issue and deal with additional shares of the Company revised to at the maximum of up to (i) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of such resolution plus (ii) 5% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution.

NOTICE OF ANNUAL GENERAL MEETING

The notice of the AGM, which contains ordinary resolutions to approve the Repurchase Mandate and the Issue Mandate is set out on page 8 to 10 of this circular.

There is enclosed a form of proxy for use at the AGM. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the principal place of business of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of the proxy will not prevent you from attending and voting in person at the AGM should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATIONS

The Directors believe that the granting of Repurchase Mandate and the General Mandates to issue shares are in the best interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,

On behalf of the Board

Patrick Wang Shui Chung

Chairman & Chief Executive

Hong Kong, 5th June 2003

The following is the Explanatory Statement required to be sent to shareholders under the Listing Rules and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance.

SHARE CAPITAL

As at 18th June 2003, the Latest Practicable Date, the issued share capital of the Company comprised 3,673,788,920 Ordinary Shares of HK\$0.0125 each.

Exercise in full of the Buyback Mandate, on the basis that no further Shares are issued or repurchased prior to the date of the AGM, would accordingly result in up to 367,378,892 Shares being repurchased by the Company during the course of the period ending on the earliest of the date of the AGM in 2004, the date by which the next AGM of the Company is required to be held by law and the date upon which such authority is revoked or varied.

REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its Shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

Pursuant to the Buyback Mandate repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose in accordance with its Memorandum of Association and Bye-Laws and the laws of Bermuda.

The Company is empowered by its Memorandum of Association and Bye-Laws to repurchase its Shares and Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or from the profits that would otherwise be available for distribution by way of dividend, or from the proceeds of a new issue of shares made for the purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the Company's share premium account or contributed surplus account.

In the event that the Buyback Mandate is approved by Shareholders, the Directors have no immediate plans to exercise the authority conferred upon them in respect of the repurchase by the Company of its own Shares. However, the Directors wish to obtain the necessary authority in order to give themselves flexibility to engage in share repurchases should they consider it to be in the best interests of the Company, although the circumstances in which this may arise cannot yet be foreseen.

If, which is not presently contemplated, the Company was to repurchase its Shares up to the permitted maximum of 10% of its existing issued share capital immediately upon the general mandate being approved by Shareholders, it is likely that there would be a material adverse impact on the working capital position of the Group in comparison to the position shown, as at 31st March 2003, in the Group's audited consolidated accounts. However, the Directors do not propose to use their authority to make any repurchases which would have a material adverse impact on the working capital or gearing position of the Group given the financial position of the Group at the time of the relevant repurchases, unless the Directors determine that such repurchases were, taking account of all relevant factors, in the best interests of the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:-

	Highest HK\$	Lowest HK\$		Highest HK\$	Lowest HK\$
June 2002	10.85	8.45	December 2002	9.50	8.10
July 2002	9.60	7.50	January 2003	10.00	8.25
August 2002	8.60	7.30	February 2003	9.45	8.40
September 2002	8.35	7.55	March 2003	9.70	8.20
October 2002	9.10	7.25	April 2003	9.35	7.45
November 2002	9.40	7.85	May 2003	9.45	8.30

DISCLOSURE OF INTERESTS

None of the Directors, or to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention if the Buyback Mandate is approved and exercised to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at the Latest Practicable Date, the trustees of various trusts associated with the Wang family hold directly or indirectly 59.6% of the issued share capital of the Company. As at that date, 40.4% of the issued share capital of the Company was in the hands of the public.

If, which is not presently contemplated, the Company was to repurchase Shares up to the permitted maximum of 10% of its existing issued share capital from the public shareholding, the percentage shareholding of the various Wang family trusts would increase to 66.2%. To the best knowledge of the Directors, these situations would not give rise to any consequences under the Hong Kong Code on Takeovers and Mergers and at least 25% of the issued share capital of the Company would still remain in the public hands.

No other connected persons (as defined in the Stock Exchange's Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Buyback Mandate is approved and exercised.

SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this document.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Johnson Electric Holdings Limited ("the Company") will be held at Bowen Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st July 2003 at 11:00 a.m. for the following purposes:-

1. To receive and adopt the Audited Consolidated Accounts and the Reports of the Directors and of the Auditors for the year ended 31st March 2003;
2. To declare a final dividend in respect of the year ended 31st March 2003;
3. To re-elect Directors;
4. To confirm the remuneration of Directors;
5. To re-appoint Auditors and to authorise the Directors to fix their remuneration;

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

6. That the number of Directors of the Company be fixed at 15 and that the Directors be authorized to elect or appoint additional directors up to the maximum of 15.
7. (1) That:
 - (a) subject to paragraph (c), the exercise by the Directors of the Company during the relevant period of all the powers of the Company to issue, allot and dispose of additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorize the Directors of the Company during the relevant period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the relevant period;
 - (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or pursuant to the exercise of subscription rights under any warrants to subscribe for shares of the Company or under any options granted under the Company's Share Option Scheme, shall not exceed the aggregate of 5 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

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

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the Shareholders of the Company in General Meeting; and

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

(2) That:

- (a) the exercise by the Directors during the relevant period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases by the Company pursuant to the approval in paragraph (a) during the relevant period, shall be no more than 10 per cent. of the aggregate nominal amount of the existing issued share capital of the Company, at the date of the passing of this Resolution, and the authority pursuant to paragraph (a) shall be limited accordingly;
- (c) for the purposes of this Resolution, "relevant period" means the period from the passing of this Resolution until whichever is the earliest of
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law of Bermuda to be held; and
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the Shareholders of the Company in General Meeting.

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

By order of the Board

Susan Yip Chee Lan

Company Secretary

Hong Kong, 5th June 2003

Notes

1. A Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a Shareholder of the Company. A proxy form is enclosed. Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person.
2. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the principal place of business of the Company at Johnson Building, 6-22 Dai Shun Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong not less than 48 hours before the time appointed for holding of the Meeting.
3. The transfer books and the register of members of the Company will be closed from Thursday, 17th July 2003 to Monday, 21st July 2003, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 16th July 2003.