

Auditors' Report



ARTHUR ANDERSEN

Arthur Andersen & Co
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Hong Kong

**TO THE SHAREHOLDERS OF
BEIJING DATANG POWER GENERATION COMPANY LIMITED**
(Incorporated in the People's Republic of China with limited liability)

We have audited the accompanying balance sheets of Beijing Datang Power Generation Company Limited (the "Company") and its subsidiaries as at 31st December, 2000, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Statements on Auditing issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at 31st December, 2000, and of the results of their operations and their cash flows for the year then ended in accordance with International Accounting Standards issued by the International Accounting Standards Committee.

ARTHUR ANDERSEN & CO
Certified Public Accountants

Hong Kong, 6th March, 2001