



Supervisory Committee Report

SUPERVISORY COMMITTEE REPORT

To Shareholders,

Since the incorporation of the Company, all members of the Supervisory Committee have performed their duties in strict compliance with the Company Law of the People's Republic of China, the Articles of Association of the Company and the relevant laws and regulations of Hong Kong in order to safeguard the interests of shareholders and the Company all along.

In 2005, the Supervisory Committee attended the Board of Directors' meetings and major activities of the Company and learned about the development and operating situation of the Company. We are of the opinion that the management has kept its promises and abided by the relevant laws through their significant contribution to the Company's operation, development and production management. We consider that the Company's management has been performing its duties in an effective and appropriate manner and in the ultimate interests of its shareholders.

1. WORK OF THE SUPERVISORY COMMITTEE IN 2005

In 2005, the Supervisory Committee of the Company convened 6 meetings, details of which are as follows:

1. The fifth meeting of the third session of the Company's Supervisory Committee was held at Holiday Inn Central Plaza, 1 Caiyuan Street, Xuanwu District, Beijing, the People's Republic of China on 22 March 2005, at which the 2004 Supervisory Report, 2004 Final Accounts, 2004 Profit Distribution Plan, 2004 Annual Report and its Summary, Codes of Procedures for Supervisory Committee, Proposed Re-election of the Supervisory Committee were considered and approved.
2. The sixth meeting of the third session of the Company's Supervisory Committee was held by way of telecommunications on 4 April 2005 at the Company's conference room at 14 Jingsan Road, Jinan City, Shandong Province. At the meeting, the Codes of Procedures for Supervisory Committee as approved at the fifth meeting of the third session of the Company's Supervisory Committee was considered and approved to be submitted to the 2004 AGM convened by the Board for approval in accordance with the latest requirements of CSRC and Shanghai Stock Exchange.
3. The first meeting of the fourth session of the Company's Supervisory Committee was held at Grand Epoch City, Nanxianghe Economic and Technology Development Zone, Tongzhou District, Beijing, the People's Republic of China on 2 June 2005, at which the Proposed Election of Chairman of the Supervisory Committee was considered and approved.
4. The second meeting of the fourth session of the Company's Supervisory Committee was held at Holiday Inn Central Plaza, 1 Caiyuan Street, Xuanwu District, Beijing, the People's Republic of China from 24 August 2005 to 25 August 2005, at which the 2005 Interim Report and Financial Report of the Company were considered and approved.
5. The third meeting of the fourth session of the Company's Supervisory Committee was held on 26 October 2005 at the Company's conference room at 14 Jingsan Road, Jinan City, Shandong Province, at which the 2005 Third Quarterly Report of the Company was considered and approved.
6. The fourth meeting of the fourth session of the Company's Supervisory Committee was held on 26 December 2005 at the Company's conference room at 14 Jingsan Road, Jinan City, Shandong Province, at which the Code on Trading in the Company's Securities by Supervisors of Huadian Power International Corporation Limited was considered and approved.

SUPERVISORY COMMITTEE REPORT *(continued)*

In 2005, the Company was operated in strict compliance with the PRC Company Law, the Articles of Association and other relevant laws and regulations. The directors and senior management of the Company have performed their duties without violation of the PRC laws and regulations and the Articles of Association of the Company and without adversely affecting the interests of the Company. The connected transactions of the Company were on a fair and reasonable basis. No act detrimental to the interests of the Company or shareholders was found.

2. INDEPENDENT OPINION ON THE COMPANY'S OPERATION IN ACCORDANCE WITH LAWS

The Supervisory Committee has carefully examined the procedures of convening general meetings and Board meetings, resolutions passed at such meetings, implementation of resolutions passed at general meetings by the Board, senior management's performance of its duties and the Company's internal management system, in accordance with relevant PRC laws and regulations.

We consider that: the Board has conducted its operations strictly in compliance with the PRC Company Law, PRC Securities Law, the Articles of Association and other relevant laws and regulations; the directors were diligent and responsible in arriving at reasonable decisions; the Company has established effective management systems and has been proactively improving the internal management system for its growth, the Company's operating activities were all in compliance with provisions of laws and regulations. In reviewing the Company's financial standing and examining the directors' and senior management's performance of their duties, the Supervisory Committee did not find any breach of disciplines or rules, or any harm against shareholders' interests.

3. INDEPENDENT OPINION ON REVIEW OF THE COMPANY'S FINANCIAL STANDING

The Supervisory Committee has carefully reviewed the Company's 2005 Final Accounts, 2005 Profit Distribution Plan, 2005 Annual Report, 2005 Unqualified Auditors' Reports prepared by the international auditors and domestic auditors of the Company and other relevant information in respect of the year 2005.

We are of the opinion that the Company's 2005 Final Accounts was reliable, which objectively reflected the financial standing and operating results of the Company. The Supervisory Committee agreed with the auditors' reports for Company and its 2005 Profit Distribution Plan.

4. INDEPENDENT OPINION ON ACTUAL USE OF LAST RAISED FUNDS OF THE COMPANY

The last fund raising exercise of the Company was its issue of A shares made on 3 February 2005. The actual use of the proceeds raised was consistent with the intended use of proceeds set out in the Company's prospectus.

5. INDEPENDENT OPINION ON ACQUISITION AND DISPOSAL OF ASSETS

During the reporting period, the Company had no disposal of assets. We are not aware of any insider dealing activities. No act violating the shareholders' interests or resulting in any loss of assets of the Company was identified.

6. INDEPENDENT OPINION ON THE COMPANY'S CONNECTED TRANSACTIONS

During 2005, the Company has conducted four connected transactions: investment in Huadian Property, acquisition 97% and 90% equity interests in Suzhou Company and Xinxiang Company respectively, restructuring of Weifang Plant and signing of the Agreement concerning In-depth Treatment of Urban Tertiary Treated Wastewater with China Huadian Engineering.

We consider that the considerations paid by the Company for the above projects were all reasonable and the connected transactions were fair; and the acquisition transactions were in the interests of the Company and shareholders as a whole.

The Supervisory Committee will continue to perform its duties and will proceed with its best endeavours to safeguard the interests of the shareholders. The Supervisory Committee is satisfied with the achievements attained by the Group and has confidence in the prospect of the Group.

Feng Lanshui

Chairman of the Supervisory Committee

Jinan, Shandong Province, the People's Republic of China
24 March 2006