

# REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2002.

## PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities of the subsidiaries are shown in note 32 to the accounts.

## RESULTS AND APPROPRIATIONS

The results of the group for the year ended 31st March 2002 are set out in the consolidated profit and loss account on page 46 of the accounts.

The directors declared an interim dividend of 0.38 US cents (3 HK cents) per share, totalling US\$14,130,000, which was paid on 4th January 2002.

The directors recommend the payment of a final dividend of 0.94 US cents (7.3 HK cents) per share, totalling US\$34,383,000, payable on 31st July 2002.

## RESERVES

Movements in the reserves of the group and the company during the year are set out in note 27 to the accounts.

## DONATIONS

During the year, the group made charitable and other donations of US\$223,000 (2001: US\$194,000).

## FIXED ASSETS

Details of the movements in properties, plant and equipment are shown in note 13 to the accounts.

## SHARE CAPITAL

Details of the movements in share capital are shown in note 26 to the accounts.

## DIRECTORS

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

Wang Koo Yik Chun  
Patrick Wang Shui Chung JP  
Winnie Wang Wing Yee  
Richard Wang Li-Chung  
Peter Wang Kin Chung  
Li Fook-Wo CBE, LLD, DSSc, FCIB, FHKIB, JP  
Peter John Wrangham  
Peter Stuart Allenby Edwards  
David Wylie Gairns JP  
Ian Lorne Thompson Conn

In accordance with Bye-law 109(A) of the company's Bye-Laws. Ms. Wang Koo Yik Chun, Mr. Li Fook-Wo and Mr. David Wylie Gairns retire from office by rotation and, being eligible, offer themselves for re-election.

## DIRECTORS' SERVICE CONTRACTS

None of the directors of the company had a service contract with the company or any of its subsidiaries during the year.

## DIRECTORS' INTERESTS

At 31st March 2002, the interests of the directors in the share capital of the company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong) notified to the company pursuant to Section 28 of that Ordinance (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to that Ordinance) or which are required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein were as follows:

| Name                         | Shares in the company<br>of HK\$0.0125 each |                    |
|------------------------------|---|--------------------|
|                              | Personal<br>Interests                       | Other<br>Interests |
| Wang Koo Yik Chun            | -   | 2,190,210,880 *#   |
| Peter John Wrangham          | 160,000                                     | -                  |
| Peter Stuart Allenby Edwards | -   | 100,000 **         |
| Ian Lorne Thompson Conn      | 10,000                                      | -                  |

\* *These shares are held, directly or indirectly, by the trustees of various trusts associated with the Wang family.*

# *Duplications of shareholdings occur among and between the parties shown below under the Substantial Shareholders.*

\*\* *These shares are held under a trust of which Peter Stuart Allenby Edwards is one of the beneficiaries.*

Save as disclosed herein, at 31st March 2002, none of the directors had any interest in the share capital or debt securities of the company or any associated corporation (as so defined) notified to the company pursuant to Section 28 of the Securities (Disclosure of Interests) Ordinance (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to that Ordinance) or which will be required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein.

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

Under the terms of the Johnson Electric Holdings Limited share option scheme, which was approved by the shareholders on 11th August 1998, the directors may at their discretion grant full time employees of the company and its subsidiaries, including executive directors, options to subscribe for the company's shares. No such options have yet been granted to any employee.

Under the terms of the Johnson Electric Holdings Limited Long-term Incentive Share Scheme ("Incentive Share Scheme") which was approved by the shareholders on 26th July 1999, the directors may at their discretion invite full time employees of the company and its subsidiaries, including directors, to participate in the Incentive Share Scheme, and grant shares to such eligible employees. No such shares have yet been granted to any employee.

Apart from the share option scheme and the Incentive Share Scheme mentioned above, there were no other arrangements to which the company or its subsidiaries was a party to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

### PRE-EMPTIVE RIGHTS

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

### SUBSTANTIAL SHAREHOLDERS

As at 31st March 2002, the interests of every person, in the share capital of the company as recorded in the register required to be kept under Section 16(1) of the Securities (Disclosure of Interests) Ordinance were as follows:

| Name                               | Shares of HK\$0.0125 each |
|------------------------------------|---------------------------|
| Bermuda Trust (Guernsey) Limited   | 358,972,480               |
| Ansbacher (Bahamas) Limited        | 887,040,000               |
| HSBC International Trustee Limited | 951,539,200               |
| HSBC Investment Bank Holdings B.V. | 973,961,200               |
| HSBC Holdings B.V.                 | 973,961,240               |
| HSBC Finance (Netherlands)         | 973,961,240               |
| HSBC Holdings plc                  | 973,961,240               |
| The Capital Group Companies, Inc.  | 368,447,352               |

The shares in which Bermuda Trust (Guernsey) Limited and Ansbacher (Bahamas) Limited are interested and 944,198,400 of the shares in which HSBC International Trustee Limited is interested are held, directly or indirectly, by them as the trustees of various trusts associated with the Wang family and are included in the shares in which Ms. Wang Koo Yik Chun is interested as referred to above under Directors' Interests.

The shares in which HSBC International Trustee Limited is interested form part of the shares in which HSBC Investment Bank Holdings B.V. is interested, which form part of the shares in which HSBC Holdings B.V. is interested, which are all the shares in which HSBC Finance (Netherlands) is interested, which are all the shares in which HSBC Holdings plc is interested, all of which are the same shares.

Save as disclosed herein, as at 31st March 2002, according to the register of interests of shares and, so far as the directors are aware, there were no persons who, directly or indirectly, held or were beneficially interested in shares representing 10 per cent. or more of the issued share capital of the company or (save for the company) its subsidiaries and there was no other interest or right recorded in the register required to be kept under Section 16(1) of the Securities (Disclosure of Interests) Ordinance.

#### **MAJOR SUPPLIERS AND CUSTOMERS**

During the year, the group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

#### **PURCHASE, SALE OR REDEMPTION OF SHARES**

The company has not redeemed any of its shares during the year. Neither the company nor any of its subsidiaries has purchased or sold any of the company's shares during the year.

#### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

#### **AUDIT COMMITTEE**

The Audit Committee meets regularly with the group's senior management and the external auditors to consider and review the group's financial statements, the nature and scope of audit reviews, and the effectiveness of the system of internal control and compliance. The members of the Audit Committee are Mr. David Wylie Gairns (Chairman of the Committee) and Mr. Ian Lorne Thompson Conn.

#### **CODE OF BEST PRACTICE**

Throughout the accounting period, the company was in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that some of the independent non-executive directors of the company have no set term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the company in accordance with the company's Bye-Laws.

#### **AUDITORS**

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

*On behalf of the Board*

**PATRICK WANG SHUI CHUNG**

*Chairman and Chief Executive*

*Hong Kong, 11th June 2002*