

Auditors' Report



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 sheet of Beijing Datang Power Generation Company Limited (the "Company") and consolidated balance sheet of the Company and its subsidiaries as at 31st December 2001, 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 Standards on Auditing. 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 give a true and fair view of the Company's financial position and the financial position of the Company and its subsidiaries as at 31st December 2001, and of the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board.

ARTHUR ANDERSEN & CO
Certified Public Accountants

Hong Kong, 5th March 2002