

# Report from the Supervisory Committee

## **To: All Shareholders**

During this reporting period, all members of the Supervisory Committee, aiming at protecting the interest of the shareholders and the benefit of the Company, have performed their supervisory functions in accordance with the relevant provisions in the Articles of Association of the Company and relevant laws and regulations. By following the principle of acting honestly and in good faith, the Supervisory Committee has carried out its work diligently. The Supervisory Committee has also conducted review on the business conditions for 2001 and the performance of duties of the senior management of the Company. On behalf of the Supervisory Committee of Huaneng Power International, Inc., I am pleased to submit the working report as follows:

### **I. Working Report of the Supervisory Committee for 2001**

During the reporting period, the Supervisory Committee has held two meetings. Details of the time, place, attendance and contents of the meeting are as follows:

1. On 14th March, 2001, the second meeting of the third session of Supervisory Committee was held in Beijing. All three members of the Supervisory Committee attended the meeting. At the meeting, it was resolved that the Working Report of the Supervisory Committee for 2000, annual report of the Company for 2000 and its summary be adopted.
2. On 23rd May, 2001, the third meeting of the third session of Supervisory Committee was held in Beijing. All three members of the Supervisory Committee were present at the meeting. It was resolved at the meeting that the Supervisors' Handbook of the Company be implemented on a trial basis.

3. During the reporting period, all members of the Supervisory Committee attended eight board meetings of the Company; attended the 2000 annual general meeting and an extraordinary general meeting for 2001.

During the above meetings, all members of the Supervisory Committee conducted careful review and supervision on the lawful operation of the Company.

### **II. Independent Opinions of the Supervisory Committee on the Relevant Matters of the Company in 2001**

1. Lawful Operation of the Company

The Supervisory Committee performed effective supervision on the procedures for convening the shareholders' meeting and board meetings, adoption of resolutions, implementation of the resolutions of the shareholders' meeting by the Board of Directors, performance of duties of the senior management of the Company and internal management system of the Company according to the relevant laws and regulations. The Supervisory Committee is of the view that the Board of Directors is capable of conducting standardised operation in strict compliance with the Articles of Association of the Company and the relevant regulations and systems and members of the Board of Directors have performed dutifully and diligently and their decisions are scientific and reasonable. The management systems of the Company are effective and the business activities of the Company are lawful. When examining the financial

conditions of the Company and supervising the performance of duties by the directors and senior management personnel of the Company, it was found that their behaviour has not contravened any relevant laws and regulations and has not caused any damage to the interests of the shareholders.

### 2. Examining the Financial Conditions of the Company

The Supervisory Committee has carefully examined and verified various materials to be submitted by the Board of Directors to the annual general meeting for examination and discussion, including the working report of the board of directors for 2001, financial reports of the Company for 2001, profit distribution proposal of the Company for 2001 and the 2001 financial statements audited by the auditors inside and outside the PRC for which unqualified opinions are issued. The Supervisory Committee is of the view that the financial statements of the Company for 2001 are true and reliable and objectively reflect the financial positions and operating results of the Company. The Supervisory Committee agreed to the auditors' report issued by Arthur Andersen & Co and the profit distribution proposal of the Company for 2001.

### 3. Use of the Funds Raised by the Company

The recent fund raising by the Company was the issue of A Shares in November, 2001 raising a total of Rmb2.78 billion. The Company is strictly complying with the undertaking in the A Share prospectus and the proceeds from the A Share issue will be used to repay the borrowings for the acquisition of Nanjing Power Plant, short term loan for the merger with Shandong Huaneng and the Company's long term loan which is due and payable within one year. The Supervisory Committee is of the view that the proceeds from the recent fund raising of the Company are used in the same items as those undertaken in the prospectus.

### 4. Transactions relating to Acquisition or Disposal of Assets

During this reporting period, the Company has not conducted any transaction relating to acquisition or disposal of assets. No insider transactions have been found and there are no conditions damaging the interests of shareholders or causing asset loss of the Company.

### 5. Fairness of the Connected Transactions

The connected transactions of the Company are fair and reasonable and there are no conditions damaging the interests of the Company.

### 6. Implementation of the Resolutions of the Shareholders' Meeting

During this reporting period, all members of the Supervisory Committee participated in eight board meetings of the Company and attended two shareholders' meetings. The Supervisory Committee does not have any objection to the reports and proposals submitted by the Board of Directors to the shareholders' meetings. The Supervisory Committee conducted careful supervision on the implementation of the resolutions adopted at the shareholders' meetings. The Supervisory Committee is of the view that the Board of Directors is capable of seriously performing the resolutions adopted at the shareholders' meetings.

The Supervisory Committee will continue to live up to the shareholders' expectations in the forthcoming year and as usual will work hard to safeguard the interests of the Company and its shareholders and act in strict compliance with the relevant provisions of the Articles of Association of the Company and the relevant laws, regulations and systems for the purpose of regulating its operation. The Supervisory Committee will perform its supervisory functions according to law, act on the basis of honesty and credibility, enhance its supervision strength and continue to work hard.

By Order of the Supervisory Committee  
**Ju Zhonghua**  
*Chairman of the Supervisory Committee*

12th March, 2002

