

For immediate release

Johnson Electric reports interim results
*Strategic investment and strong fundamentals ensure
competitive position and value creation*

Hong Kong, 11 December 2001 — Johnson Electric Holdings Limited (“Johnson Electric” or “the Group”) (SEHK:179), a global leader in the design and manufacture of micromotors and integrated motor systems, today announced its interim results for the six months ended 30 September 2001.

Total sales stood at US\$372 million (HK\$2,901 million), a decrease of 6% against the same period last year. The decline was due to softer demand in virtually all of the Group’s product application segments as a result of reduced inventory levels and deferred orders by customers affected by the economic slowdown in North America and Europe. The terrorist attacks in the United States on 11 September further compounded an already challenging market environment.

Profit attributable to shareholders was US\$60 million (HK\$468 million), down 25% from the previous interim period in 2000.

Earnings per share declined by 25% to 1.6 US cents.

The Board has recommended an interim dividend of 0.38 US cents per share (2000: 0.38 US cents per share).

The Group maintained a healthy balance sheet position. As of 30 September 2001, total cash and other investments, and shareholders’ fund stood at US\$73 million (HK\$573 million) and US\$530 million (HK\$4,134 million) respectively.

Commenting on the results, Patrick Wang, Chairman and Chief Executive of Johnson Electric, said: “ Despite the unprecedented economic uncertainty that has had an adverse impact on the Group’s product demand, the underlying factors that drive our sales continue to be sound. These include Johnson Electric’s unique low cost supply and production platform in southern China and the long-term trend of US and European manufacturers outsourcing the production of micromotors and motor systems.

“Our strong fundamentals have been further reinforced by strategic investment in businesses with above-average growth prospects and which offer potential for enhancing the Group’s competitive position in the field of precision motors.”

During the period under review, Johnson Electric acquired certain manufacturing assets of the electronic component business of Textron Automotive Company's Kautex Textron division in July 2001 and of the automotive electronic seat motor business of ArvinMeritor's Light Vehicle Systems division in August 2001. For the six months ended 30 September 2001, the sales contribution from these two acquisitions amounted to US\$13 million (HK\$101 million).

Notwithstanding the negative impact of the global economic slowdown, sales performance was sustained in certain product segments. Total sales in the Automotive Division increased by 0.4% due to stable sales in Europe and the sales contributions from Textron and ArvinMeritor. The audio-visual sector also reported positive growth of 14% in sales.

Sales in the commercial motors division, which comprises the power tools, home appliances, and business equipment and personal product sectors, were adversely affected by sluggish market demand. These three sectors registered a sales decline of 26%, 4% and 15% respectively.

Mr Wang expects the combination of sales contribution from recent acquisitions and the healthy growth in new product applications will help mitigate the effects of weak demand conditions.

"The relocation of the Group's manufacturing facility in Columbus, Mississippi to China, lower commodity prices for copper and steel and a number of cost reduction initiatives already underway will together help maintain the Group's competitive position.

"Given its strong fundamentals, Johnson Electric is better positioned than ever to exploit growth opportunities that are emerging from the restructuring of the global manufacturing supply chain now underway," Mr Wang said.

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About Johnson Electric

Johnson Electric Holdings Limited is listed on The Stock Exchange of Hong Kong and is a constituent stock of the Hang Seng Index. Johnson Electric employs over 23,000 people in 14 countries, with the majority of the workforce engaged in production activities in China, Italy, Thailand and Mexico. Design engineering centers are located in Hong Kong, Italy, Germany, China, Japan, and the USA. The Johnson Electric Group provides world-class micro motors and integrated motor systems to global customers in the automotive, power tools, home appliances, business equipment, audio-visual and personal care sectors. Additional information is available on www.johnsonmotor.com.

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JOHNSON ELECTRIC HOLDINGS LIMITED
2001/2002 INTERIM RESULTS ANNOUNCEMENT
Six months ended 30 September 2001

FINANCIAL HIGHLIGHTS

	2001	2000	% change
	US\$m	US\$m	
Turnover	372	395	- 6
Profit before taxation	68	87	- 22
Profit attributable to shareholders	60	80	- 25
Shareholders' fund	530	442	+ 20
Earnings per share (US cents)	1.6	2.2	- 25
Interim dividend per share (US cents)	0.38	0.38	—

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