

Hongkong Electric Holdings Ltd

香港電燈集團有限公司

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8th August 2003

Securities & Exchange Commission
Office of International Corporate Finance
450 Fifth Street N.W.
Washington, D.C. 20549
U.S.A.



03029354

SUPPL

Dear Sirs,

Hongkong Electric Holdings Limited
Rule 12g3-2(b) Materials
File No. 82-4086

The following materials are enclosed pursuant to Rule 12g3-2(b)(1)(iii) under the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the exemption from reporting under that Rule by Hongkong Electric Holdings Limited:

Interim results for the half year ended 30th June 2003 dated 7th August 2003

Pursuant to Rule 12g3-2(b)(4) and (5), the enclosed materials shall not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act, and the furnishing of such materials shall not constitute an admission for any purpose that Hongkong Electric Holdings Limited is subject to the Exchange Act.

Yours faithfully,
For and on behalf of
HONGKONG ELECTRIC HOLDINGS LTD.
香港電燈集團有限公司

PROCESSED

AUG 27 2003

THOMSON
FINANCIAL

A handwritten signature in black ink, appearing to read 'Lillian Wong'.

Lillian Wong
COMPANY SECRETARY

Enc.

LW/jh

Handwritten initials and date: LW 8/19

S. C. M. P.
8. 8. 2003

File No.
82-4086

CHAIRMAN'S STATEMENT

Half Year Results

The unaudited consolidated profit of the Group, after tax and Scheme of Control transfers, for the first six months of 2003 amounted to HK\$32,193 million, a reduction of 5.9% compared to the same period last year. The profits from the Group's local activities decreased by 9.6% mainly due to an increase in tax charges and provisions resulting from the introduction of the new Statement of the Standard Accounting Practice on Income Taxes and an increase in tax rates, together with a 1.2% reduction in electricity sales compared to the same period last year due largely to the effect of Severe Acute Respiratory Syndrome (SARS) and the consequent general slowdown in the economy. This decrease was partly offset by an increase in profits from overseas activities.

Interim Dividend

The Directors have today declared an interim dividend of 58 cents (2002: 58 cents) per share payable to shareholders whose names appear in the Company's register of Members on 25th September 2003.

The Register of Members will be closed from 18th September 2003 to 25th September 2003 both days inclusive. To qualify for the interim dividend, transfers should be lodged with the Registrars by 4:00 p.m. on 17th September 2003.

Operations

In Hong Kong, the outbreak of SARS in March seriously affected many of our customers, and particularly those in the restaurant, hotel, retail and business services sectors. As economic activity stalled, consumption of electricity was affected, and this together with the cooler weather experienced in the first half of 2003 compared to last year, resulted in sales of electricity for the first six months of 2003 being 1.2% below the same period last year.

In response to the difficulties faced by our customers, worst affected by SARS, the Company implemented a scheme whereby these customers could benefit from a Company guarantee for a loan to cover up to three months of electricity charges, giving customers access to finance on very attractive terms.

The current weakness in demand for electricity exhibited during the first half of 2003 will continue to be closely monitored. In the short term, growth in unit sales and maximum demand will be supported by the final completion and occupation of a number of major property developments in the Company's supply areas, and in the medium and long term, electricity demand is expected to be stimulated by continuing population growth and the equated infrastructure expansion. In order to cater for this growth, work on the extension of the existing transmission network and the purchase of new power plants, including a 300 MW power unit, has been substantially completed. As stated previously, this will be the first for a new power unit, a long term gas supply contract was signed in Beijing in March 2003 for the supply of natural gas from the Guangdong LNG terminal.

Overseas, our businesses in Australia continue to thrive. The contribution to the Group from Powercor and ETSU Utilities, together with the inclusion for the first time of CitPower, acquired in equal partnership with Cheung Kong Infrastructure Holdings Limited in August 2002, has increased by 46.2% over last year.

Outlook

In Hong Kong, the Company continues to improve productivity and to re-assess all aspects of its operations in order that our consumers will benefit from all possible cost savings. The Company also has sufficient flexibility within its capital expenditure programme so that capital expenditure is aligned to demand growth, and therefore it is in line with our obligation to provide reliable electricity to satisfy current and future demand at the lowest cost to the consumer compatible with the terms of the Scheme of Control agreement with Government.

Profit diversification continues to be an important Group strategy, and the Group's strong financial position supports the ongoing worldwide search for suitable investment opportunities offering an acceptable return relative to the risks involved.

George C. Magnus
Chairman

Hong Kong, 7th August 2003

Hongkong Electric Holdings Limited
香港電燈集團有限公司

(Incorporated in Hong Kong with limited liability)

2003 INTERIM RESULTS

FINANCIAL REVIEW

Capital Expenditure, Liquidity, Financial Resources and Gearing Ratio

Capital expenditure during the period amounted to HK\$972 million, which was primarily funded by internal sources. As at 30th June 2003, total external borrowings were HK\$15,365 million (at 31st December 2002: HK\$16,354 million), comprising unsecured bank loans, unsecured deferred creditors and debt securities in issue. In addition, unsecured bank loans, unsecured deferred creditors and debt securities in issue, in addition, unsecured bank loans, unsecured deferred creditors and debt securities in issue, at 30th December 2002: HK\$4,480 million). Gearing ratio (net debt/equityholders' funds) at 30th June 2003 was 46% (at 31st December 2002: 50%).

Treasury Policies and Capital Structure

The Group continues to ensure that its businesses are financed from a variety of competitive sources and that committed facilities are available for future development. In addition, currency and interest risks are actively managed on a conservative basis.

As at 30th June 2003, external borrowings of the Group amounted to HK\$15,365 million, with the following profile:

- (1) 60% was either denominated or effectively hedged into Hong Kong dollars and 40% was either denominated or effectively swapped into Australian dollars;
- (2) 62% was bank loans, 31% was capital market instruments and 7% was suppliers' credits;
- (3) 21% was repayable within 1 year, 69% was repayable between 2 to 5 years and 10% was repayable beyond 5 years;
- (4) 73% was fixed rate or capped rate based and 22% was floating rate.

It is the Group's treasury policy not to engage in speculative transactions. Foreign currency transaction exposure is managed in accordance with treasury guidelines, utilising forward contract and interest and currency swaps. As at 30th June 2003, over 90% of the Group's transaction exposure was either hedged or denominated in Hong Kong or US dollars. Currency exposure arising from overseas investments is hedged by arranging comparable level of borrowings in the same currency as the underlying investments. Interest rate risk is managed through the use of interest rate swaps and caps. The net investment in foreign currencies at 30th June 2003 amounted to HK\$39,609 million (at 31st December 2002: HK\$38,338 million) equivalent.

Contingent Liabilities

As at 30th June 2003, the Company has issued a performance guarantee for an associate and a letter of awareness in respect of banking facilities available to an associate amounting to HK\$3.2 million (at 31st December 2002: HK\$4.1 million).

As at 30th June 2003, the Company has given a counter indemnity for a subsidiary, guarantees in respect of credit facilities available to subsidiaries and financial commitments of subsidiaries totalling HK\$11,845 million (at 31st December 2002: HK\$12,691 million) equivalent. Out of this amount, HK\$11,011 million, while being a contingent liability of the Company, is reflected in the Consolidated Balance Sheet of the Group.

Employees

The Group continues its policy of pay by performance and market pay rates are monitored consistently to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30th June 2003, excluding directors' emoluments, amounted to HK\$551.0 million (2002: HK\$524.4 million). As at 30th June 2003, the Group employed 2,173 (2002: 2,236) permanent staff. No share option scheme is in operation.

Apart from well-established training schemes for university graduates, trainee technicians and apprentices, the Group also provides training for staff in language, computer knowledge, and the latest technology relevant to our industry as well as numerous job-related courses to enhance their more general skills and knowledge of our employees.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30th June 2003

	2003 (HK\$ million)	2002 (HK\$ million)
Turnover	5,207	5,136
Direct costs	(1,865)	(1,793)
Gross profit	3,342	3,343
Other revenue and net income from operations	453	392
Finance costs	(245)	(240)
Operating profit	3,197	3,109
Share of results of associates	3,127	2,929
Profit before taxation	3,334	3,133
Taxation	(977)	(739)
Profit after taxation	2,357	2,394
Share of results of associates	2,357	2,394
Dividend paid	(151)	(131)
Reserve Redistribution Reserve	(151)	(131)
Profit attributable to shareholders	1,996	1,855
Less: Minority interests	(227)	(183)
Overseas activities	2,193	1,672
Total	2,193	1,672
Proposed interim dividend	103 cents	109 cents
Earnings per share	38 cents	35 cents
Proposed interim dividend per share	58 cents	58 cents

1. The interim financial report is unaudited, but has been reviewed by the audit Committee.

2. The revenue for the six months ended 30th June 2003 is based on the revised accounting policy for the six months ended 30th June 2003. This change in accounting policy has given rise to a prior period adjustment of HK\$2.5 million to the principal activity and geographical location of the operations of the company during the financial period as set out below:

	Six months ended 30th June 2003 (HK\$ million)	Six months ended 30th June 2002 (HK\$ million)
Principal activities	5,179	5,177
Other revenue and net income from operations	28	159
Finance costs	(5,907)	(5,116)
Operating profit	2,307	3,109

3. Geographical locations of operations

	Six months ended 30th June 2003 (HK\$ million)	Six months ended 30th June 2002 (HK\$ million)
Hong Kong	5,207	5,134
Rest of Asia and Australia	5,207	5,134
Operating profit	5,207	5,136

4. Operating profit is shown after charging/crediting:

	Six months ended 30th June 2003 (HK\$ million)	Six months ended 30th June 2002 (HK\$ million)
The Company and its subsidiaries - Hong Kong	468	403
The Company and its subsidiaries - Rest of Asia and Australia	482	37
Associates - Overseas	517	36
Total	1,467	416

5. Current Taxation:

	Six months ended 30th June 2003 (HK\$ million)	Six months ended 30th June 2002 (HK\$ million)
The Company and its subsidiaries - Hong Kong	608	403
The Company and its subsidiaries - Rest of Asia and Australia	42	37
Associates - Overseas	517	36
Total	1,167	416

6. Hong Kong profits tax has been provided for at the rate of 17.5% (2002: 16%) based on the unaudited attributable profit for the six months ended 30th June 2003 of HK\$2,357 million (2002: HK\$2,394 million) after providing for the tax on the Share of Control transfer for a period as stated above.

7. Certain comparative figures have been restated to conform to the revised financial period 1 presentation.

8. A detailed monthly announcement containing all the information required by paragraph 4(1) to 4(4) of Appendix 16 of the Listing Agreement is available on the Company's website (<http://www.hkelectric.com>) and the Exchange's website (<http://www.hkex.com.hk>) to date.

Hongkong Electric Holdings Limited

香港電燈集團有限公司

2003年8月8日 星期五

董事局主席報告

中期業績

二零零三年集團首六個月未經審核之綜合溢利，經扣除稅項及特許管制計劃開支後，為港幣二億九千九百萬元，較去年同期減少百分之五點九。集團本...

中期息

董事局宣佈將中期息由每股五角八分（二零零二年為五角八分）予二零零三年九月二十五日已登記在股東名冊之股份持有人。

業務

非典型及於三月份首香港業務，嚴重影響公司眾多用戶，其中尤以飲食、酒店、零售及服務業為甚。由於經濟活動呆滯，耗電量亦受到影響，加上二零零三年上半年的天氣較去年清涼，二零零三年首六個月的售電量較去年同期下降百分之二點二。

業務

就面對非典型及於三月份首香港業務之客戶，公司推出一項緊急保價計劃，向貨款提供保價，方便客戶以非常吸引的條款獲取信貸，用以支付最高達三個月之電費。

業務

集團將繼續密切監察二零零三年上半年售電需求疲弱的情況。短期方面，售電量及度數增長將維持穩定。售電需求亦將繼續穩定，加上獲得增加，為應付需求，電力需求亦將繼續穩定。

業務

在香港，公司將繼續不斷提升生產力及改善營運上的每個環節，務求在多方面節省成本下可更客戶滿意。公司在資本開支的項目上，亦將提出充分的彈性，使資本開支與業務需求相配合，故資產亦只在有必要的情况下，按認購及市場環境提供可負擔電力，應付現在及未來的需要。

業務

分發盈利來仍將是集團的主要策略。集團穩健之財務基礎將有助我們的繼續在全港各地物色合適的投資機會，於合理風險下為集團提供可觀之收益。

香港，二零零三年八月七日

財務回顧

資本開支、流動資金、財政資源及資本負債比率

集團於期內之資本開支為港幣九億七千二百萬元。該資本開支主要用於內部資產更新。於二零零二年六月三十日，向外貸款總額為港幣一百五十三億六千五百萬元。...

債務政策及資本結構

集團繼續確保以各種不同而又低成本的財務資源提供業務所需資金，及運用已承擔之信貸安排，提供未來發展之資金需求。並且在穩健的基礎上靈活地管理外匯和利率風險。

於二零零二年六月三十日，集團向外貸款為港幣一百五十三億六千五百萬元，其結構如下：

- (一) 百分之六十以港元為單位或過期有效對沖為港幣及百分之四十以美元為單位或過期有效對沖為美元；
(二) 百分之六十二為銀行貸款，百分之三十一為資本市場工具及百分之七為供應商應付；
(三) 百分之六十二為一年內到期，百分之六十九為零息債務及百分之五為固定利率；
(四) 百分之七十八為定息或上限期票及百分之二十二為浮息類別。

或有債務

集團的債務政策是不參與任何擔保性交易，但擔保指引用短期合約、利率及外匯短期合約以管理外幣交易風險。於二零零二年六月三十日，集團是最高百分之九十七之合約風險已作對沖或以港幣或美元為單位，海外外幣所產生的外匯風險，已交與相若水平的當地貨幣管理員以對沖外匯風險。...

或有債務

於二零零三年六月三十日，本公司為一間附屬公司發出一項履行擔保及發給予一間附屬公司的銀行備用信貸貨項發出一封知悉香港港幣四百二十萬元（於二零零二年十二月三十一日為港幣四百二十萬元）。

或有債務

於二零零三年六月三十日，本公司為一間附屬公司發出一項反抵押擔保，本公司附屬公司之借貸額及附屬公司之財務承擔而作出擔保，各共擔保總值一百一十八億四千五百萬元（於二零零二年十二月三十一日為港幣一百一十八億九千一百萬元），在或有債務中，港幣一百一十億一千一百萬元已反映在集團的綜合資產負債表內。

或有債務

集團繼續採用員工發展以穩定薪酬政策，及提高市場競爭力。集團亦繼續採用員工發展以穩定薪酬政策，及提高市場競爭力。集團亦繼續採用員工發展以穩定薪酬政策，及提高市場競爭力。

未經審核綜合損益表

Table with columns for 2003 and 2002, and rows for Revenue, Cost of sales, etc. Includes sub-tables for 2003 and 2002.

未經審核綜合資產負債表

Table with columns for 2003 and 2002, and rows for Assets, Liabilities, etc. Includes sub-tables for 2003 and 2002.

未經審核綜合權益表

Table with columns for 2003 and 2002, and rows for Retained profits, Dividends, etc. Includes sub-tables for 2003 and 2002.

未經審核綜合現金流量表

Table with columns for 2003 and 2002, and rows for Operating activities, Investing activities, etc. Includes sub-tables for 2003 and 2002.