

NOTES TO THE ACCOUNTS

1. Principal accounting policies

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

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1st January 2005. The Group has not adopted these new HKFRSs in these accounts for the year ended 31st March 2005. The Group has commenced an assessment of the impact of adopting the new HKFRSs and has so far concluded that the adoption of the new HKFRSs would not have a significant impact on its results of operations and financial position.

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.

(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, taking into account the principal amounts outstanding and the interest rates applicable.

(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(n).

(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 accrual basis.

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

(c) SUBSIDIARIES

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

In the Company's balance sheet the investments in subsidiaries are stated 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.

(e) ASSOCIATED COMPANIES

An associated company is a company, not being a subsidiary or jointly controlled entity, 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 goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

(f) INTANGIBLES

(i) Goodwill

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

In accordance with SSAP 30 "Business Combination", 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 in the range of 5 to 20 years.

Goodwill on acquisitions that occurred prior to 1st January 2001 was written off against reserves. Any impairment arising on such goodwill is accounted for in the profit and loss account.

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

(f) INTANGIBLES *(Cont'd)*

(ii) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1st January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves on acquisition.

(iii) 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 its estimated useful lives in the range of 3 years to 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.

(iv) Patents

Expenditure on acquired patents are capitalised and amortised using the straight-line method over their useful lives in the range of 6 years to 20 years. Patents are not revalued as there is no active market for these assets.

1. Principal accounting policies (Cont'd)

(g) PROPERTIES, PLANT AND EQUIPMENT

Properties, plant and equipment other than investment properties (note 1(i)) 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:

Leasehold land and buildings	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	25 years
Motor vehicles	5 years
Moulds	7 years
Computers	4 years
Plant and machinery, equipment, furniture and fixtures, and tools	10 years

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.

Gains or losses arising from the retirement or disposal of properties, plant and equipment 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.

(h) INVESTMENT SECURITIES

(i) Investment securities

Investment securities represents unlisted equity shares and are stated at cost less any provision for impairment losses.

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 will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

1. Principal accounting policies (Cont'd)

(h) INVESTMENT SECURITIES (Cont'd)

(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.

(i) 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 annually by independent valuers. 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 increase is credited to the profit and loss account 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.

(j) IMPAIRMENT OF ASSETS

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that the assets, including tangible and intangible assets, 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.

(k) 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 the estimated costs of completion and the estimated selling expenses.

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

(l) 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; whilst for profit and loss accounts, average rates during the year; 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 exchange differences arising in the translation of net investments in foreign subsidiaries, associated companies and jointly controlled entities are taken directly to reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of profit or loss on disposal.

(m) DEFERRED TAXATION

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxation.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) INVESTMENTS IN FINANCE LEASES

Leases that transfer substantially all the risks and rewards incidental 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.

(o) 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 received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease term.

1. Principal accounting policies (Cont'd)

(p) EMPLOYEE BENEFITS

(i) Defined contribution schemes

Contributions are expensed as incurred. Except for the Hong Kong Mandatory Provident Fund, contributions are reduced by amounts 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.

(iii) Profit sharing and bonus plan

Provisions 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.

(q) CASH AND CASH EQUIVALENTS

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

(r) PROVISIONS

Provisions 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. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) 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 provision.

1. Principal accounting policies (Cont'd)

(t) SEGMENT REPORTING

In accordance with the Group's internal financial reporting system, the Group's major business segment is manufacture of motors. For the purpose of these accounts, the Group has chosen geographical segment information as the primary reporting format.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment based on location of production facilities where the Group's products are produced. Capital expenditure comprises additions to intangible assets and fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

2. Turnover, revenues and segment information

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

	2005 US\$'000	2004 US\$'000
Turnover		
Sales of motors	1,143,783	1,050,707
Other revenues		
Scrap sales	15,667	11,373
Interest income	2,825	2,138
Gross earnings from investments in finance leases	22	227
Gross rental income from investment properties	1,384	1,302
Royalty income	89	307
	19,987	15,347
Total revenues	1,163,770	1,066,054

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

The Group's business operates in three geographical areas by manufacturing location:

	Asia	America	Europe	Group
	2005	2005	2005	2005
	US\$'000	US\$'000	US\$'000	US\$'000
Turnover	783,640	80,880	279,263	1,143,783
Operating profit/(loss)	158,147	(9,767)	5,942	154,322
Finance costs				(308)
Share of profits less losses of jointly controlled entities and associated companies	3,238	–	11	3,249
Profit before taxation				157,263
Taxation				(15,591)
Profit after taxation				141,672
Minority interests				(24)
Profit attributable to shareholders				141,648
Segment assets	726,304	42,552	170,588	939,444
Investment securities and other investments				64,631
Investments in jointly controlled entities				14,921
Investments in associated companies				3,193
Deferred tax assets and tax recoverable				39,857
Total assets				1,062,046
Segment liabilities	123,965	9,991	81,882	215,838
Deferred tax liabilities and tax payable				26,358
Total liabilities				242,196
Restructuring costs/provisions	2,616	6,958	418	9,992
Capital expenditure	65,462	3,417	7,229	76,108
Depreciation	31,055	3,296	10,859	45,210
Amortisation charge	1,615	440	1,258	3,313
Turnover by geographical destinations of customers	382,636	315,325	445,822	1,143,783

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

	Asia 2004 US\$'000	America 2004 US\$'000	Europe 2004 US\$'000	Group 2004 US\$'000
Turnover	674,750	95,764	280,193	1,050,707
Operating profit/(loss)	140,576	(16,268)	4,163	128,471
Finance costs				(233)
Share of profits less losses of jointly controlled entities and associated companies	6,314	–	(19)	6,295
Profit before taxation				134,533
Taxation				(17,956)
Profit after taxation				116,577
Minority interests				–
Profit attributable to shareholders				116,577
Segment assets	547,018	50,809	161,458	759,285
Investment securities and other investments				125,295
Investments in jointly controlled entities				16,104
Investments in associated companies				13,163
Deferred tax assets and tax recoverable				39,188
Total assets				953,035
Segment liabilities	88,048	13,498	92,952	194,498
Deferred tax liabilities and tax payable				24,420
Total liabilities				218,918
Restructuring costs/provisions	4,306	13,650	3,334	21,290
Capital expenditure	54,009	2,304	7,644	63,957
Depreciation	27,533	4,316	11,901	43,750
Amortisation charge	2,342	154	240	2,736
Turnover by geographical destinations of customers	317,069	310,861	422,777	1,050,707

3. Selling and administrative expenses

	2005	2004
	US\$'000	US\$'000
Selling expenses	65,916	70,421
Administrative expenses	122,248	108,657
	188,164	179,078

4. Restructuring costs/provisions

As stated in the 2003/04 annual report, actions had been taken to restructure the manufacturing operations at Matamoros in Mexico. The costs incurred during the year mainly represent further cost for the Mexico plant closure. Other costs mainly comprise severance payments and provisions for other shutdown costs.

	2005	2004
	US\$'000	US\$'000
Asset write-offs (including provision for impairment)	–	11,819
Other costs	9,992	9,471
Total provision	9,992	21,290

5. Operating profit

Operating profit is stated after crediting and charging the following:

	2005 US\$'000	2004 US\$'000
Crediting		
Amortisation of negative goodwill (note 13)	208	444
Interest income		
– listed investments	537	578
– unlisted investments	35	2
– deposits	2,253	1,558
Net realised and unrealised profit on other investments and investment securities	3,010	–
Net exchange gain	–	3,948
Charging		
Depreciation on properties, plant and equipment	45,210	43,750
Less: amounts capitalised on assets under construction	(1,012)	(626)
	44,198	43,124
Staff costs (including directors' remuneration)	159,569	160,566
Less: amounts capitalised on assets under construction	(2,029)	(1,321)
	157,540	159,245
Retirement benefit costs		
– defined contribution schemes	2,523	2,424
– other pension costs, net (note 25)	2,980	5,571
Auditors' remuneration	769	741
Amortisation of goodwill (note 13)	1,917	1,660
Amortisation of development costs and patents (note 13)	1,604	1,520
Impairment of assets	–	10,794
Loss on disposal of properties, plant and equipment	3,003	2,588
Net realised and unrealised loss on other investments and investment securities	–	276
Net exchange loss	1,028	–

6. Finance costs

	2005 US\$'000	2004 US\$'000
Interest on bank loans and overdrafts	264	212
Interest on other loans, not wholly repayable within five years	44	21
	308	233

7. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rates on the estimated assessable profit in respective countries of operations for the year.

	2005 US\$'000	2004 US\$'000
Current taxation		
Hong Kong profits tax	(8,599)	(7,407)
Overseas taxation	(3,789)	(6,255)
Over/(under) provisions in prior years	1,014	(637)
	(11,374)	(14,299)
Deferred taxation (note 26)	(3,819)	(2,323)
	(15,193)	(16,622)
Share of taxation attributable to associated companies/ jointly controlled entities	(398)	(1,334)
	(15,591)	(17,956)

The effective tax rate of the Group differs from the taxation rate of Hong Kong as follows:

	2005 %	2004 %
Tax rate of Hong Kong	17.5	17.5
Effect of different taxation rates in other countries	1.0	4.6
Income net of expenses not subject to taxation	(9.3)	(9.8)
Unrecognised tax losses	0.7	1.1
Effective tax rate	9.9	13.4

8. Profit attributable to shareholders

The Group consolidated profit attributable to shareholders is US\$141,648,000 (2004: US\$116,577,000) of which US\$65,844,000 (2004: US\$4,369,000) is dealt with in the accounts of the Company.

Details are shown in note 28.

9. Dividends

	2005 US\$'000	2004 US\$'000
Interim, paid, of 0.58 US cents per share (2004: 0.58 US cents)	21,195	21,195
Final, proposed, of 1.41 US cents per share (2004: 1.15 US cents)	51,810	42,390
	73,005	63,585

At a meeting held on 13th June 2005 the directors declared a final dividend of 1.41 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 2006.

10. Earnings per share

The calculation of basic and fully diluted earnings per share is based on the Group's profit attributable to shareholders of US\$141,648,000 (2004: US\$116,577,000).

The basic earnings per share is based on 3,673,788,920 (2004: 3,673,788,920) shares in issue during the year.

There is no significant impact on the fully diluted earnings per share if all the outstanding options are deemed to be issued at no consideration.

11. 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 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 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 is available to certain employees in the United States of America.

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 2005, the balance of the forfeited contributions was US\$1,278,000 (2004: US\$726,000).

12. Directors' emoluments and senior management compensation**(a) DIRECTORS' EMOLUMENTS**

	2005 US\$'000	2004 US\$'000
Fees	207	262
Salaries and allowances	1,662	2,246
Retirement scheme contributions	77	8
Bonuses	5	14
	1,951	2,530

The emoluments were paid to the directors as follows:

Emoluments band	Number of directors	
	2005	2004
US\$0 – US\$128,000 (HK\$0 – HK\$1,000,000)	9	8
US\$512,001 – US\$576,000 (HK\$4,000,001 – HK\$4,500,000)	2	–
US\$576,001 – US\$641,000 (HK\$4,500,001 – HK\$5,000,000)	1	1
US\$706,001 – US\$770,000 (HK\$5,500,001 – HK\$6,000,000)	–	1
US\$834,001 – US\$898,000 (HK\$6,500,001 – HK\$7,000,000)	–	1

Emoluments paid to independent non-executive directors amounted to US\$182,000 (2004: US\$223,000).

During the year, no option (2004: Nil) was granted to the directors under the share option scheme approved by the shareholders on 29th July 2002.

12. Directors' emoluments and senior management compensation (Cont'd)**(b) SENIOR MANAGEMENT COMPENSATION**

The emoluments of the five highest paid individuals, including 3 directors (2004: 3), were analysed as follows:

	2005	2004
	US\$'000	US\$'000
Salaries, allowances and other benefits	2,580	3,229
Retirement scheme contributions	108	40
Bonuses	34	72
	2,722	3,341

Emoluments band	Number of individuals	
	2005	2004
US\$385,001 – US\$450,000 (HK\$3,000,001 – HK\$3,500,000)	1	–
US\$450,001 – US\$514,000 (HK\$3,500,001 – HK\$4,000,000)	–	1
US\$514,001 – US\$576,000 (HK\$4,000,001 – HK\$4,500,000)	2	–
US\$576,001 – US\$641,000 (HK\$4,500,001 – HK\$5,000,000)	1	1
US\$641,001 – US\$706,000 (HK\$5,000,001 – HK\$5,500,000)	1	1
US\$706,001 – US\$770,000 (HK\$5,500,001 – HK\$6,000,000)	–	1
US\$834,001 – US\$898,000 (HK\$6,500,001 – HK\$7,000,000)	–	1

13. Intangibles

Group	Negative goodwill		Goodwill		Patents		Development costs		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of year	(2,046)	(1,716)	16,918	18,107	2,059	3,300	3,143	2,730	20,074	22,421
Exchange adjustments	(26)	(129)	3	471	123	247	31	160	131	749
Additions	-	-	-	-	58	130	12	155	70	285
Acquisitions (note 31(b))	-	(645)	26,373	-	-	-	-	-	26,373	(645)
Reclassification	-	-	-	-	-	(1,202)	-	1,202	-	-
Amortisation (note 5)	208	444	(1,917)	(1,660)	(650)	(416)	(954)	(1,104)	(3,313)	(2,736)
At end of year	(1,864)	(2,046)	41,377	16,918	1,590	2,059	2,232	3,143	43,335	20,074
Cost	(2,945)	(2,919)	47,112	20,987	3,342	3,161	4,866	5,447	52,375	26,676
Accumulated amortisation	1,081	873	(5,735)	(4,069)	(1,752)	(1,102)	(2,634)	(2,304)	(9,040)	(6,602)
At end of year	(1,864)	(2,046)	41,377	16,918	1,590	2,059	2,232	3,143	43,335	20,074

14. Properties, plant and equipment**Group**

	Assets					Total
	Investment	Other	Plant and	under	Other	
	properties	properties	machinery	construction	assets*	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost or valuation						
At 1st April 2004	8,945	95,993	437,779	11,027	119,278	673,022
Exchange adjustments	–	873	4,212	53	3,094	8,232
Acquisitions of subsidiaries						
(note 31(b))	–	7,695	6,602	72	11,530	25,899
Additions	–	14,943	17,213	19,071	15,758	66,985
Transfers	–	22	(31,450)	(18,309)	49,737	–
Disposals	(1,051)	(6,184)	(27,458)	(6)	(11,253)	(45,952)
Revaluation surplus (note 28)	462	–	–	–	–	462
At 31st March 2005	8,356	113,342	406,898	11,908	188,144	728,648
Accumulated depreciation						
At 1st April 2004	–	32,213	318,161	–	65,696	416,070
Exchange adjustments	–	224	3,346	–	2,145	5,715
Acquisitions of subsidiaries						
(note 31(b))	–	4,062	3,886	–	8,828	16,776
Charge for the year	–	3,425	23,412	–	18,373	45,210
Transfers	–	–	(30,379)	–	30,379	–
Written back on disposals	–	(475)	(25,045)	–	(10,166)	(35,686)
At 31st March 2005	–	39,449	293,381	–	115,255	448,085
Net book value						
At 31st March 2005	8,356	73,893	113,517	11,908	72,889	280,563
At 31st March 2004	8,945	63,780	119,618	11,027	53,582	256,952
The analysis of cost or valuation of the above assets is as follows:						
At cost	–	113,342	406,898	11,908	188,144	720,292
At professional valuation – 2005	8,356	–	–	–	–	8,356
At 31st March 2005	8,356	113,342	406,898	11,908	188,144	728,648

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

14. Properties, plant and equipment (Cont'd)

Investment properties and other properties at their net book values are analysed as follows:

Group	2005		2004	
	Investment properties US\$'000	Other properties US\$'000	Investment properties US\$'000	Other properties US\$'000
In Hong Kong:				
On long-term lease (over 50 years)	7,692	–	7,323	–
On medium-term lease (between 10 to 50 years)	664	31,748	1,622	27,608
Outside Hong Kong:				
Freehold	–	24,356	–	23,994
On medium-term lease (between 10 to 50 years)	–	17,789	–	12,178
	8,356	73,893	8,945	63,780

The investment properties were revalued on an open market value basis as at 31st March 2005 by an independent valuer, DTZ Debenham Tie Leung Limited, Registered Professional Surveyors.

15. Subsidiaries

Company	2005	2004
	US\$'000	US\$'000
Unlisted shares, at cost	479,075	479,096
Amounts due from subsidiaries	457,579	256,910
	936,654	736,006
Amounts due to subsidiaries	(397,322)	(201,073)
	539,332	534,933

Details of principal subsidiaries are shown in note 33.

16. Jointly controlled entities

Group	2005	2004
	US\$'000	US\$'000
Share of net assets	14,921	16,104
Investments at cost, unlisted	9,600	8,500

The Group's share of profits less losses of these jointly controlled entities during the year amounts to US\$3,110,000 (2004: US\$5,172,000).

Details of principal jointly controlled entities are shown in note 33.

17. Associated companies

Group	2005	2004
	US\$'000	US\$'000
Share of net assets	2,227	7,694
Goodwill on acquisition of an associated company	966	5,469
	3,193	13,163
Investments at cost, unlisted	3,084	12,646

The Group's share of profits less losses of these associated companies during the year amounts to US\$139,000 (2004: US\$1,123,000).

Details of principal associated companies are shown in note 33.

18. Investment securities

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Unlisted equity securities	5,818	7,871	5,687	7,871

19. Investments in finance leases

Group	2005	2004
	US\$'000	US\$'000
Gross rental receivable	666	7,142
Less: gross earnings allocated to future period	(225)	(1,234)
	441	5,908
Less: amounts due within one year included in trade and other receivables	(15)	(309)
	426	5,599

The finance leases are receivable in the following years:

	Net investment		Gross earnings		Gross rental	
	2005	2004	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Within one year	16	309	22	287	38	596
In the second to fifth year	74	4,085	78	644	152	4,729
After the fifth year	351	1,514	125	303	476	1,817
	441	5,908	225	1,234	666	7,142

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.

20. Stocks and work in progress

Group	2005	2004
	US\$'000	US\$'000
Raw materials	85,464	50,958
Work in progress	5,746	4,898
Finished goods	69,561	60,314
	160,771	116,170

21. Trade and other receivables

The Group normally grants credit period range from 30 to 90 days to its trade customers.

The trade and other receivables include trade receivables of US\$230,935,000 (2004: US\$198,817,000). The ageing analysis of trade receivables was as follows:

Group	2005 US\$'000	2004 US\$'000
0-60 days	162,647	144,704
61-90 days	36,254	39,857
Over 90 days	32,034	14,256
Total	230,935	198,817

22. Other investments

Group	2005 US\$'000	2004 US\$'000
Unlisted investments	24,386	11,158
Listed investments, outside Hong Kong	34,427	106,266
Total	58,813	117,424

Other investments mainly comprise money market funds. Listed investments are stated at market value as at 31st March 2005.

23. Trade and other payables

The trade and other payables include trade payables of US\$128,255,000 (2004: US\$118,502,000). The ageing analysis of trade payables was as follows:

Group	2005 US\$'000	2004 US\$'000
0-60 days	91,124	88,740
61-90 days	15,888	13,447
Over 90 days	21,243	16,315
Total	128,255	118,502

24. Long term loans

Group	2005	2004
	US\$'000	US\$'000
Loans		
Unsecured and not wholly repayable within five years	3,110	3,058
Current portion of long term loans	(92)	(137)
	3,018	2,921

At 31st March 2005, the Group's loans were repayable as follows:

	Other loans	
	2005	2004
	US\$'000	US\$'000
Within one year	92	137
In the second year	239	146
In the third to fifth year	949	485
After the fifth year	1,830	2,290
	3,110	3,058

The loans are repayable by instalments starting from February 2002 to October 2018. Interest is charged on the outstanding balances at 1.5% to 3.2% per annum (2004: 1.5% to 3.2% per annum).

25. Other provisions

Group	Other pension costs US\$'000	Sundries US\$'000	Total US\$'000
At 1st April 2003	12,365	988	13,353
Exchange adjustments	1,841	–	1,841
Provisions	5,571	–	5,571
Utilised	(3,633)	(988)	(4,621)
At 1st April 2004	16,144	–	16,144
Exchange adjustments	820	–	820
Acquisitions of subsidiaries	539	–	539
Provisions	2,980	–	2,980
Utilised	(3,834)	–	(3,834)
At 31st March 2005	16,649	–	16,649

26. Deferred taxation

Group	2005 US\$'000	2004 US\$'000
At beginning of year	12,638	13,802
Exchange adjustments	(16)	1,159
Acquisitions of subsidiaries (note 31(b))	(6)	–
Transfer to profit and loss account (note 7)	(3,819)	(2,323)
At end of year	8,797	12,638

Deferred 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 has unrecognised tax losses of US\$7,834,000 (2004: US\$7,144,000) to carry forward against future taxable income. Out of the unrecognised tax losses, US\$1,665,000 will expire from March 2006 to March 2011.

26. Deferred taxation (Cont'd)

The movement in deferred tax assets/(liabilities) during the year is as follows:

Deferred tax assets/(liabilities)

	Provisions		Accelerated tax depreciation		Impairment of assets		Tax losses		Others		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of year	(2,562)	1,951	(19,017)	(13,957)	3,702	-	29,363	27,168	1,152	(1,360)	12,638	13,802
Exchange adjustments	(424)	43	-	(118)	-	-	430	996	(22)	238	(16)	1,159
Credited/(charged) to												
profit and loss account	(918)	(4,556)	(2,391)	(4,942)	(1,072)	3,702	153	1,199	409	2,274	(3,819)	(2,323)
Acquisitions of subsidiaries	-	-	(6)	-	-	-	-	-	-	-	(6)	-
At end of year	(3,904)	(2,562)	(21,414)	(19,017)	2,630	3,702	29,946	29,363	1,539	1,152	8,797	12,638

2005	2004
US\$'000	US\$'000

Represented by:

Deferred tax assets	30,689	33,731
Deferred tax liabilities	(21,892)	(21,093)
	8,797	12,638

27. Share capital

	2005	2004
	US\$'000	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

Share options granted to employee as at 31st March 2005 under a share option scheme approved at an Annual General Meeting of the Group held on 29th July 2002 are as follows:

Held at 01/04/2004	Granted during the year	Cancelled during the year	Held at 31/03/2005	Subscription price per share (HK\$)	Date of grant	Exercisable from	Exercisable until
100,000	–	–	100,000	7.90	17/09/2002	01/08/2004	16/09/2012
100,000	–	–	100,000	7.90	17/09/2002	01/08/2005	16/09/2012
750,000	–	(100,000)	650,000	8.02	17/09/2002	01/08/2004	16/09/2012
750,000	–	(100,000)	650,000	8.02	17/09/2002	01/08/2005	16/09/2012
150,000	–	–	150,000	9.40	10/07/2003	01/07/2005	09/07/2013
150,000	–	–	150,000	9.40	10/07/2003	01/07/2006	09/07/2013
837,500	–	–	837,500	9.65	31/07/2003	01/07/2005	30/07/2013
837,500	–	–	837,500	9.65	31/07/2003	01/07/2006	30/07/2013
100,000	–	–	100,000	10.70	01/08/2003	01/08/2005	31/07/2013
100,000	–	–	100,000	10.70	01/08/2003	01/08/2006	31/07/2013
100,000	–	–	100,000	11.95	06/10/2003	01/10/2005	30/09/2013
100,000	–	–	100,000	11.95	06/10/2003	01/10/2006	30/09/2013
–	50,000	–	50,000	8.77	07/05/2004	01/05/2006	30/04/2014
–	50,000	–	50,000	8.77	07/05/2004	01/05/2007	30/04/2014
–	100,000	–	100,000	7.40	28/12/2004	01/01/2007	31/12/2014
–	100,000	–	100,000	7.40	28/12/2004	01/01/2008	31/12/2014
4,075,000	300,000	(200,000)	4,175,000				

No share option was exercised during the year (2004: Nil).

28. Reserves

Group	Share	Contributed	Investment	Capital	Goodwill on	Exchange	Retained	Total
	premium	surplus	revaluation	reserve	consolidation	reserve	earnings	
	US\$'000	US\$'000	reserve	US\$'000	US\$'000	US\$'000	US\$'000	
At 1st April 2003	77,855	15,499	6,709	38,917	(233,885)	(12,995)	767,593	659,693
Exchange adjustments	–	–	–	–	–	13,993	–	13,993
Revaluation surplus	–	–	1,763	–	–	–	–	1,763
Revaluation surplus realised upon disposal	–	–	(249)	–	–	–	–	(249)
Profit for the year	–	–	–	–	–	–	116,577	116,577
02/03 Final dividend paid	–	–	–	–	–	–	(42,390)	(42,390)
03/04 Interim dividend paid	–	–	–	–	–	–	(21,195)	(21,195)
At 31st March 2004	77,855	15,499	8,223	38,917	(233,885)	998	820,585	728,192
Final dividend proposed	–	–	–	–	–	–	42,390	42,390
Other	77,855	15,499	8,223	38,917	(233,885)	998	778,195	685,802
At 31st March 2004	77,855	15,499	8,223	38,917	(233,885)	998	820,585	728,192
Company and subsidiaries	77,855	15,499	8,223	38,917	(233,885)	998	816,837	724,444
Jointly controlled entities	–	–	–	–	–	–	3,239	3,239
Associated companies	–	–	–	–	–	–	509	509
At 31st March 2004	77,855	15,499	8,223	38,917	(233,885)	998	820,585	728,192

28. Reserves (Cont'd)

Group	Share	Contributed	Investment	Capital	Goodwill on	Exchange	Retained	Total
	premium	surplus	revaluation	reserve	consolidation	reserve	earnings	
	US\$'000	US\$'000	reserve	US\$'000	US\$'000	US\$'000	US\$'000	
At 1st April 2004	77,855	15,499	8,223	38,917	(233,885)	998	820,585	728,192
Exchange adjustments	–	–	–	–	–	8,030	–	8,030
Revaluation surplus	–	–	462	–	–	–	–	462
Revaluation surplus realised upon disposal	–	–	(822)	–	–	–	–	(822)
Profit for the year	–	–	–	–	–	–	141,648	141,648
03/04 Final dividend paid	–	–	–	–	–	–	(42,390)	(42,390)
04/05 Interim dividend paid	–	–	–	–	–	–	(21,195)	(21,195)
At 31st March 2005	77,855	15,499	7,863	38,917	(233,885)	9,028	898,648	813,925
Final dividend proposed	–	–	–	–	–	–	51,810	51,810
Other	77,855	15,499	7,863	38,917	(233,885)	9,028	846,838	762,115
At 31st March 2005	77,855	15,499	7,863	38,917	(233,885)	9,028	898,648	813,925
Company and subsidiaries	77,855	15,499	7,863	38,917	(233,885)	9,028	895,797	811,074
Jointly controlled entities	–	–	–	–	–	–	2,732	2,732
Associated companies	–	–	–	–	–	–	119	119
At 31st March 2005	77,855	15,499	7,863	38,917	(233,885)	9,028	898,648	813,925

28. Reserves (Cont'd)

Company	Share premium US\$'000	Contributed surplus US\$'000	Retained earnings US\$'000	Total US\$'000
At 1st April 2003	77,855	95,273	426,164	599,292
Profit for the year	–	–	4,369	4,369
Dividends	–	–	(63,585)	(63,585)
At 31st March 2004	77,855	95,273	366,948	540,076
Profit for the year	–	–	65,844	65,844
Dividends	–	–	(63,585)	(63,585)
At 31st March 2005	77,855	95,273	369,207	542,335
Final dividend proposed	–	–	51,810	51,810
Other	77,855	95,273	317,397	490,525
At 31st March 2005	77,855	95,273	369,207	542,335
Final dividend proposed	–	–	42,390	42,390
Other	77,855	95,273	324,558	497,686
At 31st March 2004	77,855	95,273	366,948	540,076

Distributable reserves of the Company at 31st March 2005 amounted to US\$464,480,000 (2004: US\$462,221,000).

29. Contingent liabilities

(a)	Group		Company	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Discounted bills with recourse	285	258	–	–
Guarantee for credit facilities granted to subsidiaries	–	–	37,063	23,103
Guarantee for credit facilities granted to companies controlled/held by certain directors of a subsidiary (note)	8,911	–	–	–
	9,196	258	37,063	23,103

Note: As at 31st March 2005, facilities totalling approximately US\$1,300,000 had been utilised.

29. **Contingent liabilities** *(Cont'd)*

- (b) The Company has given guarantees for a subsidiary in respect of future payment of operating lease rentals amounting to US\$1,633,000 (2004: US\$1,966,000).
- (c) In August 2001, a claim for damages was made in the Lowndes County Circuit Court in Mississippi against a subsidiary of the Group and over ten other third party defendants for personal injury and property damage in a lawsuit pertaining to environmental contamination involving an automotive parts manufacturing facility in Columbus, Mississippi, USA which was purchased in 1999 and closed down in November 2001. No amount of damages was specified in the complaint.

On or about 30th December 2002, counsel representing the plaintiffs in the above-described lawsuit filed additional complaints in the Lowndes County Circuit Court on behalf of approximately 1,000 plaintiffs against the same subsidiary of the Group and the same co-defendants named in the above-described case. The new complaints raise allegations similar to the above-described complaint. On or about 9th September 2003, the claims against the subsidiary of the Group were dismissed without prejudice for lack of service of process. During February and March 2004, plaintiffs filed amended complaints in these actions which were answered by the subsidiary of the Group.

In 2004, seven new actions were filed in the Lowndes County Circuit Court on behalf of over 100 plaintiffs against similar defendants as in the pending actions. Plaintiffs in the new actions are represented by different counsel but their complaints raise similar allegations. These complaints name the same subsidiary as in the above-described lawsuits and also name Johnson Electric Holdings Limited, which has contested personal jurisdiction in these actions.

In August 2004, counsel for plaintiffs in all of the actions informed the Special Master assigned to handle pre-trial proceedings of their intention to withdraw plaintiffs' personal injury claims and to proceed with property damage and punitive damages claims on behalf of a subset of plaintiffs who, to date, remain unidentified. Notwithstanding the foregoing, the personal injury claims have not yet been dismissed.

These actions were recently re-assigned to a new judge who set a tentative trial date of March 2006. At this time there has been no decision as to which cases or claims will be tried if trial should commence on that date.

The Group is vigorously defending all actions on behalf of the subsidiary of the Group and has asserted that the Mississippi state court lacks personal jurisdiction over the Company in the newly filed actions. In addition, the Group has asserted claims for indemnity against prior owners. Because discovery is still ongoing, the Group is unable at this time to predict with certainty the ultimate outcome of this litigation.

30. Commitments**(a) CAPITAL COMMITMENTS**

Group	2005		2004	
	Investments in associated company US\$'000	Properties, plant and equipment US\$'000	Investments in associated company US\$'000	Properties, plant and equipment US\$'000
Authorised but not contracted for	–	3,632	–	4,876
Contracted but not provided for	5,000	10,313	–	10,494
	5,000	13,945	–	15,370

(b) OPERATING LEASE COMMITMENTS

- (i) At 31st March 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2005		2004	
	Land and buildings US\$'000	Others US\$'000	Land and buildings US\$'000	Others US\$'000
Not later than one year	2,582	146	2,682	169
Later than one year and not later than five years	7,130	136	5,877	279
Later than five years	5,461	–	7,494	–
	15,173	282	16,053	448

- (ii) At 31st March 2005, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2005 US\$'000	2004 US\$'000
Not later than one year	579	1,045
Later than one year and not later than five years	306	649
	885	1,694

30. Commitments *(Cont'd)***(c) OTHER COMMITMENTS**

At the balance sheet date, the Group had commitments in respect of forward contracts for purchase of copper in the amount of US\$9,345,000 and foreign exchange contracts for Euro and HK dollar in the amount of US\$77,250,000.

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

	2005 US\$'000	2004 US\$'000
Profit before taxation	157,263	134,533
Share of profits less losses of jointly controlled entities/ associated companies	(3,249)	(6,295)
Depreciation charges	44,198	43,124
Amortisation of intangible assets	3,313	2,736
Loss on disposal of properties, plant and equipment	3,003	2,588
Provision for assets impairment	–	10,794
Net interest income	(2,517)	(1,905)
Gross earnings from investments in finance leases	(22)	(227)
Net realised and unrealised (gain)/loss on other investments and investment securities	(2,007)	276
Exchange translation differences	5,430	6,512
(Increase)/decrease in stocks and work in progress	(30,127)	15,781
Increase in trade and other receivables	(24,016)	(15,526)
(Decrease)/increase in trade and other payables and other provisions	(13,935)	4,819
Cash generated from operations	137,334	197,210
Interest paid	(308)	(233)
Tax paid	(14,206)	(12,587)
Net cash inflow from operating activities	122,820	184,390

31. Consolidated cash flow statement (Cont'd)**(b) ACQUISITIONS OF SUBSIDIARIES**

	2005 US\$'000	2004 US\$'000
Net assets acquired		
Properties, plant and equipment	9,123	12,719
Stocks and work in progress	14,474	1,410
Trade and other receivables	24,721	668
Investment securities	131	–
Bank balances and cash	10,173	2,827
Bank loans and overdraft	(15,051)	–
Trade and other payables	(21,268)	(1,262)
Tax payable	(332)	–
Deferred tax liabilities	(6)	–
Shareholders loan	–	(15,000)
Minority interests	(1,078)	–
	20,887	1,362
Interest in associated company/jointly controlled entity previously accounted for	(13,236)	269
	7,651	1,631
Goodwill/(negative goodwill) (note 13)	26,373	(645)
	34,024	986
Satisfied by		
Cash	34,024	986

(c) ANALYSIS OF THE NET OUTFLOW IN RESPECT OF THE ACQUISITIONS OF SUBSIDIARIES

	2005 US\$'000	2004 US\$'000
Cash consideration	34,024	986
Loan repayment	–	7,500
Net bank balances and cash acquired	4,878	(2,827)
Net cash outflow in respect of the acquisitions of subsidiaries	38,902	5,659

32. Approval of accounts

The accounts were approved by the directors on 13th June 2005.

33. 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
SUBSIDIARIES					
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%
Delta Success Electric Company Limited	Investment holding	Malaysia	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	BRL383,166.66	–	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	FFR2,500,000	–	99.98%
Gate S.r.l.	Manufacturing	Italy	5,000,000 shares of ITL1,000 each	–	100%
Gate U.K. Ltd.	Manufacturing	United Kingdom	GBP50,000	–	100%
Gatebrook International Capital Management Hungary Limited Liability Company	Financing activities	Hungary	US\$91,000	–	100%
Gatebrook Ltd.	Investment holding	Cyprus	CYP10,000	–	100%
Gether Success Ltd.	Investment holding	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.	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%

33. 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
SUBSIDIARIES					
JEA Limited	Investment holding	British Virgin Islands	1 share of US\$1 each	100%	–
Johnson Electric Automotiv de Mexico S.A. de C.V.	Manufacturing	Mexico	39,246,590 shares of 1 Peso each	–	100%
Johnson Electric Automotiv, Inc.	Manufacturing and investment holding	United States of America	100 shares of US\$0.01 each	–	100%
Johnson Electric Capital Ltd	Investment holding	British Virgin Islands	1 share of US\$1 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 (Hong Kong) Ltd.	Sales and marketing	Hong Kong	1 share of HK\$1 each	100%	–
Johnson Electric Industrial Manufactory, Ltd.	Manufacturing	Hong Kong	308,000,000 shares of HK\$0.5 each	100%	–
Johnson Electric Intellectual Property Ltd.	Licensing	Bermuda	1,000,000 shares of HK\$0.1 each	100%	–
Johnson Electric (Italy) S.r.l.	Sales and marketing	Italy	EUR10,000	–	100%
Johnson Electric (Korea) Ltd.	Sales and marketing	South Korea	10,000 shares of KRW5,000 each	–	100%
Johnson Electric Moncalieri S.r.l. (formerly known as Brushless Technology Motor S.r.l.)	Manufacturing	Italy	EUR20,000,000	–	100%
Johnson Electric (Malaysia) Ltd. (formerly known as Nidec Johnson Electric (Malaysia) Ltd.)	Manufacturing	Malaysia	1 share of US\$1 each	–	100%
Johnson Electric (Nanjing) Co., Ltd.	Manufacturing	China	US\$1,500,000	–	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 and marketing	China	US\$200,000	–	100%
Johnson Electric (Shenzhen) Co. Ltd.	Manufacturing	China	HK\$30,000,000	–	100%

33. 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
SUBSIDIARIES					
Johnson Electric (Suzhou) Ltd.	Manufacturing	China	US\$3,089,261	–	100%
Johnson Electric Trading Ltd.	Trading	Hong Kong	100,000 shares of HK\$1 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%	–
Kwong Lee (Asia) Metal Co. Ltd.	Trading	Hong Kong	2,000,000 share of HK\$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	3,880,000 Peso	–	100%
Nanjing Hop Keung Industrial Co. Ltd.	Manufacturing	China	US\$2,500,000	–	100%
Nanomotion Ltd.	Manufacturing	Israel	US\$16,175,235	–	51%
Nihon Mini Motor Co. Ltd.	Manufacturing	Japan	JPY330,000,000	–	100%
Nison Trading Ltd.	Trading	Malaysia	1,000 share of US\$1 each	–	100%
Teknik Development Inc.	Licensing	British Virgin Islands	15,000 shares of US\$1 each	100%	–
Triowell Ltd.	Property holding	British Virgin Islands	50,000 shares of US\$1 each	–	100%
V Motor Limited	Investment holding and trading	Hong Kong	1 share of HK\$1 each	–	100%
JOINTLY CONTROLLED ENTITIES					
CJ Electric Systems Co. Ltd	Manufacturing	China	US\$2,200,000	–	50%
Shanghai Ri Yong-JEA Gate Electric Co., Ltd.	Manufacturing	China	US\$17,000,000	–	50%
ASSOCIATED COMPANIES					
China Autoparts Inc.	Manufacturing	United States of America	US\$345,479	–	20%
FG Microdesign S.r.l.	Manufacturing	Italy	ITL100,000,000	–	40%