



CTG

China Three Gorges Corporation

Annual Report **2011**



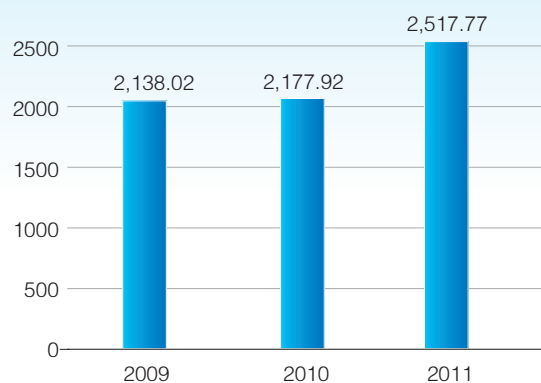


Build Up the Three Gorges Project, Develop the Yangtze River

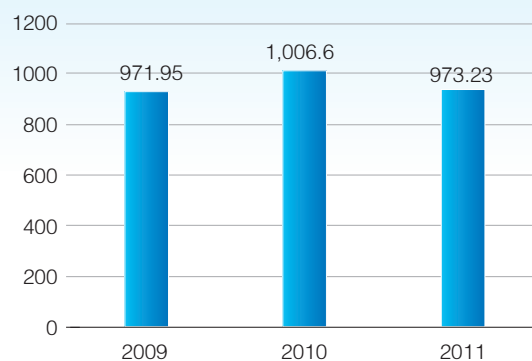
Key Performance Indicators in 2011

(Corporate consolidated financial statements)

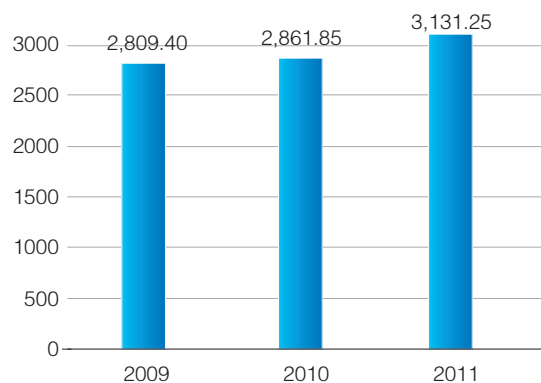
Installed capacity (per ten thousand kilowatts)



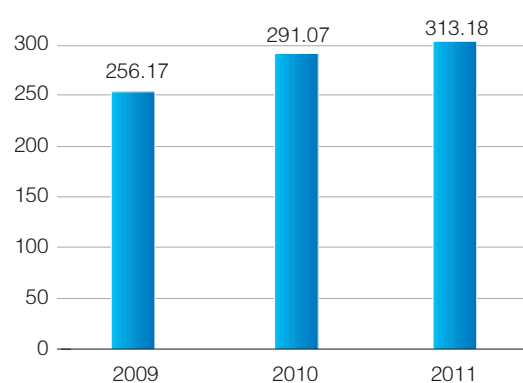
Energy production (per one hundred million KWh)



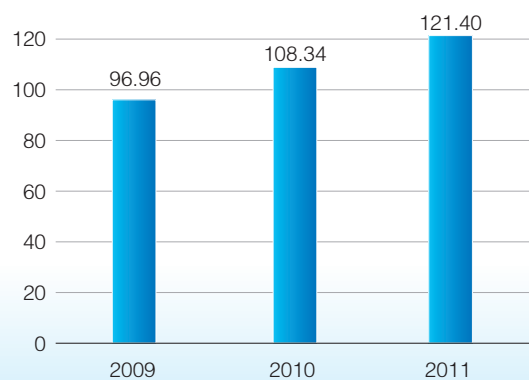
Total assets (per RMB 100 Million)



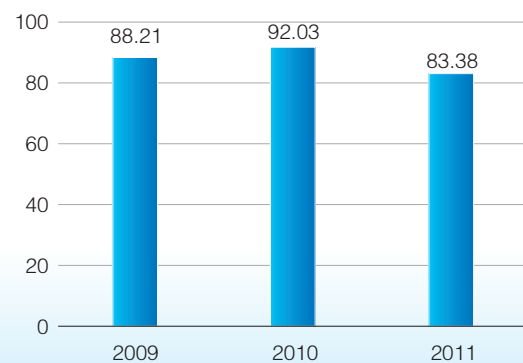
Prime operating revenue (per RMB 100 Million)



Net profit after tax (per RMB 100 Million)



Total taxes paid (per RMB 100 Million)



Basic Information

Chinese Name: China Three Gorges Corporation

English Name: China Three Gorges Corporation

Abbreviation: CTG

Legal Representative: Cao Guangjing

Tel: 010-57081851

Fax: 010-57082000

Website: www.ctg.com.cn

Address: Tower B, No.1, South Road of Yuyuantan, Haidian District, Beijing

Post Code: 100038

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Address from Chairman of the Board



China Three Gorges Corporation is strategically positioned as a clean energy group focusing on large-scale hydropower development and operation. While building, operating, and managing well the Three Gorges Project, we have been actively and orderly developing of downstream hydro-resources of the Jinsha River. The total installed capacity of Xiluodu, Xiangjiaba, Wudongde and Baihetan, being built or planned, is nearly 43,000 MW. While focusing on hydro power business which is our major business, CTG has taken opportunities of national adjustment on energy structure, actively promoted the development of clean energy including wind power. We have been conscientiously implementing the national strategy of "Going abroad", steadily expanding overseas business, making efforts to introduce our technology, management and standards to the rest of the world.

In 2011 – the kick-off year of the "The 12th Five-year Plan", CTG has sped up strategic layout, innovated our system and mechanism and actively dealt with complicated domestic and international economic situation by taking the scientific outlook as the guide, closely adhering to strategic target of building world-class clean energy group and "The 12th Five-year Plan". During this year, we have completely fulfilled the annual performance assessment indicators of SASAC and scored A-level among state-owned enterprises in the last five consecutive years. With core competitiveness continuously promoted and comprehensive strength gradually enhanced, we have entered a sustained and healthy track for development.

At present, as China is speeding up the transformation of economic development mode, adjusting for new energy structure and promoting energy conservation & emission reduction, China Three Gorges Corporation has been offered rare strategic opportunity to accelerate development. Meanwhile, European debt crisis continues to spread and there are still downside risks faced by domestic economy, which makes CTG confronted with many challenges. In the coming year, CTG will firmly grasp the overall tone of "advance steadily", closely follow the strategic target of building world-class clean energy group and take "Build the Three Gorges, Develop the Yangtze River" as the main thread, elaborately organize the construction and operation of Three Gorges Project, vigorously promote cascade hydropower development at the upstream of Yangtze River, actively and orderly develop new energy, expand international business with steady steps, comprehensively advance the implementation of the "The 12th Five-year Plan" and guarantee successful accomplishment of various works of the year and greet the 18th CPC Congress by excellent results.

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Address from the President



In 2011, China Three Gorges Corporation thoroughly implemented and realized scientific development concept, actively dealt with intricate domestic and foreign economic situations, overcame influence of disadvantageous factors such as serious drought of the upper stream of the Yangtze River, outperformed the annual performance assessment indicators of SASAC, achieved an operating revenue of 31.318 billion RMB and a total profit of 12.140 billion RMB which have set a new record and realized a good start for development under "The 12th Five-year plan".

In the past year, adhering to the strategic target of building world-class clean energy group, CTG has founded a management system of three headquarters in Beijing, Yichang and Chengdu. CTG has also optimized organizational framework based on the principal of value creation as the priority, service and logistics in place, established a developing mode of "six business segments" including: engineering construction, electricity production, new energy business, international business, finance and tourism business. We have successfully completed the relocation of the management headquarter and fully started the three-level management system revision. The Three Gorges Reservoir had successfully stored water up to 175m in two consecutive years, supplied 21.5 billion cubic meters of water to downstream areas in one year, and transported annual cargo tonnage over 100 million tons, through which the Three Gorges Project gave a all-round play to its comprehensive benefits in flood control, drought prevention, water supply, navigation and power generation; Hydropower development for the downstream of Jinsha River has been advanced in a comprehensive way, Xiangjiaba and Xiluodu is under smooth construction and the relocation and resettlement have obtained significant progress; wind power business has been progressing in a steady way with commissioned capacity as much as thousands of MWs and solar power generation has also been started; international business has also been growing steadily and the annual value of new contracts had reached 12.3 RMB, with a 26% year-on-year growth and income from foreign project contracts reached 8.1 billion RMB with a year-on-year growth of 29.24%, both of which are new records.

The year 2012 is crucial for the development of CTG under "The 12th Five-year Plan", We'll be examined by the impoundment of Xiangjiaba Project and its power generation. We will adhere to the Three Gorges spirit, advocate the Three Gorges culture, mark the responsibilities, and fulfill our tasks. We should be resolved to being successful, hold a down-to-earth working style, ensure the accomplishment of our tasks and greet the 18th CPC Congress by excellent results.

A handwritten signature in black ink, appearing to be 'Feng' followed by a stylized flourish, positioned in the bottom right corner of the page.



About us

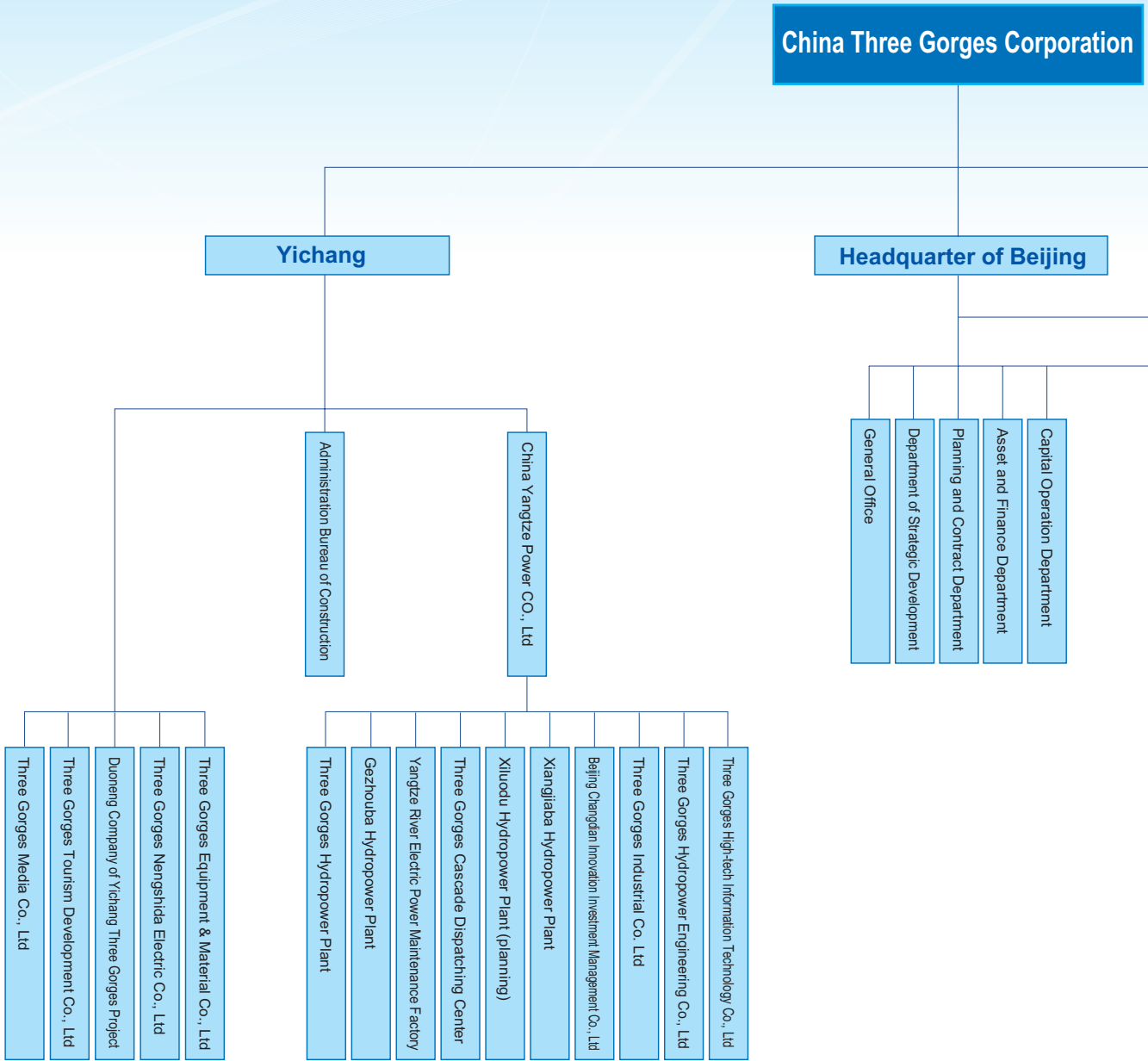
As part of the initiative to build the Three Gorges Project and develop the Yangtze River, the China Three Gorges Project Corporation was founded on September 27, 1993. On September 27, 2009, the Corporation changed to the name "China Three Gorges Corporation" (referred to CTG hereinafter). In January, 2010, CTG established the Board of Directors with Mr. Cao Guangjing as Board Chairman and Party Secretary, Chen Fei as the Director and President.

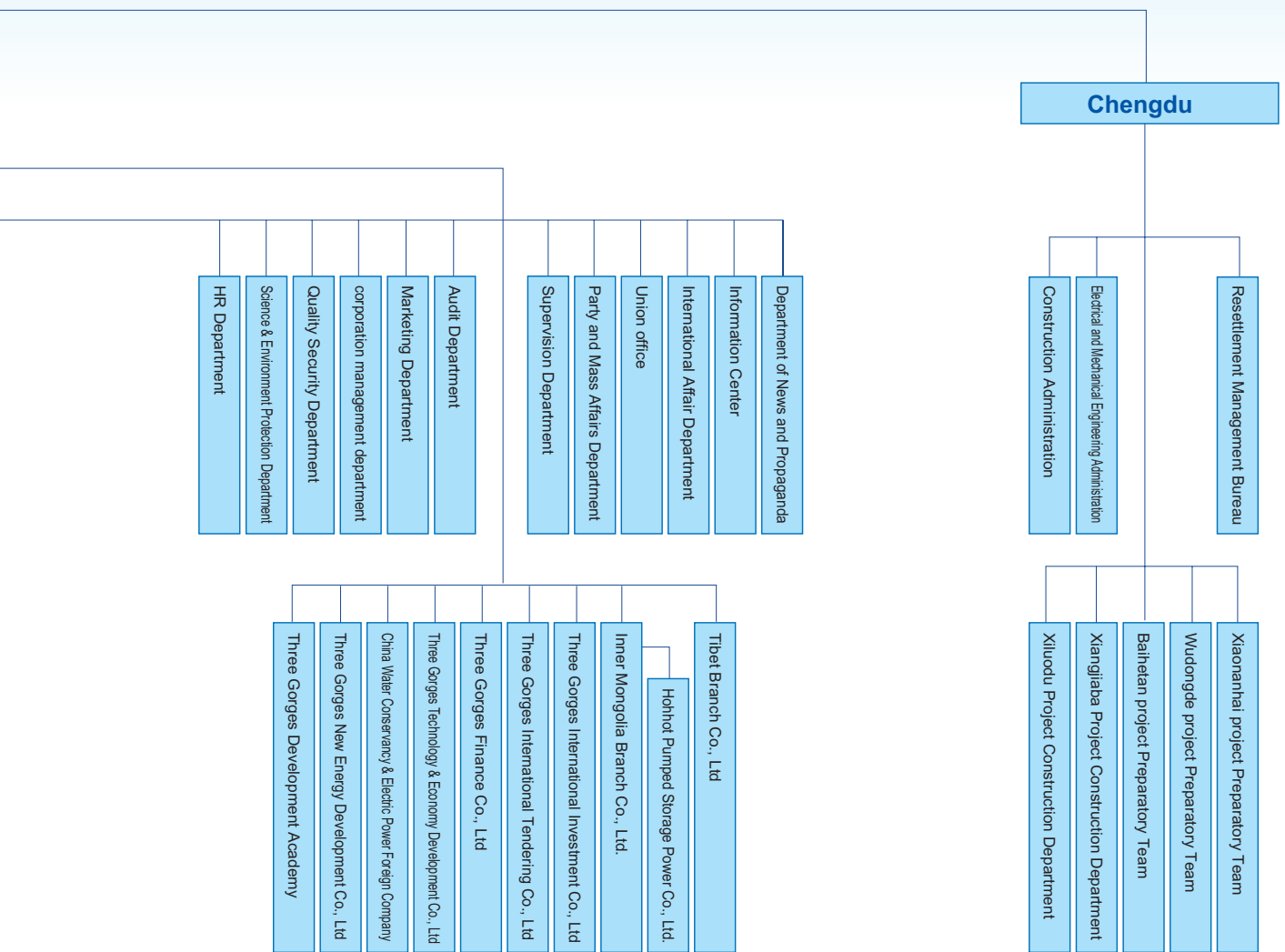
CTG is a wholly state-owned enterprise with registered capital of RMB 137.458 billion. By the end of 2011, corporate consolidated capital reached RMB 313.125 billion, net asset RMB 212.499 billion. There are 14299 employees in total, including 13793 in active duty, 1260 with master degree and above, 2 academicians and 77 enjoying government allowance specially offered by the State Council.

CTG is strategically positioned as a clean energy group specialized in large-scaled hydropower development and operation with principal operations including hydropower project engineering, construction and management, electricity production, and service of related technical services. CTG takes full responsibilities for the construction and operation of the Three Gorges Project. The Central Government has authorized CTG to develop the hydroelectric resources in the mainstream and tributaries of the upper reaches of the Yangtze River and to build four massive hydropower plants at Xiluodu, Xiangjiaba, Wudongde and Baihetan, and actively develop new energy such as wind power. We'll implement the internationalization strategy in comprehensive manners and make efforts to build up a world-class clean energy group. By the end of 2015, the installed capacity of the company will reach to 55,000 MW according to "The 12th Five-year Plan". By the end of 2011, CTG will hold controllable installed capacity of 25,170 MW where hydropower installed capacity reaches to 24,150 MW and wind power installed capacity reaches to 1,000 MW. In 2011, CTG realized business income of RMB 31.318 billion and net profit after tax of RMB 12.140 billion, both of which have hit a new record. CTG ranked at the 14th place among central enterprises based on the net gross profit.

In accordance with business characters and development needs, CTG established Beijing management headquarters in charge of coordination, command and overall management the group, Yichang production headquarters in charge of electricity production and management to construction & operation of Three Gorges Complex, and Chengdu construction headquarters in charge of management to construction & operation of power stations along downstream of Jinsha River. CTG owns ten secondary wholly owned subsidiaries and holding subsidiaries such as China Yangtze Power Co., Ltd (a company going public under holding of the group), China Water & Electricity Investment Co., Ltd., China Three Gorges New Energy Co., Ltd., China Water & Electric Power Foreign Company and etc.

Organizational Structure





Board of Directors



Cao Guangjing
Chairman



Chen Fei
Director



Yu Wenxing
Director



Ma Zhigeng
External Director



Liu Zhi
External Director



Shi Jinquan
External Director



He Muyun
External Director



Wu Xiaogen
External Director



Yao Yuanjun
Staff Director

Leadership Team



Cao Guangjing

Deputy Director of State Council
Three Gorges Construction Committee
Board Chairman & Party Secretary



Chen Fei

Member of State Council Three
Gorges Construction Committee
President & Member of Party Group



Yang Qing

Executive Vice President &
Member of Party Group



Lin Chuxue

Executive Vice President &
Member of Party Group



Yang Chunjin

Executive Vice President &
Member of Party Group



Bi Yaxiong

Executive Vice President &
Member of Party Group



Fan Qixiang

Executive Vice President &
Member of Party Group



Yu Wenxing

Head of Discipline
Inspection Group &
Member of Party Group



Sha Xianhua

Executive Vice President &
Member of Party Group



Zhang Cheng

Member of Party Group &
General Manager of China
Yangtze Power Co., Ltd

Development Strategy

Strategy Formulation

CTG has entered a critical stage of accelerating its development. Now and in the coming period, we'll seize the strategic opportunities offered by our country through transforming growth mode, adjusting energy structure and strengthening international cooperation, implement and realize scientific outlook on development, expedite implementation of the strategic transformation, deepen enterprise reform all along the line, bring honor to the Three Gorges culture, improve the management level, give full play to our own advantages, constantly enhance the competitiveness and build a large-scale clean energy group with international competitiveness in good and fast manners.

Strategic Positioning

A clean energy group focusing on large-scale hydropower development and operation.

Vision and Goals

A world-class large-scale clean energy group playing an important role in displaying comprehensive benefits of Yangtze basin, providing society with clean energy and living harmoniously with ecological environment.

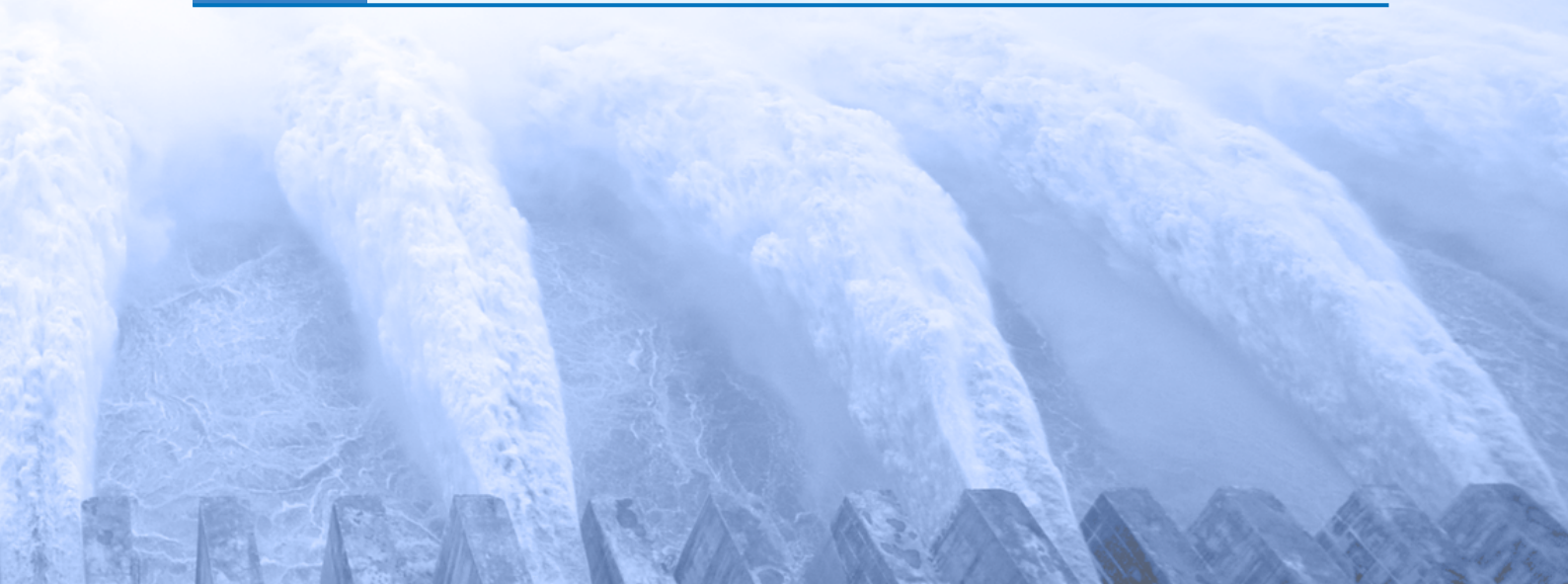
Development trend

While taking "building the Three Gorges Project and developing the Yangtze River" as the mission, large-scale hydropower development and operation as the core business, we actively develop new energy such as wind power, solar power and nuclear power, steadily expand international business; give priority to clean energy, implement diversification strategy by depending on principal work, and realizing specialized management for each service unit.



Focus on cultivating five core abilities

Strategic Thinking	From a long-term and global perspective and combining resources both home and broad, markets, external environment and internal conditions, we should make clear judgment on developing trend and market competition situation, and formulate corporate development strategy.
Institutional Innovation	Constantly improve the institutional adaptability and timeliness, and make timely adjustments with the changing targets, tasks, resources, markets and reality. In accordance with Institutional innovation and its effective execution, we put corporate strategic arrangements into daily work, provide an institutional guarantee for our strategic goal's realization.
Team Building	Innovate talent development mechanism. Create Institutional environment for everyone to be cultivated to a talent. Adhere to combining of introduction and cultivation. Promote the talents to be professional, market-savvy, specialized and internationally focused. Cultivate Systematically talent team of CEOs and enhance operation & management, economy & technology, practical skill, and Party & mass affairs.
Standard Formulating	Strengthen the management of technology and economy; raise construction and production level. Cultivate abilities of self planning and designing. Based on hydropower, our main business, we will strengthen systematical research innovation, and form systematical Three Gorges Standards. Through promotion, we should work hard to introduce Three Gorges Standards to the international community to increase our influence, so as to keep an advantageous position in international market competition.
Cost Control	Set up a scientific, standardized and effective cost managing system. Carry out cost control involving all staff, all elements, and all processes. Intensify budget control and encouragement by assessment. Intensify control of budget-estimate of projects and resettlement, and investment per electric energy and cost per KWh should be lower than social average level. During operation and management, strengthen six aspects of cost control, and cost of per electric energy shall be at the advanced level among the industry.

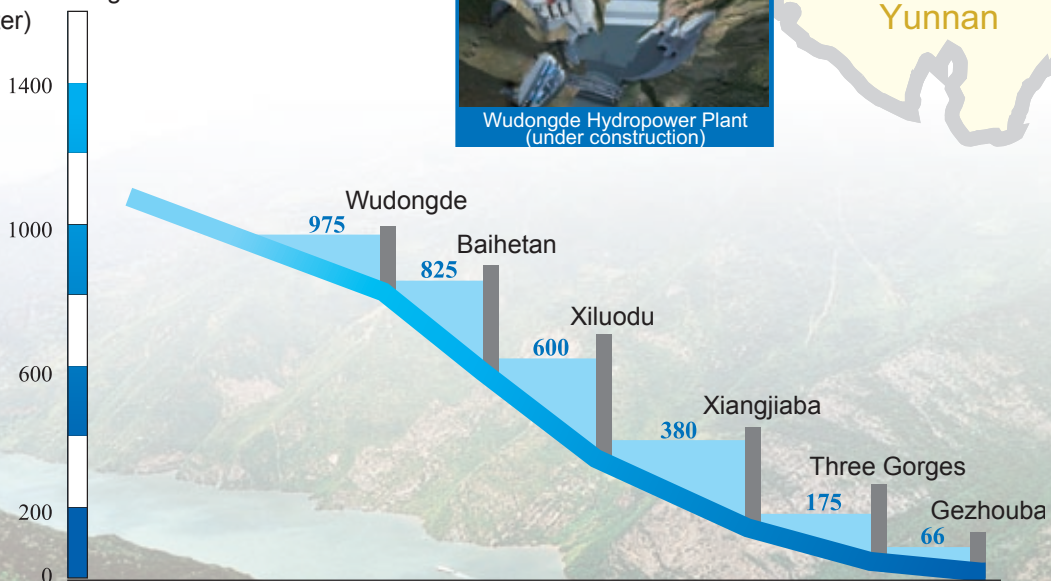


Large-scale Hydropower Development and Operation

Continuous Development of Cascade Hydropower Plants on the Mainstream of the Yangtze River



Normal Storage Level (meter)





No.	Name of the power station	Installed capacity (MW)	Annual Output (TWh)	Water level (meter)
1	Gezhouba	2735	16.241	66
2	Three Gorges	22500	88.200	175
3	Xiangjiaba	6400	30.747	380
4	Xiluodu	13860	64.060	600
5	Baihetan	14040	60.241	825
6	Wudongde	8700	39.070	975

Note: the indexes of Wudongde and Baihetan power stations listed above are pre-feasibility study data.

Three Gorges Project, the centennial dream



In 1918

Mr. Sun Yat-sen made a proposal in his *Nation-Building Strategy Part II – industrial Plan* to "improve this upper stream section of the river", suggesting "Gates should be built to block the river water, to enable boats to sail upstream and at the same time utilize hydraulic power".

May 1944

Internationally acclaimed US expert on high dams, Dr. J.L. Savage, surveyed the Three Gorges and presented the Initial Report on the Plan of the Three Gorges on the Yangtze River.

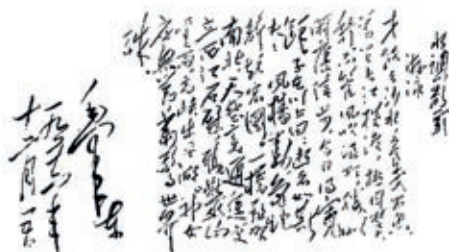


February 1950

Changjiang Water Resources Commission was founded.

1955

Comprehensive planning for the Yangtze River Basin and survey, research and design for the Three Gorges Project started.



1956, Mao Zedong, Chairman of the CPC Central Committee, swam in the Yangtze River at Wuhan and wrote *Ode to the River-Swimming*, envisioning a project at the Three Gorges that would tame the turbulent river.

December 26, 1970

The Construction proposal of the Gezhouba Hydro Project on the Yangtze River was approved. The project was commissioned in 1981 and was completed in 1989.

February 27 – March 7, 1989

The 10th Conference of the Three Gorges Project Feasibility Verification Leadership Group of the Ministry of Water Resources and Electric Power deliberated and adopted the Report on the Feasibility Study of the Three Gorges Hydropower Project on the Yangtze River (Evaluation Version).

April 3, 1992

The 5th Session of the 7th National People's Congress adopted the Resolution to Build the Three Gorges Project on the Yangtze River, which marks the completion of the project verification and approval procedures for the Three Gorges Project and the commencement of the implementation phase.



Three Gorges Chronology

Phase I (1993–1997)

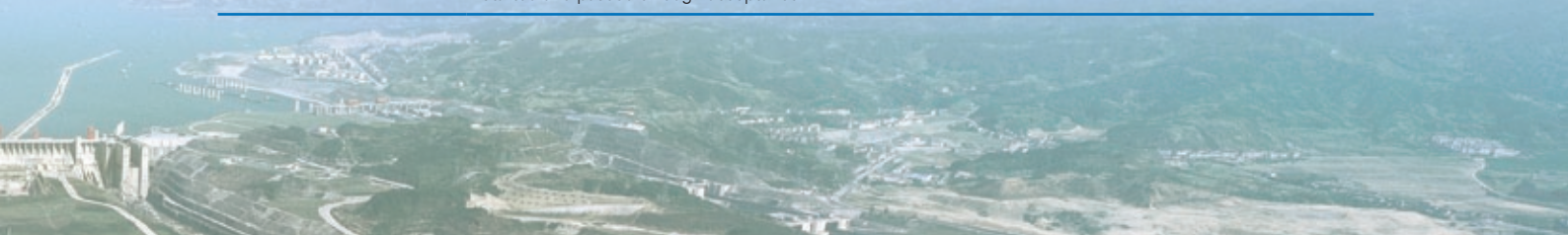
July 29, 1993	The 2nd Conference of the Three Gorges Construction Commission of the State Council was convened. At the conference, the Report on the Preliminary Design of the Three Gorges Project on the Yangtze River (Project) was reviewed and adopted, ushering in the phase of comprehensive construction preparation for the Three Gorges Project.
September 27, 1993	China Three Gorges Project Corporation was established.
December 14, 1994	Premier Li Peng declared the official commencement of the Three Gorges Project to the world on the site of the Three Gorges Dam.
November 8, 1997	River closure was successfully carried out for the Three Gorges Project, signifying the fulfillment of the Phase I construction targets.

Phase II (1997–2003)

2000	A total of 5.4817 million m ³ of concrete was placed, setting a new world record for the amount of concrete placed in a hydropower project in one year.
June 1, 2003	The TGP Reservoir started water impoundment. The water level reached 135m on June 10.
June 16, 2003	Trial navigation of the dual-line five-stage ship lock was successfully completed. On June 18, the ship locks were formally opened to traffic.
July 10, 2003	The first generating unit in the left-bank powerhouse of TGP was officially integrated into the power grid and started operations.

Phase III (2004–2009)

September 2005	The 14 generating units in the left-bank powerhouse became fully operational one year ahead of schedule.
May 2006	The TGP Dam was completely topped out.
October 2006	The TGP Reservoir realized its goal of el. 156m water impoundment in the initial phase one year ahead of schedule.
May 2007	The dual-line five-stage ship lock was completed, significantly boosting the navigational efficiency and benefits of the golden waterway of the Yangtze River.
June 2007	The first generating unit in the right-bank powerhouse of TGP became operational. The powerhouse set a world record by putting an installed capacity of 5,000,000 KW into operation the same year.
October 2008	The 12 generating units in the left-bank powerhouse became fully operational one year ahead of schedule. Except the ship lift project, all original designed tasks completed on schedule or ahead of schedule.
September 27, 2009	China Three Gorges Project Corporation changed its name to China Three Gorges Corporation
October 26, 2010	A trial water impoundment reached a 175m height, beginning to deliver comprehensive benefits as in the flood control, drought-relief, power-generating, shipping and water-replenishing, etc.
Dec. 31, 2010	Annual power generation of 100.67 billion kwh by the Three Gorges – Gezhouba cascade complex, breaking through the critical junction of one hundred billion kwh.
May 24, 2011	The first unit (No.32 equipment) of the Three Gorges underground power station was officially put into operation.
Sep. 21, 2011	The first set of units of the plant engineering machine of the Three Gorges underground power station started and passed through acceptance.



Comprehensive benefits from Three Gorges Project

TGP delivers comprehensive benefits in flood control, drought-relief, water supply, shipping, ecological protection, power-generating etc. With a strong social responsibility, CTG pays close attention to the safe and efficient operation of Three Gorges. We always give priority to social and ecological benefits, determine to maximize the comprehensive benefits of TGP, operate with great care, control scientifically, co-ordinate the flood control, drought-relief, water supply, shipping, ecological protection and power-generating, deliver fully the comprehensive benefits, and bring force the economic and social development of the Central, East, South, Southwest and even the whole China.

Flood control

TGP is a key project to manage the Yangtze River, and its prime function is the flood control. During the flood season in 2011 (from June 10th to September 30th), there was no serious floods for the Three Gorges reservoir which saw a peak of flow of 46,500 cubic meters per second. It implemented control operations to middle & small scale floods for five times with accumulated flood storage of 18.756 billion cubic meters, which has



ensured the flood control security of middle & down streams of Yangtze River. Meanwhile, it has not only advanced the navigation capacity between those two dams and middle & down streams of Yangtze River during the flood season, but also effectively utilized the flood resource.

Drought-relief and water supply

The Three Gorges Reservoir will increase the discharged flow each year during the dry season by which to implement water replenishing for downstream.

In May 2011, persistent drought occurred along the middle and down streams of Yangtze River. With reservoir level approaching to 155 m – the regression low water level during the dry season and continuous small amount of reservoir inflow, Three Gorges Reservoir changed its operating mode from satisfying ecological demands, shipping and grid power supply to emergency dispatching for drought relief with all strength. At 10 o'clock May 7th (when reservoir level was 155.35 m), Three Gorges Reservoir started to increase the discharged flow. At 24 o'clock June 10th when the emergency water replenishing for drought-relief was over, reservoir level lowered to 145.82 m. Total amount of water replenishing reached to 5.47 billion cubic meter with 1500 m³/s of average discharged flow increased for the downstream, which has played an important part in mitigating drought along middle and down streams of Yangtze River.

Improve navigation conditions

After water storage of the Three Gorges Project reached to 175m, backwater of Three Gorges Reservoir reached Chongqing, which improves navigation the course of 660 km by increasing annual one-way freight volume from 10 million tons to 60 million tons, and lowering shipping cost of freight per ton kilometer for one third. Water depth of shipping routes along the downstream has been effectively increased by implementing water replenishing for shipping during the dry season. Three Gorges Ship Locks are has been open for common ship free of charge from June 18, 2003. Water level elevation improves navigation condition, and shipping industry on Yangtze River develops rapidly.



Double lane 5-stage ship locks

In 2011, freight volume crossing Three Gorges Dam hit a new high, reaching to 100.33 million tons – an increase of 27.3% over the previous year, which was the breakthrough for the 8-year opening of Three Gorges Reservoir Locks. Upstream freight volume reached to 55.34 million tons, 19 years in advance to achieve the design indicator of 50 million tons for one-way passing capacity by 2030. By the end of 2011, passing freight volume of Three Gorges Reservoir Locks has reached to 460 million tons. Together with transferred amounts of goods, total freight volume passing through areas of Three Gorges Complex has reached to 550 million tons, promoting shipping industry on Yangtze River and economic development of West and Central China.

Ecological protection

In order to promote natural reproduction of the four major common fish in the downstream of Yichang, Three Gorges Reservoir launched ecological dispatch test from June 16th to June 19th 2011 when it increased discharging flow four days in a row with average flow out of reservoir about 2000m³/s, through which to keep the water level of Jingjiang section rise constantly. According to monitoring results, large-scale egg laying presented among four major common fish during the ecological dispatch period, which has proved that constant rise of water level and flow for 4 to 6 days in section of river following Yichang which was created by ecological dispatch of this time played an effective role in promoting reproduction of the four major common fish in section of river from Yichang to Yidu.

Supply of Clean Energy to the Public

As a form of clean energy, hydropower can save substantial amounts of resources and reduce environmental pollution. When the Three Gorges Project is fully operational, it will produce 84.7 TWh of electricity annually (excluding the amount of electricity from the underground powerhouses), equivalent to the amount of electric power produced by burning more than 40–50 million tons of coal, which leads to a decrease of more than 100 million tons of CO₂ emissions, 1.2–2 million tons of SO₂ emissions, 10,000 tons of carbon monoxide emissions, and 370,000 tons of nitrogen oxide emissions, as well as enormous amounts of waste water and slag. In 2010, the Three Gorges–Gezhouba Cascade Hydropower Station produced a total of 945.54 TWh of electricity and Three Gorges Reservoir had basically made the best use of hydropower with annual water utilizing rate for 99.98%.

Jinsha River Hydropower Development

Jinsha River is the largest hydropower base, ranking in the first place among "China's thirteen largest hydropower bases". Adhering to the guiding principal of "Long-term partnership, integration into the locality, balanced comprehensive planning, and mutual benefits", CTG will accelerate the construction of Xiluodu, Xiangjiaba, Wudongde and Baihetang large hydropower station. Planned capacity of those four stations almost reaches to 43000 MW, which is two times that of two TGPs. With an annual output of about 190 TWh, they are core bases of the west-to-east power transmission project.



Orderly advance Xiluodu and Xiangjiaba construction

The construction of the Xiluodu hydropower station was started in 2005, and is planned to generate power in 2013. The total installed capacity is 13860 MW, ranking the second in China and the third all over the world. Xiangjiaba hydropower station started construction in 2006, and is planned to generate power in 2012 with a total installed capacity of 6400 MW. In 2010, two projects were in good process, and construction progressed from foundation excavation to concrete placement on the dam sites and from concrete placement to the installation of permanent mechanical and electrical equipment. Key targets were under control, and power generation requirements are met. Preparatory work for power generation was fully carried out. Energy consumption principles had been determined. In 2011, resettlement work was in a smooth process. Construction of "six roads and three bridges" organized by CTG was comprehensively promoted whose quality, security, progress and investment were under the overall control. Constructions on relocation, resettlement house and infrastructure of rural and urban area have been launched in large scale with major nodes under control which could meet the demands of impoundment and power generation.

Actively organize preparatory work for Wudongde and Baihetan hydropower stations

Wudongde and Baihetan hydropower stations are the second-phase project of cascade development of downstream Jinsha River. Preliminary work of those two stations was approved by the National Development and Reform Commission in 2010, marking the full operation of downstream hydropower development of Jinsha River. CTG communicated with Sichuan and Yunnan as well as local governments where the projects are located about establishing multi-level coordination mechanism. In 2011, resettlement work of Wudongde and Baihetan Hydropower Station progressed with a good start and the investigation on physical indicators has been basically completed, planning for resettlement of affected residents has achieved the desired objectives which basically satisfied the construction needs of projects prepared to be constructed.



New Energy Development

CTG promotes development of the new energy such as wind-power and solar-power. Through optimizing resources allocation and strengthening cost control, economic benefits have been increased step by step. In 2011, wind power generation is 1180 million KWh and operating income reached RMB 600 million.

Advance the large scale development of wind power

CTG has been active in construction of 10-million-kilowatt bases, strengthening strategic cooperation with related provinces to obtain good-quality wind power resources, so as to realize faster growth of the installed capacity of wind power. In 2011, we signed cooperation agreements with Yunnan, Gansu, Ningxia and Hubei provinces; wind power storage reached 30000 MW, with a newly installed capacity of 407 MW, and an accumulative installed capacity of 999.5 MW.



Jiangsu Xiangshui Wind Power Plant

Management on construction and operation of land wind power has been improved step by step. Huade successive wind power station in Inner Mongolia, finished in 2011, enjoyed the leading place of the industry for its cost per KWh; complete the construction of high-altitude test wind machine, promote development of wind resources in high-altitude areas; demonstration project of 200 MW Xiangshui offshore wind power station has gained basic elements for approval, which steadily promoted the preliminary work of the project; average utilization rate of the wind machine reached above 98%, alteration for low-voltage cutting across and reactive compensation has been carried forward smoothly.

Promote development of grid-friendly wind power project

CTG promoted development of grid-friendly wind power projects. Preliminary work of wind power demonstration project jointly operated with high power carrier load was promoted by CTG in Gansu; CTG will strengthen project development in central and east of China such as Hubei provided with strong support capabilities for new energy grid.

Solar power development achieved a breakthrough

In 2011, the capacity of 10,000 KW of photovoltaic power was installed in Golmud of Qinghai, which has been a breakthrough of CTG in solar power development project and valuable experiences for following large-scale development of solar power projects.



Golmud 10 MW Photovoltaic Power Station

International strategy

While developing domestic businesses, CTG actively implements the national strategy of "going global", relies on "Three Gorges Brand" set up by construction of the Three Gorges Project, takes advantage of professional integrated ability on investment, construction, operation and consulting, plans and expands international businesses, allocates capital, talents, technology and markets from a global perspective, and gains international competitive advantage by a set of varified competing strategies.

Market layout was basically formed for overseas investment business

In 2011, CTG set up CTG International Investment Co.(now named CWEI), Ltd after CTG International in Hong Kong, South Asia and Europe according to the international strategic deployment, offering a platform for international businesses to actively expand in overseas market. In 2011, tri-parties consortium agreement on Burma Mongton Hydropower Station was signed by parties from China, Burma and Thailand; A cooperation framework agreement with Russian EN + company for joint development of hydropower resources of Russia was signed; Part I project of Pakistan wind power was officially started and acquisition for developing right of the Part II project was finished; constitute implementation plan for Pakistan electric power makes initiative to further expand market in Pakistan. In 2011, there were more than 20 overseas projects invested by CTG for new construction or preliminary work with total installed capacity of 34 million KW under plan. Types of projects cover hydropower, wind power, solar power and other fields. Target areas cover major continents including Europe, America and Asia.

Leap-over development of international contract

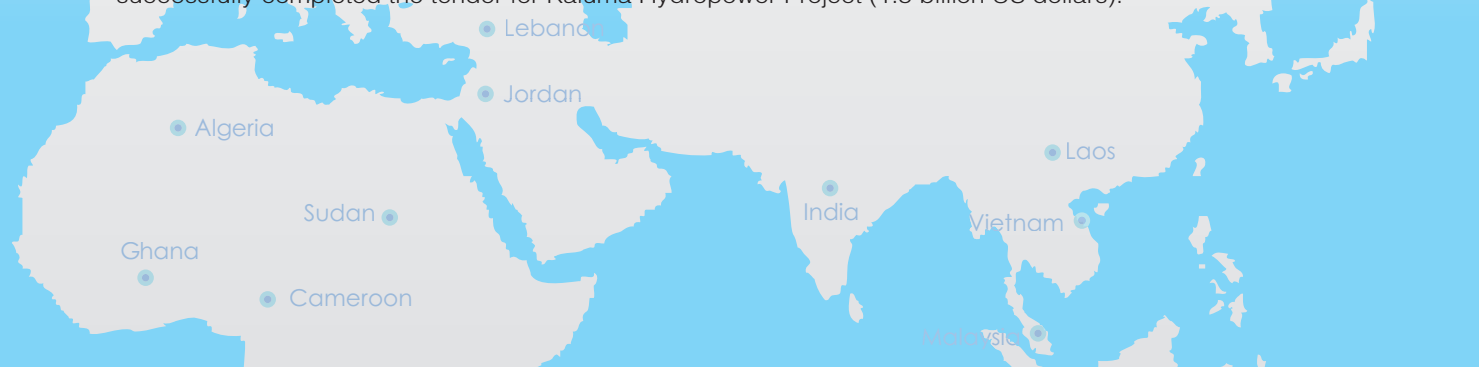
In 2011, contracting strategy on international projects of CTG went as "expand the market, scientific layout, make every effort to seize international resources, strive after resources of large-scale projects". Over the past year, 17 international contracting projects were signed including 6 projects worth more than 10 billion dollars.

Employees of institutions stationed abroad actively study local situation and resource conditions in depth, establish a good working relationship with embassy, business agency and other relevant units, maintain good communication and coordination with local government and partners, actively publicize brand of technical advantages of CTG, which helped CTG gradually form a international contracting brand with CTG characteristics.

In the development for new market, focusing on Guinea and Senegal, Kaileta Hydropower Station project signed (446 million US dollars), got the bid of highway project of Bryce Diaznie International Airport (346 million US dollars); successful development on Mali and Uganda markets, signed Maina – Manantali Road Project, got the bid of Kikagati Hydropower Station Project, successfully completed the tender for Kaluma Hydropower Project (1.5 billion US dollars).



Guinea Kaileta Hydropower Station



In 2011, CTG newly established institutions stationed abroad in Uganda, Guinea, Senegal, Indonesia, Sri Lanka and other countries to strengthen development for market depth; meanwhile, actively exploit markets in Middle East, Central Asia, Eastern Europe and South America. Amount of newly signed contracts reached to 1.91 billion US dollars in 2011, nearly 40% of which are signed in newly developed markets, realizing leap-over development in new market development.

In 2011, CTG continued to keep regular market shares in traditional contract markets and signed for Pakistan New Nara Irrigation Project, Nepal Chuishuli Power Transformer Line Project, Longpankaer Hydropower Project (196 million US dollars) in Cameroon, Meiko Dam Extension Project of Malaysia (200 million US dollars) and Bagatelle Dam Project of Mauritius (112 million US dollars), which have all started construction in last year one after another. In addition, CTG signed the development MOU for cascade EPC development of hydropower project in Valda valley of Macedonia.

Steady improvement in overseas investment

In accordance with its strategic positioning, CTG focused on small & medium-sized hydropower projects and clean energy projects for overseas investment in 2011. CTG relies on markets exploited through overseas contracting, utilizes CTG's brand and technique advantages, strengthens publicity, grasp opportunities, and actively develop clean energy investment markets in Laos, Pakistan, Nepal, Philippines, Indonesia, Macedonia, Georgia, Ecuador, Peru and other countries.

Based on tracking results for newly-invested projects, those with MOU signed including Ecuador Chiesbi Hydropower Station (400,000 KW), Indonesia Carinci Hydropower Station (180,000 KW, BOO project), Nepal Rangmarty Hydropower Station (25,000 KW); Projects presently in under tracking include Philippines Wind Power Project (176,000 KW) and Laos Sebaheng River Basin Cascade Development Project (330,000 KW).



Laos Nanli 1 – 2 Hydropower Station

With three major agreements signed, design and construction tender completed, Nanye 2 Hydropower Station (180,000 KW) – the second BOOT project of CTG in Laos, started construction on October 1, 2011 and all relevant works are in a smooth process now.

Nanli 1-2 Hydropower Station – the first BOOT project in Laos which is the demonstration area for CTG to implement overseas investment, realized the whole-year safe operation in 2011. Amount of power generation reached to 562 million KWh – 129% of the design value, realizing power revenue of 24.15 million US dollars. "Laos Nanli 1-2 Hydropower Project Summary" (Overseas BOT Investment Projects Reference Manual) was compiled based on success experiences of Nanli 1-2 Hydropower Station Project, providing reference for future overseas investment of CTG.

● America

Key Financial Data

Item	2009	2010	2011
Total assets (RMB billion)	280.940	286.185	313.125
Equities belonging to the owner of the parent company (RMB billion)	170.436	185.307	192.515
Revenue from main business (RMB billion)	25.617	29.107	30.59
Gross profit	12.794	14.256	15.806
Gross profit margin of main business (%)	50.20	49.1	43.93
EBITDA (RMB billion)	21.457	22.531	24.550
Return on equity (%)	5.5	5.5	5.79
Total liabilities (RMB billion)	67.367	62.107	84.626
EBITDA to interest multiple (X)	8.09	8.12	8.10
Total liabilities / EBITDA (X)	3.14	2.76	3.45
Total liabilities / (total liabilities + net asset) (%)	26.08	23.16	28.00
Asset liability ratio (%)	32.04	27.98	32.14

Audit Report

Dahua Shen Zi (2012) No.4332

China Three Gorges Corporation:

We have audited the attached financial statements of the China Three Gorges Project Corporation (hereinafter referred to as CTG), including the Balance Sheet and the Consolidated Balance Sheet as of Dec. 31, 2011, the Income Statement and the Consolidated Income Statement, the Cash Flow Sheet and the Consolidated Cash Flow Sheet, Statement of Change in Shareholders' Equity, the Consolidated Statement of Changes in Shareholders' Equity and Noted to the Financial Statements for the year 2011.

I . Responsibility of the Management on Financial Statements

The management of CTG is responsible for the preparing and compiling of financial statements. The responsibilities include (1) compile financial statements according to regulations of Accounting Standard for Business Enterprises and enable them to achieve fair presentation; and (2) design, implement and maintain the internal controls in regard to the preparation of financial statements to ensure that there is no major misstatement in the financial statements due to negligence or malpractice.

II . Responsibility of CPA

We are responsible for issuing audit opinions on financial statements on the basis of our auditing. We have conducted our audit in accordance with the provisions in the Auditing Standards for Chinese Certified Public Accountants. The aforementioned standards require us to observe occupational ethics, plan and implement auditing, in a way to obtain reasonable guarantee to prove that there are no significant misstatements in the financial statements.

The audit involves implementing audit procedures to obtain audit evidence of the amounts and disclosures of the related financial statements. Audit procedures are selected at the discretion of the certified accountant, including the evaluation of the risk of material misstatement in the financial statements due to malpractice or negligence. In risk evaluation, we have taken the internal controls regarding the preparation of financial statements and fair presentation into consideration, so as to aid us in designing appropriate audit procedures. However, it is not our intent to comment on the effectiveness of these internal controls. An audit also includes an assessment of the suitability of the accounting principles chosen and the rationality of the accounting estimates made by the management, as well as an evaluation of the overall layout of the financial statements.

We are confident that we have obtained adequate and proper audit evidence constituting the basis for our audit opinions.

III . Audit Opinions

We consider that the financial statements of CTG have been prepared in accordance with the Accounting Standard for Business Enterprises, which fairly reflect the financial status of your company as of December 31, 2011 in all important respects as well as the operation achievement and cash flows of 2011.



China Certified Accountant
Xiong Yaju (Signature)

熊亚菊



China Certified Accountant
Wang Peng (Signature)

王鹏



Reporting date: April 25, 2012

Balance Sheet

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
Current assets:				
Cash and cash equivalents	7,571,846,449.34	9,100,079,590.05	13,733,059,700.96	10,492,624,041.63
△Deposit Reservation for Balance	0.00	0.00	0.00	0.00
△Lendings to Bank and other Financial Institutions	0.00	0.00	0.00	0.00
Held for trading financial assets	0.00	0.00	206,517,819.28	9,901,089.00
Notes received	0.00	0.00	812,486,680.19	1,279,829,678.90
Accounts receivable	15,180,962.27	0.00	2,429,376,133.78	2,443,046,579.14
Accounts prepaid	1,136,160,708.64	592,698,102.01	7,335,356,954.98	2,013,576,101.14
△Premiums Receivable	0.00	0.00	0.00	0.00
△Reinsurance Accounts Receivable	0.00	0.00	0.00	0.00
△Reserves for Reinsurance Contract receivable	0.00	0.00	0.00	0.00
Accrued interests receivable	93,174,460.33	100,194,535.16	4,581,977.21	42,008,177.29
Dividend receivable	0.00	0.00	0.00	179,664,178.52
Accounts receivable—others	5,354,892,535.56	394,130,135.71	1,965,327,585.61	951,748,132.97
△Buying back the sale of financial assets	0.00	0.00	0.00	0.00
Inventory	153,332.06	220,720.60	1,592,213,909.13	1,393,480,282.50
Include: Raw materials	0.00	0.00	518,437,479.53	385,105,312.61
Stock goods (finished goods)	0.00	0.00	197,570,179.17	221,317,181.36
Noncurrent assets due within one year	24,000,000,000.00	28,000,000,000.00	153,852,502.57	173,367,321.99
Other current assets	19,380,000,000.00	10,300,000,000.00	384,762,203.03	3,100,767,031.66
Total current assets	57,551,408,448.20	48,487,323,083.53	28,617,535,466.74	22,080,012,614.74
Noncurrent assets:				
△Loans and advances	0.00	0.00	1,876,994,457.19	3,360,338,782.14
Available-for-sale investment	5,471,593,986.00	9,574,755,957.98	12,602,848,531.83	20,258,059,245.65
Hold-to-maturity investments	28,000,000.00	38,000,000.00	10,000,000.00	10,000,000.00
Long-term account receivable	0.00	0.00	1,765,706,979.28	1,687,319,848.83
Long-term equity investments	60,969,766,227.68	51,997,501,207.16	16,514,110,900.24	14,194,942,270.34
Investment real estate	0.00	0.00	286,169,501.26	294,562,108.49
Original prices of the fixed assets	38,701,743,807.07	38,649,169,845.85	188,173,493,297.99	180,574,287,309.83
Less: Accumulative impairment	8,366,923,488.33	7,273,347,979.23	38,783,555,099.70	32,404,624,686.23
Net value of the fixed assets	30,334,820,318.74	31,375,821,866.62	149,389,938,198.29	148,169,662,623.60
Less: Provision for impairment loss on fixed assets	0.00	0.00	19,283,502.29	20,817,712.49
Net value of the fixed assets	30,334,820,318.74	31,375,821,866.62	149,370,654,696.00	148,148,844,911.11
Construction in progress	85,174,449,506.72	59,327,520,497.47	89,976,909,485.96	63,237,337,152.89
Project materials	654,032,190.50	708,360,381.34	719,624,662.54	926,635,913.20
Disposal of the fixed assets	0.00	0.00	0.00	0.00
Producing biological assets	0.00	0.00	0.00	0.00
Oil and gas assets	0.00	0.00	0.00	0.00
Intangible assets	463,826,734.39	471,033,578.95	1,700,177,745.69	1,691,294,332.12
Development expenses	0.00	0.00	7,086,097.22	9,342,884.45
Goodwill	0.00	0.00	2,375,683,689.37	2,250,883,953.30
Long-term deferred expenses	50,820,093.87	130,626,776.05	189,826,095.10	226,275,863.60
Deferred income tax asserts	155,003,982.24	91,519,571.66	7,039,039,301.43	6,330,950,035.07
Other noncurrent assets	10,435,000,000.00	11,883,456,638.23	72,200,262.44	1,939,200,936.74
Include: Approved preparatory materials	0.00	0.00	0.00	0.00
Total noncurrent assets	193,737,313,040.14	165,598,596,475.46	284,507,032,405.55	264,565,988,237.93
Total assets	251,288,721,488.34	214,085,919,558.99	313,124,567,872.29	286,646,000,852.67

Balance Sheet (Continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
Current liabilities:				
Short-term borrowing	11,484,371,584.68	0.00	24,669,513,081.95	18,450,945,942.44
△Loans from central bank	0.00	0.00	0.00	0.00
△Receipt of deposits and deposits from other banks	0.00	0.00	212,257,541.43	245,844,056.36
△Loans from other banks	0.00	0.00	2,400,000,000.00	1,200,000,000.00
Transaction monetary liabilities	0.00	0.00	0.00	0.00
Notes payable	0.00	0.00	128,370,566.20	135,358,904.47
Accounts payable	199,665,529.10	134,534,301.90	1,798,890,503.39	1,324,223,726.46
Accounts received in advance	0.00	1,208,219.18	2,394,027,696.84	2,233,573,747.74
△Financial assets sold for repurchased	0.00	0.00	0.00	1,490,829,166.67
△Fees and commission payable	0.00	0.00	0.00	0.00
Employees' remuneration payable	327,955,817.12	327,129,585.37	503,806,052.51	490,110,297.40
Include: Salaries payable	321,264,872.28	320,882,273.77	455,884,510.30	455,884,510.30
Welfare payable			917,725.95	1,468,013.73
#include: employee bonus and welfare fund	0.00	0.00	0.00	0.00
Taxes and fees payable	-413,787,561.21	-969,499,043.13	-190,578,135.35	-93,988,582.90
Include: Taxes payable	-491,007,382.55	-997,459,333.19	-291,291,845.72	-138,039,148.04
Interest payable	859,789,679.95	412,344,164.39	1,330,285,528.73	968,211,675.75
Dividend payable			13,024,639.22	59,649,801.45
Other payables	4,242,620,329.43	5,686,306,347.84	4,846,076,295.16	6,808,827,638.65
△Payable reinsurance accounts	0.00	0.00	0.00	0.00
△Insurance contract provisions	0.00	0.00	0.00	0.00
△Acting trading securities	0.00	0.00	0.00	0.00
△Acting underwriting securities	0.00	0.00	0.00	0.00
Noncurrent liabilities due within one year	0.00	0.00	943,427,759.25	2,799,189,310.18
Other current liabilities	0.00	0.00	5,979,786.65	2,600,702.45
Total current liabilities	16,700,615,379.07	5,592,023,575.55	39,055,081,315.98	36,115,376,387.12
Noncurrent liabilities				
Long-term borrowing	6,067,500,000.00	800,000,000.00	12,384,831,599.53	7,165,902,991.89
Bonds payable	28,384,143,926.55	15,424,121,412.89	46,628,080,864.37	33,691,333,553.31
Long-term accounts payable	0.00	0.00	31,065,700.42	31,065,700.42
Special accounts payable	0.00	0.00	55,873,846.36	63,242,903.75
Estimated liabilities	0.00	0.00	101,868,127.23	111,500,367.38
Deferred income tax liabilities	201,292,733.43	252,054,540.73	1,056,417,158.98	1,627,204,499.03
Other noncurrent liabilities	1,312,424,517.73	1,312,424,517.73	1,312,424,517.73	1,347,551,944.04
Include: Approved preparatory funds	0.00	0.00	0.00	0.00
Total noncurrent liabilities	35,965,361,177.71	17,788,600,471.35	61,570,561,814.62	44,037,801,959.82
Total liabilities	52,665,976,556.78	23,380,624,046.90	100,625,643,130.60	80,153,178,346.94
Owners' equities (or shareholders' equities):				
Paid-in capital (share capital)	149,536,711,395.60	148,836,711,395.60	149,536,711,395.60	148,836,711,395.60
National capital	149,536,711,395.60	148,836,711,395.60	149,536,711,395.60	148,836,711,395.60
Collective capital	0.00	0.00	0.00	0.00
Legal person capital	0.00	0.00	0.00	0.00
Include: State-owned legal person capital	0.00	0.00	0.00	0.00
Collective legal person capital	0.00	0.00	0.00	0.00
Individual capital	0.00	0.00	0.00	0.00
Foreign capital	0.00	0.00	0.00	0.00
#less: returned investments	0.00	0.00	0.00	0.00
Paid-in capital (share capital) net total	149,536,711,395.60	148,836,711,395.60	149,536,711,395.60	148,836,711,395.60
Capital reserves	5,694,363,712.08	5,846,649,133.98	7,254,550,181.33	8,584,866,731.00
Less: Treasury share	0.00	0.00	0.00	0.00
Special reserves	0.00	0.00	0.00	0.00
Surplus reserves	27,922,429,208.72	27,075,816,724.58	27,551,666,871.99	26,830,638,273.06
Include: Legal common reserve fund	4,995,090,534.94	4,148,478,050.80	4,623,187,337.44	3,902,158,738.51
Other reserve funds	22,927,338,673.78	22,927,338,673.78	22,927,338,673.78	22,927,338,673.78
#Reserve funds	0.00	0.00	0.00	0.00
#Enterprise expansion fund	0.00	0.00	0.00	0.00
#Investment returned	0.00	0.00	0.00	0.00
△Normal risk reserves	0.00	0.00	0.00	0.00
Undistributed profits	15,469,240,615.16	8,946,118,257.93	8,205,327,642.15	1,447,696,919.83
Converted difference in foreign currency statements	0.00	0.00	-33,431,396.10	-2,084,400.20
Total equities belonging to the owners of the parent company	198,622,744,931.56	190,705,295,512.09	192,514,824,694.97	185,697,828,919.29
*Equities belonging to minority shareholders	0.00	0.00	19,984,100,046.72	20,794,993,586.44
Total owners' equities	198,622,744,931.56	190,705,295,512.09	212,498,924,741.69	206,492,822,505.73
Total liabilities and owners' equities	251,288,721,488.34	214,085,919,558.99	313,124,567,872.29	286,646,000,852.67

Note: In this table, items with "*" are used exclusively for the consolidated financial statements; Items with "△" are used exclusively for corporations implementing the new Accounting system for Business Enterprises, and other corporations need not complete them; Items with "#" are used exclusively for corporations implementing the Accounting System for Business Enterprise, and corporations implementing the new Accounting Standard for Business Enterprises need not complement them.

Income Statement

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
I . Total Operating Income	97,433,343.59	150,823,419.37	31,317,559,452.14	29,659,474,217.10
Include: operating income	97,433,343.59	150,823,419.37	30,771,260,131.14	29,410,980,319.04
Include: main operating income	0.00	45,605,384.61	30,589,987,903.10	29,192,992,278.59
Other operating income	97,433,343.59	105,218,034.76	181,272,228.04	217,988,040.45
△Interest revenue	0.00	0.00	530,126,742.00	237,403,980.52
△Earned premium	0.00	0.00	0.00	0.00
△Fees and commission revenue	0.00	0.00	16,172,579.00	11,089,917.54
II . Total Operating Costs	2,460,407,888.56	1,432,424,070.41	22,087,194,089.89	20,180,572,738.62
Include: Operating costs	15,800,363.08	14,078,997.87	17,052,364,816.93	14,641,337,104.67
Include: Main operating cost	0.00	0.00	16,974,047,935.39	14,500,447,033.80
Other operating cost	15,800,363.08	14,078,997.87	78,316,881.54	140,890,070.87
△Interest expense	0.00	0.00	28,889,652.63	70,647,640.81
△Fees and commission expense	0.00	0.00	18,719,114.91	38,970,528.33
△Surrender value	0.00	0.00	0.00	0.00
△Net amount of compensation payout	0.00	0.00	0.00	0.00
△Net amount of insurance contract provisions	0.00	0.00	0.00	0.00
△Expenditures dividend policy	0.00	0.00	0.00	0.00
△Reinsurance expenditure	0.00	0.00	0.00	0.00
Operating tax and surtaxes	6,849,285.32	6,382,332.23	592,389,695.68	532,487,302.80
Sales cost	166,352.63	150,922.97	58,242,812.14	51,620,524.97
Administrative cost	2,420,013,786.89	1,827,334,162.42	2,025,407,701.70	1,446,812,962.30
Include: Business entertainment	13,334,542.97	9,893,628.67	47,423,875.14	36,194,937.57
Research and development cost	97,258,345.20	86,757,204.41	124,768,681.60	111,494,219.80
Financial expense	-6,476,309.29	-379,187,758.32	1,895,900,679.64	1,898,968,731.91
Include: Interest expense	116,335,566.32	0.00	1,917,451,822.34	1,858,893,376.58
Interest income	163,090,840.14	379,764,731.78	89,561,130.70	20,290,317.76
Net exchange loss (net exchange income shall be indicated by the mark “-”)	742,150.92	509,795.19	-81,160,786.01	-48,943,215.26
Asset impairment loss	24,054,409.93	-36,334,586.76	415,279,616.26	1,499,727,942.83
Others	0.00	0.00	0.00	0.00
Add: Fair value gains from available-for-sale investment (such loss shall be indicated by the mark “-”)	0.00	0.00	-383,269.72	-9,030,634.14
Investment income (such loss shall be indicated by the mark “-”)	6,739,463,134.31	4,783,540,956.89	2,541,457,131.88	2,290,292,155.85
Include: Income from investing in associated enterprises and joint ventures	137,905,614.30	65,712,779.47	855,002,830.97	1,533,327,987.45
△Exchange gain (such loss shall be indicated by the mark “-”)	0.00	0.00	0.00	0.00

Income Statement (Continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
III. Profit from operation (such loss shall be indicated by the mark “-”)	4,376,488,589.34	3,501,940,305.85	11,771,439,224.41	11,760,163,000.19
Add: Non-operating income	5,703,889,587.89	463,201,230.94	4,093,108,592.28	2,635,423,230.27
Include: income from disposing non-current assets	3,504,493,781.57	13,298,462.80	7,884,972.68	24,580,405.78
Income from exchanging non-monetary assets	0.00	0.00	0.00	0.00
Government subsidize (subsidize income)	2,198,724,410.39	4,104,484.62	3,968,237,676.25	1,873,320,388.95
Income from the debt restructuring	0.00	0.00	0.00	0.00
Less: Non-operating cost	52,185,672.58	93,019,982.88	58,196,328.75	139,283,240.27
Include: Loss of disposing non-current assetd	2,341,172.58	5,307,841.38	3,887,353.12	13,546,983.47
Loss from exchanging non-monetary assets	0.00	0.00	0.00	0.00
Loss from the debt restructuring	0.00	0.00	0.00	0.00
IV. Total profit (total loss shall be indicated by the mark “-”)	10,028,192,504.65	3,872,121,553.91	15,806,351,487.94	14,256,302,990.19
Less: Income tax expenses	1,562,067,663.28	335,735,859.00	3,666,750,515.80	3,422,083,879.39
V. Net profit (net loss shall be indicated by the mark “-”)	8,466,124,841.37	3,536,385,694.91	12,139,600,972.14	10,834,219,110.80
Net profit belonging to owners of the parent company	8,466,124,841.37	3,536,385,694.91	9,840,025,316.89	8,121,392,259.58
*Profit and Loss of minority shareholders	0.00	0.00	2,299,575,655.25	2,712,826,851.22
VI. Earning per share:				
Fundamental earning per share	0.00	0.00	0.00	0.00
Diluted earning per share	0.00	0.00	0.00	0.00
VII. Other comprehensive income	-152,285,421.90	439,266,304.11	-1,974,985,239.10	398,395,239.88
VIII. Total comprehensive income	8,313,839,419.47	3,975,651,999.02	10,164,615,733.04	11,232,614,350.68
Total comprehensive income belonging to owners of the parent company	8,313,839,419.47	3,975,651,999.02	8,310,497,755.32	8,636,644,490.82
*Total comprehensive income belonging to minority shareholders	0.00	0.00	1,854,117,977.72	2,595,969,859.86

Note: In this table, items with “*” are used exclusively for the consolidated financial statements; Items with “△” are used exclusively for corporations implementing the new Accounting system for Business Enterprises, and other corporations need not complete them.

Cash Flow Sheet

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
I . Cash flow from the operating activities				
Cash form selling commodities pr providing services	37,992,368.16	67,690,569.48	33,499,729,923.88	31,687,173,154.42
△Net increase of client deposits and other bank deposits	0.00	0.00	-33,586,514.93	-57,515,097.27
△Net increase of loans from central bank	0.00	0.00	0.00	0.00
△Net increase of loans from other financial institutions	0.00	0.00	1,200,000,000.00	1,200,000,000.00
△Premiums received from original insurance contracts	0.00	0.00	0.00	0.00
△Net cash received reinsurance business	0.00	0.00	0.00	0.00
△Net increase of policy holder deposits and investment funds	0.00	0.00	0.00	0.00
△Net increase from disposal of tradable financial assets	0.00	0.00	0.00	0.00
△Interest, handing charges and commission receive	0.00	0.00	550,142,930.82	239,275,754.32
△Net increase of loans from other banks	0.00	0.00	0.00	0.00
△Net increase in repurchase business funds	0.00	0.00	-1,490,829,166.67	-245,792,333.33
Refund of taxes and fees received	284,467,468.95	4,104,484.62	2,134,436,777.56	1,941,343,253.57
Other cash received related to the operating activities	2,529,081,020.24	234,641,649.27	2,922,211,990.30	732,243,774.65
Subtotal of the cash inflow from the operating activities	2,851,540,857.35	306,436,703.37	38,782,105,940.96	35,496,728,506.36
Cash paid for commodities or services	528,085,183.56	269,469,548.70	7,127,631,312.80	6,327,857,340.60
△Net increase in client loans and advances	0.00	0.00	-1,478,984,166.61	2,145,911,198.12
△Net increase in deposits with central bank and other financial institutions	0.00	0.00	0.00	0.00
△Compensation payment of original insurance contracts	0.00	0.00	0.00	0.00
△Interest, fees and commission paid	0.00	0.00	49,353,324.76	91,551,241.13
△Policyholder dividend paid	0.00	0.00	0.00	0.00
Cash paid to and for employees	163,939,530.55	226,275,829.50	1,782,905,768.26	1,679,004,503.35
Taxes and fees paid	899,204,189.39	2,121,336,580.09	8,224,794,253.63	8,826,231,771.49
Other cash paid related to the operating activities	5,354,439,460.41	284,594,565.45	3,498,080,918.91	2,454,411,739.77
Subtotal of the cash outflow from the operating activities	6,945,668,363.91	2,901,676,523.74	19,203,781,411.75	21,524,967,794.46
Net cash flow from the operating activities	-4,094,127,506.56	-2,595,239,820.37	19,578,324,529.21	13,971,760,711.90

Cash Flow Sheet (continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
II . Cash flow from the investing activities:				
Cash from investment withdrawal	27,542,861,205.08	35,163,645,069.79	37,275,112,980.35	55,553,532,166.71
Cash from investment income	6,154,932,370.46	4,659,386,495.52	1,253,634,271.84	752,298,976.51
Net cash from disposing fixed assets, intangible assets and other long-term assets	7,721,200,992.15	11,870,600,600.77	38,748,758.16	20,316,461.78
Net cash from restructuring the subsidiaries and other business units	134,622,899.06	0.00	120,701,906.49	27,803,083.78
Other cash received related to the investing activities	0.00	0.00	9,068,733.31	57,984,334.91
Subtotal of the cash inflow from the investing activities	41,553,617,466.75	51,693,632,166.08	38,697,266,650.15	56,411,935,023.69
Cash paid for purchasing or constructing fixed assets, intangible assets and other long-term assets	29,737,533,338.53	21,682,582,530.23	33,319,042,216.72	25,232,784,521.49
Cash paid for investment	37,701,861,225.12	33,901,094,152.49	38,990,416,650.38	44,446,219,445.58
△Net increase in pledge loans	0.00	0.00	0.00	0.00
Net cash received from the subsidiaries and other business units	0.00	0.00	170,399,122.84	0.00
Other cash paid related to the investing activities	159,098,883.51	101,676,498.17	0.00	11,883,965.18
Sub-total of cash outflow for investment activities	67,598,493,447.16	55,685,353,180.89	72,479,857,989.94	69,690,887,932.25
Net cash flows from investment activities	-26,044,875,980.41	-3,991,721,014.81	-33,782,591,339.79	-13,278,952,908.56
III . Cash flow from financing activities:	0.00	0.00	0.00	0.00
Cash received from accepting investment	700,000,000.00	11,378,589,772.18	978,724,406.71	11,490,824,772.18
Including: cash received from accepting the investment from the minority shareholders by the subsidiaries	0.00	0.00	278,724,406.71	112,235,000.00
Cash from borrowings	29,827,500,000.00	800,000,000.00	44,109,829,891.14	24,214,111,785.41
△Cash received from issue of bonds	0.00	0.00	0.00	0.00
Other cash received related to the financing activities	0.00	0.00	33,762,962.27	67,331,887.93
Subtotal of the cash inflow from the financing activities	30,527,500,000.00	12,178,589,772.18	45,122,317,260.12	35,772,268,445.52
Cash paid for debt	60,000,000.00	0.00	22,468,663,786.72	30,208,362,287.74
Cash paid for dividends, profit or interest	1,743,642,375.54	3,422,174,514.03	4,885,164,205.27	6,483,002,820.76
Include: dividends or profits paid to the minority shareholders by the subsidiaries	0.00	0.00	1,280,256,319.70	1,291,242,775.95
Other cash paid related to the financing activities	113,087,278.20	0.00	242,398,623.24	142,597,881.12
Subtotal of the cash outflow from the financing activities	1,916,729,653.74	3,422,174,514.03	27,596,226,615.23	36,833,962,989.62
Net cash flow from the financing activities	28,610,770,346.26	8,756,415,258.15	17,526,090,644.89	-1,061,694,544.10
IV . Influence of exchange rate change on cash and cash equivalents	0.00	0.00	-99,346,857.20	-2,884,974.35
V . Net increase of the cash and cash equivalents	-1,528,233,140.71	2,169,454,422.97	3,222,476,977.11	-371,771,715.11
Add: balance of cash and cash equivalents at the beginning of the period.	9,100,079,590.05	6,930,625,167.08	10,485,336,327.83	10,857,108,042.94
VI . Balance of the cash and cash equivalents at the end of the period	7,571,846,449.34	9,100,079,590.05	13,707,813,304.94	10,485,336,327.83

Note: In this table, items with “*” are used exclusively for the consolidated financial statements; Items with “△” are used exclusively for corporations implementing the new Accounting system for Business Enterprises, and other corporations need not complete them.

Notes to Financial Statements

I. Basis of Preparation

These financial statements have been prepared on the basis of going concern, with all actual transactions and events recognized and measured in accordance with the Enterprise Accounting Standards.

II. Statement of Compliance with Enterprise Accounting Standards

These financial statements present fairly, in all material respects, the Corporation's financial position, operating results and cash flows in accordance with the Enterprise Accounting Standards.

III. Significant Accounting Policies and Estimates

(I) Current accounting standards and policies implemented by the corporation

The Corporation follows the Enterprise Accounting Standards promulgated by the Ministry of Financial in 2006.

Upon the consolidation of financial statements, the financial statements of the non-banking financial institutions affiliated with the Corporation are converted into enterprise financial statements in accordance with the State-owned Assets Supervision and Administration Commission's [2008] No. 261 Circular on the Conversion of the Format of Final Financial Settlement Statements of Non-commercial Institutions Affiliated with Centrally Administered Enterprise after the Enterprise Accounting Standards Become Effective.

Upon the consolidation of financial statements, the financial statements of the non-commercial institutions affiliated with the Corporation are converted into enterprise financial statements in accordance with the State-owned Assets Supervision and Administration Commission's [2008] No. 262 Circular on the Conversion of the Format of Final Financial Settlement Statements of Financial Enterprises Affiliated with Centrally Administered Enterprise.

(II) Accounting Year

The Corporation's accounting year is determined based on Gregorian calendar, which begins in each year on January 1 and ends on December 31 of the Gregorian calendar.

(III) Currency in bookkeeping system

The Corporation uses RMB as the recording currency for accounting purpose.

(IV) Accounting basis and measurement attributes

The accounting basis of the corporation is on an accrual basis. The Corporation generally adopts historical cost as the measurement basis for accounting elements. If accounting elements are measured at other measurement attributes such as replacement cost, net realizable value, present value or fair value in accordance with the Accounting Standards, the corporation will give specific explanations.

(V) Foreign Currency Translation Method

Foreign currency transactions are converted into the functional currency (RMB) using the mean exchange rate on the transaction date quoted by the China Foreign Exchange Trading Center with the authorization of the People's Bank of China.

At the balance sheet date, the Corporation accounts for foreign currency monetary items and foreign currency non-monetary items in accordance with the following methods:

(1) Foreign currency monetary items are converted using the mean exchange rate quoted by the People's Bank of China, and the resulting exchange gains or losses are included into profit or loss, except those directly attributable to the purchase or production of assets in conformance with capitalization conditions and thus capitalized and included into the costs of the asset.

(2) Foreign currency non-monetary items measured at historical cost are converted using the mean exchange rate quoted by the People's Bank of China on the date of conversion, without changing its amount in the functional currency. Foreign-currency non-monetary items measured at fair value are converted using the spot exchange rate on the date of the determination of the fair value; the difference between the resulting amount in the functional currency and the amount in the original functional currency is included into profit or loss as a change in fair value.

(VI) Criteria for Determining Cash Equivalents

Cash equivalents represent short-term highly-liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(VII) Financial Assets

1. Classification, Recognition and Measurement of Financial Assets

Financial assets are classified as the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, and held-to-maturity investments. The classification depends on the intention and ability of the Corporation and its subsidiaries to hold the financial assets.

(1) Financial Assets at Fair Value through Profit or Loss

Financial assets in this category include financial assets held for trading and those directly designated upon initial recognition as at fair value through profit or loss, with the related transaction expenses included into profit or loss. If the payment made includes cash dividends which have been declared but have not been paid or bond interest which has become due but has not been collected,

they are separately recognized as receivables. The Corporation recognizes interests or cash dividends obtained from such financial assets as investment income. At the balance sheet date, the Corporation includes changes in the fair value of such financial assets into profit or loss. Upon the disposition of an asset, the difference between the asset's fair value and its initial carrying amount is recognized as investment income, and the profit or loss from the change in fair value is adjusted accordingly.

(2) Receivables

The Corporation's receivables (including accounts receivable and other receivables) are initially recognized at contract agreement value, and are recorded as bad loan losses in the following circumstances: the debtor has become insolvent and the amounts due remain uncollectible after the statutory liquidation process has been completed; the debtor has died, leaving behind no assets for liquidation or statutory heir, making the amounts due practically uncollectible; or the debtor has failed to pay the amounts due within the prescribed timeframe, and they are waived after being approved through a legal process.

At the balance sheet date, the Corporation performs impairment testing on individual receivables of substantial amounts, and when there is objective evidence indicating that a financial asset is impaired, provision for impairment is made based on the shortfall between carrying amounts and respective present value of estimated future cash flows. Bad account provisions should also be accrued.

Individual receivables which have not been impaired, along with receivables of non-substantial amounts, are organized into several combinations according to similar credit risk characteristics, and impairment loss is computed and provision for doubtful accounts is made according to the certain percentage of the balance of the receivable combinations at balance sheet date. The percentages of provision are as follows, depending on the selling model of the products or the credit risk rating of the customer:

Age of Account	Percentage of Provision	
	Accounts Receivable	Other Receivable
Below 1 year	0.3%	0.3%
1 – 2 years	5%	5%
2 – 3 years	20%	20%
3 – 4 years	50%	50%
4 – 5 years	80%	80%
Above 5 years	100%	100%

When the Corporation transfers, pledges or discounts its rights to receivables with banks and other financial institutions for financial purposes, according to the provisions of the relevant contract, if the debtor fails to pay the amounts due and if the Corporation has the obligation to repay to the financial institution, such rights to receivables are accounted for as pledged loans; if the Corporation has no obligation to repay to the financial institution, such rights to receivables are accounted for as transfers and the gain or loss from the transfer is recognized. When the Corporation collects the receivable, the difference between the proceeds and the carrying amount of the receivable is included into profit or loss.

(3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Corporation has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognized as the sum of the fair value upon acquisition and related transaction expenses. If the payments made include bond interest which has become due but has not been collected, such interest is separately recognized as receivables. The interest income of held-to-maturity investments during the period of holding is recognized at amortized cost and effective interest rate and included into investment income. Effective interest rate is determined upon the acquisition of a held-to-maturity investment and remains unchanged in subsequent periods. Where the difference between effective interest rate and nominal interest rate is insignificant, interest income is computed at nominal interest rate and included into investment income. Upon the disposition of a held-to-maturity investment, the difference between the proceeds and the carrying amount of the investment is recognized as investment income.

At the balance sheet date, if there is objective evidence indicating that a held-to-maturity investment is impaired, the shortfall between its carrying amount and present value of estimated future cash flows is recognized as impairment loss; if, after the provision is made, there is objective evidence indicating that the amount has been restored, the previously recognized impairment loss may be reversed and included into profit or loss to the extent that the carrying amount of the reversal does not exceed the amortized cost of the financial asset at the reversal date had no provision been made.

If the Corporation's intention and ability to hold a certain investment to maturity has changed, making it unsuitable to continue to regard the investment as a held-to-maturity investment, the investment is reclassified as an available-for-sale financial asset and is subsequently measured at fair value. At reclassification date, the difference between the carrying amount and fair value of the investment is included into owner's equity, and is removed from equity and included into profit or loss when the available-for-sale asset is determined to be impaired or derecognized.

(4) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are designated as available for sale upon initial recognition; in other words, they are financial assets which have not been classified by the Corporation as at fair value through profit or loss, held-to-maturing investments, or loans and receivables.

Available-for-sale financial assets are initially recognized as the sum of the fair value upon acquisition and related transaction expenses. If the payment made includes bond interest which has become due but has not been collected or cash dividends which have been declared but have not been paid, they are separately recognized as receivables. The Corporation recognizes interests or cash dividends obtained from such financial assets during their holding as investment income. At balance sheet date, available-for-sale financial assets are measured at fair value, and changes in fair value are included into "Capital Reserves-Other Capital Reserves" .

For an available-for-sale financial asset, if there is a significant and prolonged decline in its fair value and the decline is expected to be non-temporary, impairment loss is recognized at the asset's

initial investment cost after deducting the recovered principal, amortized amount and current fair value. When provision for impairment loss is made, cumulative losses arising from the decline of fair value which was previously recognized in owner's equity are removed and included into "Asset Impairment Losses" .

Upon disposition of an available-for-sale financial asset, the difference between the proceeds and the carrying amount of the asset is included into investment income, and the corresponding amount of the disposition in the cumulative amount of changes in fair value previously recognized in owner's equity are removed and included into investment income.

2. Determination of Fair Value of Financial Instruments

When an active market exists for a financial instrument, fair value is determined based on quoted prices in the active market. When no active market exists, fair value is determined by using valuation techniques. Valuation techniques include making reference to the prices used by knowledgeable and willing parties in a recent transaction, the current fair value of other financial assets that are the same in substance, discounted cash flow method and option pricing model, etc.. When applying valuation techniques, the Corporation should use market parameters to the fullest extent possible and use specific parameters of the Corporation and its subsidiaries as little as possible.

(VIII) Initial expenses of the project

Initial expenses of the project refers to the survey and design fee, feasibility fee and other fees directly related to the project, which are incurred prior to the formal establishment of the project. As to the initial expenses of general construction projects, those incurred prior to the formal approval and establishment of projects are recorded in the current administrative expenses; and those incurred after the formal approval and establishment of projects are recorded in the project cost.

As to the initial expenses of large-scale construction engineering projects, those incurred prior to the approval and establishment of projects by the State are recorded in "The initial expense of the project" as sub-items respectively; those incurred after the approval and establishment of projects by the State are recorded in two ways: the incurred part of the initial expenses included in the approximate sum shall be transferred into corresponding project costs of the construction in process; the incurred part of the initial expenses not included in the approximate sum shall be recorded in the current administrative expenses.

The balance of the initial expenses of the project should be checked at the end of each accounting period. If there are indications that the project will be cancelled, the initial expenses of the project shall be transferred into the current administrative expenses on a lump-sum basis.

(IX) Borrowing costs

Where the borrowing costs incurred to a corporation can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, they shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses. The term "assets eligible for capitalization" shall refer to the fixed assets, investment real estate, inventories and other assets, of which a long period of acquisition and construction or production may be required for the intended use or sale to be arrived at.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: (1) The asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization; (2) The borrowing costs have already incurred; and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

For specific borrowings for the acquisition or construction of an asset eligible for capitalization, the capitalized amount of interests in each accounting period during capitalization is determined based on the interest expense incurred after deducting any interest income earned from the deposits or investment income from the temporary investment funded by the unused borrowing balance. For general borrowings used for acquisition or construction of an asset eligible for capitalization, the capitalized interest is determined by multiplying the weighted average excess of accumulated capital expenditure over specific borrowings by the capitalization rate of such general borrowings. The capitalization rate is determined according to the weighted average interest rate of the general borrowings. The capitalized amount of interests does not exceed the amount of interest actually incurred by related borrowings during the relevant period.

If the acquisition or construction of an asset is interrupted abnormally for more than three months, the capitalization of the borrowing costs is suspended. The borrowing costs incurred during the period of interruption are recognized as expenses and included into profit or loss until acquisition or construction activities are resumed. If the interruption is a necessary procedure for make the asset under acquisition or construction and eligible for capitalization ready for the intended use or sale, the capitalization of the borrowing costs will continue.

The capitalization of the borrowing costs is ceased when the asset under acquisition or construction and eligible for capitalization is ready for the intended use or sale.

The calculation method of the capitalized amount of borrowing costs for large-scale construction engineering projects:

(1) Specifically borrowed loan

The to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where the main asset of the project is not ready for the intended use, incurred borrowing costs of annual specifically borrowed loans shall be recorded into the costs of construction in process; where part of the main asset of the project is ready for the intended use, for borrowing costs of annual specifically borrowed loan incurred during period which construction and operation are going on simultaneously, the corporation shall calculate a sound to-be-capitalized rate to determine amount of capitalization into the costs of construction in process; where the project is ready for the intended use, the borrowing costs shall be recorded into the current profits and losses.

(2) General borrowing

Where it is proved that a general borrowing is used for the project and the amount can be identified directly, the corporation shall calculate and determine the to-be-capitalized amount of

interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

Where it is difficult to identify whether a project uses the general borrowing when various large-scale construction projects are undertaken, and when construction and operation are carried out at the same time, the corporation shall determine the capitalized amount into the cost of construction in process according to the following regulation, and apportion among hydro-electric construction projects, the un-capitalized borrowing costs are recorded into current financial expenses:

The sum of capitalized borrowing costs = accumulated amount of borrowing used by the construction engineering in process \times capitalization rate

Note: construction engineering in process includes three parts: construction-process, construction materials and construction temporarily receipts and payments (the same hereinafter).

Accumulated amount of borrowing used by the construction engineering in process = \sum (the monthly amount of borrowing used by the construction engineering in process \times 1 / number of months of the accounting period)

The monthly amount of borrowing used by the construction engineering in process = the weighted average of accumulative disbursements of the construction engineering in process in the month / total asset value at the beginning of the month \times total borrowing at the beginning of the month

Note: the total asset value at the beginning of the month shall deduct such assets which can be identified as not using the borrowing (the same hereinafter).

The weighted average of accumulative disbursements of the construction engineering in process in the month = the book balance of the construction engineering in process at the beginning of the month + total disbursements of the construction engineering in process in the month / 2

Capitalization rate = the weighted average interest rate of the borrowing

The weighted average interest rate = (\sum current interests incurred / the weighted average borrowing principal) \times 100%

The weighted average borrowing principal = \sum [the principal amount of each borrowing \times (number of days or months for each used borrowing / number of days or months of the accounting period)]

Capitalized borrowing costs of a construction project = total capitalized borrowing costs \times (accumulative disbursements of a construction engineering in process at the beginning of the month / accumulative disbursements of total construction engineering in process at the beginning of the month)

(X) Comprehensive administrative expenses

Expenses which can be directly identified as the construction administrative expenses of a construction project (including the administrative expenses of each construction department and the scientific, research and consultation fees directly related to the construction project) shall be directly recorded into the project cost of construction in process; the comprehensive administrative expenses which can not be directly identified as the construction administrative expenses of a construction project (such as the fee of construction administrative institutions in multiple projects) shall be apportioned based on the following principles and recorded into the construction in process:

1. The administrative fee, apportioned fee and costs incurred by the construction project administrative institution in charge of more than two construction projects in process simultaneously and the overseas institution directly serving for the construction projects shall be apportioned among all construction projects. The apportioned rate is the proportion of the book balance of each construction engineering in process at the beginning of the period to the book balance of all construction engineering in process at the beginning of the period.

2. The apportioned fee related to multi-project development such as the hydrographical, meteorology, geology and earthquake examination undertaken simultaneously for more than two construction projects in process and un-established projects shall be apportioned among the cost of each engineering project in process by the proportion of the designed installed capacity of each project.

IV. Statement of Changes in Accounting Policies and Estimates and Correction of Significant Prior Period Errors

(I) Changes in Accounting Policies

No accounting policy of the Corporation changed during the current reporting period.

(II) Changes in Accounting Estimates

The Board of Directors of one of the Corporation's subsidiaries, Three Gorges Nengda Electric Co., Ltd., resolved that in light of changes in the market and operating modes, no provision would be made for after-sale service fees from January 1, 2008. This accounting estimate change affected RMB 1,183,900 of the total profits of the relevant period.

(III) Correction of Significant Prior Period Errors

The Corporation does not have any prior period errors to correct during the current period.

Core Value System

Promote the “TGP Spirit”

Execute the Three Gorges Project for the benefit of the whole nation

Be devoted and outdo ourselves

Persist in innovation and build first-class projects

Engage in fair competition and cooperation

Respect science and seek truth from facts



Practice the Defined Hydropower Development philosophy

Building a first-class hydropower plant to stimulate the growth of the local economy, improve the local environment, and benefit resettled residents

Adhere "Four Principles"

Long-term cooperation

Integration into local

Make balance

Mutual benefit

Corporate Culture Building Proceeding in an Orderly Manner

In 2011, CTG further promoted building and organization of corporation culture, adjusted and strengthened members of the leading group for corporate culture, clarified working responsibilities and prepared "Management Approach on Corporation Culture of CTG".

Focus on construction of concept culture

Take the 90th anniversary of Party as the turning point, organize knowledge contest on Party history and series of celebration activities such as singing classics in red China and visiting sacred place of the revolution, to arm cadres and workers with socialism core value system. Find out present situation of corporation culture and thought condition of staff by organizing survey and study on corporation culture to form the first fruits of corporation culture plan. Carry out book recommendation by leaders and booking reading to advance construction of learning organization. Strengthen propaganda and public opinion guidance, having completed design and manufacture on webpage of "The Three Gorges spiritual home", by which to publicize cultural opinion and management concept of CTG, and reflect cultural construction trends of CTG in a timely manner. Insist on wish deliver on festivals; make staff feel humanity care of CTG.



2011 Chinese New Year Party of CTG

Strengthen construction of institutional culture

Adapt CTG's overall architecture as attending to office duties by three headquarters and function division by three lines, adhere to integrate spirit and culture of the Three Gorges into institution building, unceasingly strengthen market sense, responsibility sense, innovation sense and crisis sense of the staff, form main business process for investment, contract, budget, capital, technology, performance evaluation, personnel access and cadre management based on comprehensive sorting, having completed amendments to 31 first and secondary systems, providing institutional frameworks complied with the company's business characteristics and development needs.



The World's First — Concert in Turbine Pit of CTG

Promote construction of special culture

Mobilize grassroots units to carry out activities on "Integrity Culture Discussion", actively promote the construction of integrity culture, actively advance construction of "Five types" team including intrinsic safety, harmonious and friendly, learning and enterprising, innovation and efficiency, service and dedication. Management departments for engineering construction vigorously carry forward spirit of the Three Gorges, dare to innovate based on practice, where quality control culture and intrinsic safety culture featured with the Three Gorges characteristics have been formed. New enterprise members pay great attention to speeding up integration with CTG from aspects of culture and management, following companies organize cadres and workers to visit the Three Gorges and Jinsha River for learning.

Actively carry out recreational activities

Labor union and literary style association at all levels organize activities on regular basis, initiate civilized and healthy ways of living, and unceasingly enrich the cultural life of staff in their spare time. Having successfully organized large-scale cultural events including National Day Theatrical Performance, New Year's Party, long-distance race to welcome coming spring and etc.

Technology Innovation

Enhance the level of design

In order to ensure construction and operation quality during the entire life cycle of Xiluodu dam, and meet requirements on long-term safe operation of the dam, CTG has developed real-time monitoring and simulation analysis system for construction of Xiluodu arch dam. Real-time monitoring and simulation analysis system for construction of Xiluodu arch dam was realized by building the "4+1+3" system and application management mode through combination with software developers and construction units and taking the strong scientific research strength on simulation analysis of Tsinghua University and China Institute of Water Resources and Hydropower Research as the basis.



By the end of 2011, this system has finished function development and implementation on plan-making. Normal operation of this system has been in process for more than two years achieving significant application effects: 1. Adopt information technology in large areas, actualize collection, integration, display, statistical analysis and early warning to the construction process, on-site monitoring and simulation analysis data, in a way to guide on-site production. The accumulated amount of processed data reached to more than 20 million, and having accumulated a large amount of raw data for concrete construction and relevant scientific research. Some of the data were gained for the first time in China. 2. Research units carried out a lot of research work according to on-site data, providing technical supports to temperature control for concrete crack prevention of Xiluodu dam and resolved a lot of on-site technical problems in advance. 3. Carry out tests on "digitized" temperature measurement and "smart watering", achieve substantive results in exploring the mode of "Smart Dam", providing Xiluodu dam with new means for the following quality control. 4. Development and application of this system set a successful example for quality control over the whole process of hydropower project in China. Especially in temperature control for concrete crack prevention, this system played an important part, which will provide strong data support for successive discussion and analysis. Effects of this system on temperature control for concrete crack prevention are remarkable. During two years of construction from 2010 to 2011, no temperature cracks appeared in Xiluodu dam.

Enhance the level of mechanical and electrical equipment industry

Rely on the Three Gorges Project, give full play to the leading role of major national projects to technological innovation, through technology introduction, digestion, absorption and re-innovation, help China's manufactures for mechanical and electrical equipment to master the core technology and key technique for overall design and manufacture of giant unit, by which to make industry of China hydropower significant equipment realize 30 years of leap-over through 7 years of efforts, opening an era when China will design, manufacture and install giant hydraulic group units on its own. Meanwhile, CTG built up developing platform for manufactures of key equipments and important materials including high-voltage electrical equipment, high-strength steel, major castings and forgings, anti-layered-tear steel with heavy section and high-grade silicon steel sheet, making major hydropower equipments and raw materials to realize self-manufacture and own the intellectual property rights.

Bids for 26 giant units purchased by CTG for Xiluodu of Jinsha River and Xiangjiaba hydropower station were all got by domestic manufactures. 19 of them own full independent intellectual property rights, which have further advanced the localization process of manufacture for large hydropower equipments in China.

As the organizer, CTG has obtained initial results in research for 1 million KW hydropower unit under the participation and support of other organizations.

Fully fulfill social responsibility

Honoring Tax Obligations and Reward the Society

CTG's tax obligations for 2011 amount to RMB 8.338 billion. In 2011, RMB 620 million foundations for Three Gorges reservoir area, RMB 128 million foundations for Gezhouba reservoir area and RMB 39 million foundations for Three Gorges relocated residents were withdrawn for relocated resident production, living, improving production condition and infrastructure.

To create new life for relocated resident

Relocation of the Three Gorges Project is a world-class difficult problem. TGP is the first to move out residents on such a large scale. There is no precedent to follow. The process of resident relocation for TGP consists of many factors including politics, economy, ecology, society and culture, and the work is extremely difficult and complex. Counterpart support from 20 provinces and 10 major cities and more than 50 ministries with more than a dozen provinces and cities to receive residents moving out of the Three Gorges became a powerful force to crack the world-class problems of relocating a million of residents.



Launch of Women Development Foundation for Reservoir Relocated Residents

By 2010, relocation of a million residents in the Three Gorges area lasting for 17 years has been fully completed. From the angle of sustainability, realizing coordinated development of economy, society and environment in the Three Gorges Reservoir area and the goal as "able to move, able to maintain stability and able to become rich gradually" for residents relocated is still a tremendous challenge in era of "The Three Gorges" with relocation finished.

Right from the start, resident relocation for TGP is to insist on the road of sustainable development, establish development relocation policies, co-ordinate the use of funds for resettlement, exploit resources in rational manners, protect ecological environment, properly resettle, maintain and improve people's production and living level and actively create conditions for economic and social development of the Three Gorges Reservoir Area. As the builders and operators of the Three Gorges Project, CTG actively cooperated with the state to offer support for residents relocated after completion of TGP and made efforts on proper resettlement, employment promotion, support for culture and education, and promotion for regional economic development.

In the following hydropower development for downstream of Jinsha River, we'll always put people and their prosperity at the forefront, adhere to sustainable development, use relocation experiences of TGP for reference, hold the principle of "Long-term partnership, integration into the locality, balancing and comprehensive planning, and mutual benefits", build multi-layer communication and coordination mechanism with local authorities, steadily carry forward the resident relocation, support residents relocated to become rich gradually and accelerate economic and social development of the reservoir area.



Promote Economic Development of the Reservoir Area

CTG drives the development and progress of construction enterprise, equipment and material supply enterprise, service enterprise and resource development enterprise with project development, pushes the development of agriculture, industry and the third industry of the reservoir area, and helps prosperous area economy. CTG, by virtue of Jinsha River hydropower development, drives a large number of construction enterprises to participate in project, bring market opportunities for construction enterprises and create developing chances for local enterprises by means of equipment and material procurement, in a way to promote development of local enterprises. CTG positively supports the development of industries of the reservoir area and gives helpful support on cracking the problem of "hollow" (weak industry foundation without competitiveness) for industries of the reservoir and dam area.

CTG constructed agricultural infrastructure of hydropower reservoir area to expand the development platform for agriculture and facilitate development of the new-type agriculture. Taking advantages of agricultural product in Wuling, Yichang, Hubei into consideration, CTG implemented the agricultural by-products and tea oil processing project of Xujiachong, Taipingxi, Wuling in 2011, serving as a driving factor for production and processing of local agricultural by-products; support construction of ecological industry park for one hundred million oranges in reservoir area of Zigui, Hubei, providing local agriculture with a larger development platform.

The project development improves the traffic conditions and produces significant influence for local and surrounding investment invitation work, and a batch of enterprises with larger scale and strong strength enter into the reservoir area to develop. Under the strong support of CTG, traffic conditions in Leibo, Sichuan were further improved in 2011, speeding up the settlement of Sichuan Leibo Yangfeng Fertilizer Co., Ltd and Sichuan Leibo Shikefeng Chemical Industry Co., Ltd, and construction of Leibo Shunhe Industry Park as well. Phosphate fertilizer and mine industry have gradually become important economic pillars of Leibo County, realizing industry's growing out from nothing in Leibo which has thoroughly changed the situation that taking agriculture as the pillar industry.

Hydropower development of CTG promoted the rapid development of tertiary industry in areas projects implemented. A developing trend with traditional industries and modern services marching together appeared in the reservoir area. Along with comprehensive promotion for hydropower development of Jinsha River, CTG provides opportunity and platform for development of regional economies and effectively drives adjustment promotion for local industries and economic development. In 2011, Chongqing Three Gorges Guarantee Group Co., Ltd and Sichuan Yibin Commercial Bank Co., Ltd both of which are invested by CTG not only realized increase by a big margin for incomes and gross profit, but also infused vigor for development of local economy. And the Three Gorges Guarantee Group helped the reservoir area to strengthen trust and carry out financing through credit construction and guarantee promotion, which has effectively relieved industrial hollow of the reservoir area and further improved the ecological environment of the reservoir area. According to incomplete statistics, production value of RMB 6.34 billion, profit of RMB 669 million, tax of RMB 528 million and employment posts of more than 10,000 have been brought forward by the Three Gorges Guarantee in 2011. As a local commercial bank, Yibin commercial bank effectively improved the finance service level and drived development of local industries through activities which will activate local economy such as credit launch, financial service, tax revenue creation and etc.



Children are setting fireworks in front of their home



Yihe Community of New Pingshan County

Counterpart assistance and targeted poverty alleviation

CTG made efforts to promote counterpart assistance in developing type, combine "blood transfusion" with "blood forming", and unceasingly implement "blood forming" assistance to targeted areas from aspects of talent, technology, capital and etc. According to framework agreement on phase III counterpart assistance signed by CTG with Pishan County, Hetian, Xinjiang, CTG planned to invest RMB 30 million to assist construction of Pishan County from 2011 to 2014. Taking this as the turning point, CTG signed a cooperation agreement on photovoltaic project of solar power with Pinshan County whose installed capacity will reach to 800,000 KW and total investment reach to RMB 12 billion. This cooperation will increase the power supply of local area, effectively alleviate the lack of electric power in Pishan County and Hetian, and meet the demands for electric power of large mineral resource development enterprises in Pishan County.

CTG attached great importance to targeted poverty alleviation, taking it as an important part to fulfil social responsibilities. In 2011, CTG implemented 11 projects for targeted poverty alleviation with RMB 8.2 million of special funds for targeted poverty alleviation and was entitled as "national advanced collective for poverty alleviation" commended by The State Council Leading Group for Poverty Alleviation through Development. In the process of wind power development in Ningxia, based on local demands on employment development, CTG invested RMB 22.94 million to build Ningxia Yellow River Shangu Vocational Education & Training Center for the Disabled i.e. CTG (Ningxia) Vocational Education & Training Center for the Disabled, by which to promote employment abilities of local disable persons.



Foundation Stone Laying Ceremony of Ningxia Occupation Education & Training Center for the Disabled

Significant Ecological and Environmental Benefits of the Three Gorges Project

Since 1993, when construction preparations commenced for the Three Gorges Project, the Central Government has consistently afforded high priority to ecological development and environmental protection in the reservoir area, and has increased financial input for such efforts, and adopted a wide variety of integrated response and protection measures. Monitoring results since June 2003, when the reservoir started to impound water, indicate that the project's impact on the ecological environment has largely been in line with the predictions stated in the feasibility study report.

In November 2011, soil and water conservation facilities (dam area) of the Three Gorges Project passed the final acceptance. The acceptance team of Water Resource Ministry believed that CTG had a sound system for soil and water conservation, implemented control measures for soil erosion determined by main project design and soil & water conservation scheme, developed monitoring and supervision on soil & water conservation, and effectively controlled and reduced soil erosion in the engineering construction; constructed facilities for soil & water conservation were in the good quality, responsibility fulfillment for management and maintenance during operating period complied with the conditions for completion acceptance for facilities of soil & water conservation.

The water quality of the mainstream in the Three Gorges Reservoir Area has remained stable, with no significant changes compared with the water quality prior to water impoundment. In general, the water quality meets or exceeds the Category III water quality standard. Since the commencement of water impoundment, the amount of sediment from the upper reaches of the Yangtze River has dropped remarkably, and no major geological hazards or personal casualties have occurred in the reservoir area. Since the commencement of water impoundment, the number of earthquakes recorded in the reservoir area has slightly increased, but few are above magnitude 2, posing no threat to the reservoir area or the dam.

The preservation of biodiversity in the reservoir area has consistently received strong support from national authorities and the company, and substantial measures have been taken to strengthen the preservation. Over the past decade, a number of preservation initiatives have been implemented, including the Dalaoling Plant Protection Zone in Yichang, Hubei; the Longmen River Evergreen Broadleaf Forest Protection Zone and the Ancient Woods Protection Project in Xingshan, Hubei; the Chinese Sturgeon Nature Reserve Project in Yichang, Hubei; and the Yangtze Estuary Chinese Sturgeon Nature Reserve Project in Shanghai. Besides, construction will soon begin on a rescue center on the upper reaches of the Yangtze River for endangered and unique fish species. Moreover, the Chinese Sturgeon Research Institute and the Jinsha River Release Station have been designated by the China Association of Science and Technology as "a national popular science education base" in the category of scientific research institutes and in the category of production facilities, respectively. Scientific research on ecological and environment protection of TGP is also implementing under the plan.

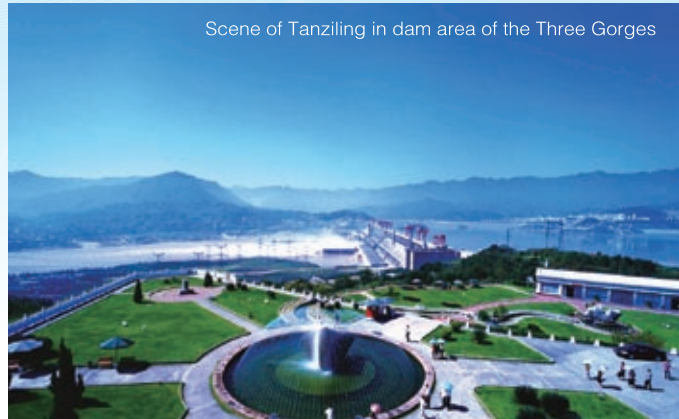


About 5 million Chinese sturgeon have been released to Yangtze River and Zhujiang River by CTG

Environmental Protection in the Project Management Area

CTG implements eco-friendly construction practices on its worksites and uses its best endeavors to minimize the occupation of land plots and control pollutant discharge. CTG has also increased spending on pollution treatment facilities, strengthened integrated utilization of engineering and construction equipment and materials, and adopted dust precipitation, slope protection, retaining walls, water interception and drainage, slag yard greening and other measures to minimize the generation of wastewater, dust, noise and solid waste during construction. Advanced radial-flow precipitation, DH high-efficiency spiral-flow purification process and mechanical filtering-style dewatering treatment processes have been adopted for wastewater treatment of the aggregate processing system at Tangfangping near the Xiluodu Hydropower Plant, thereby achieving largely zero discharge; by recycling wastewater which having been discharged into tailing dam, wastewater processing system for production in Mayanpo of Xiangjiaba hydropower station realizes zero discharge. In 2011, 10.10 million m³ of wastewater have been recycled. Substantial results have been achieved by utilizing DH high-efficiency spiral-flow purification process to treat wastewater arising from the concrete mixing system. Ecological restoration is in full swing across the worksite of the Three Gorges Project, and the ecological environment is being further improved.

In 2011, the water and soil conservation measures of slag yard, worksite, road and nodal region of each hydropower plant project were basically in place; the progress of ecological recovery work on worksites was smooth; the overall water loss and soil erosion governing effect was obvious, and water loss and soil erosion were basically controlled.



Scene of Tanziling in dam area of the Three Gorges



Energy Conservation and Emission Reduction

CTG pays attention to energy conservation and emission reduction during project development and power production and operation. Realize water saving by means of dispatch optimization; realize resource saving and comprehensive utilization by means of such measures and paths as cycling after production wastewater treatment, excavated material processing and utilization, surface oil resource extraction and utilization and comprehensive utilization of coal ash, and realize energy conservation and emission reduction by means of positively pushing technology reform and equipment optimization improvement and reasonably arranging the operation mode of energy consumption equipment.



Sewage Treatment Works in dam area of the Three Gorges has been put into operation

According to operation condition and actual upstream water entry situation of Three Gorges–Gezhouba Cascade Hydropower, increase the supply quantity of clean energy by such measures as improving the accuracy of water regime forecasting, reasonably utilizing flood water in flood season, optimizing dispatch operation and increasing technology reform.

In 2011, CTG provided a total of 96.454 billion KWh of clean energy, equivalent to save 33 million tons of standard coal and reduce 80 million tons of carbon dioxide emissions. Amount of extra power generation by water saving of Three Gorges Hydropower Station reached to 3.793 billion KWh and amount of extra power generation by water saving of Gezhouba Hydropower Station reached to 1.219 billion KWh.



Xiangjiaba Living Sewage Treatment Works



Xiluodu Majiahe Dam Aggregate Processing Sewage Treatment System



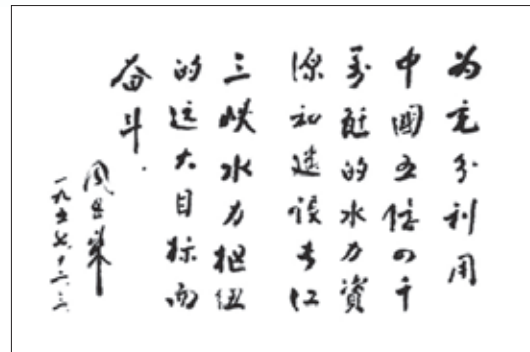
Several Generations of China' Leaders Have Shown Affection to the Three Gorges Project



On March 30, 1958, Chairman Mao Zedong inspected the Three Gorges by boat.



In March, 1958, Premier Zhou Enlai reached Zhongbao Islet, Sandouping and studied the optimal dam site scheme of Three Gorges Project together with the accompanying experts.



On December 3, 1957, Premier Zhou Enlai wrote the inscriptions for the National Power Conference: "Let us strive to make full use of the 540 GW of water resources in China and construct the Yangtze River Three Gorges Hydropower Complex."



In May, 1960, Chairman Liu Shaoqi visited Sandouping to inspect the geological structure of the dam site of the Three Gorges Project.

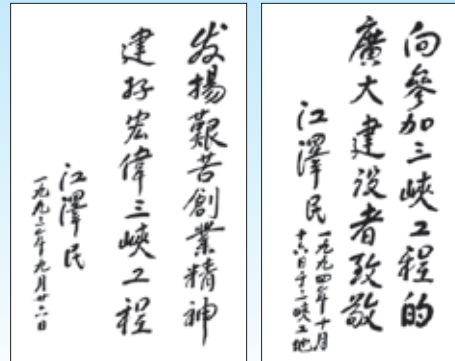


In July 1980, Deng Xiaoping, Vice-Chairman of the CPC Central Committee and Vice Premier of the State Council, went by boat towards the east from Chongqing, he inspected the dam site of TGP, the site of Gezhouba as well as the Jingjiang Levee and listened to the report on TGP.

On November 24, 1982, Deng Xiaoping, Vice Premier of the State Council, listened to the report prepared by the State Development Planning Commission. When he heard that "it is necessary to construct the Three Gorges Project because China's industry and agriculture will develop and power will be inadequate in the next 20 years", he said, "I agree to the low dam plan, and we should never turn back once we are sure that something must be done."



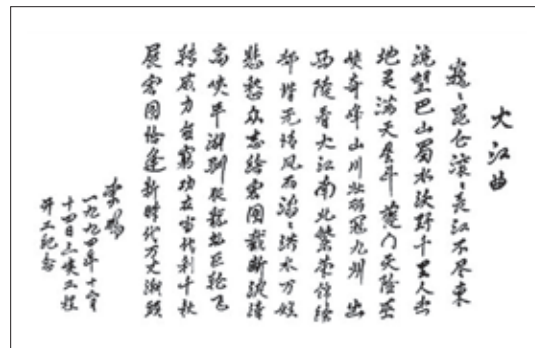
In October 1994, Jiang Zemin, General Secretary of the CPC Central Committee, inspected the Three Gorges Project.



Jiang Zemin made an inscription for the Three Gorges Project



On December 14, 1994, Premier Li Peng addressed the initiation ceremony of the Three Gorges Project.



In December 1994, on the way to the TGP dam site to attend the initiation ceremony by boat, Premier U Peng wrote the "Ode for the Large River" celebrating the Three Gorges Project.



In 1992, Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the Standing Committee of the National People's Congress, inspected the dam site of Three Gorges Project.



In September 1991, Li Ruihuan, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the Chinese People's Political Consultative Conference, inspected the dam site of the Three Gorges Project.



On October 30, 1997, Hu Jintao, as a member of the Standing Committee of the Political Bureau of the CPC Central Committee and Secretary of the Secretariat of the CPC Central Committee with his suite inspected the TGP site.



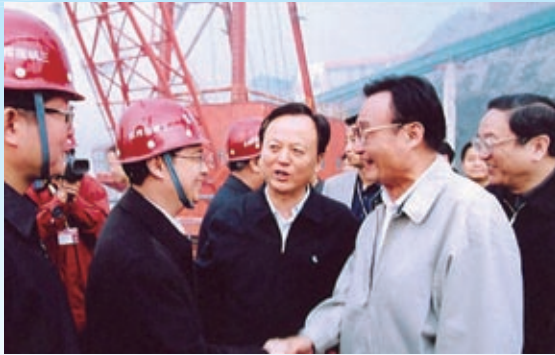
On November 8, 1997, Central Government leaders such as Jiang Zemin, Li Peng, Zeng Qinghong and Luo Gan were present at the River Closure Ceremony of the Three Gorges Project.



On December 28, 1998, Premier Zhu Rongji, who was also a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the State Council Three Gorges Project Construction Committee, inspected the reservoir area and the dam site of the Three Gorges Project.



In October 2003, Premier Wen Jiabao, also a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the State Council Three Gorges Project Construction Committee, inspected the reservoir area and the construction site of the Three Gorges Project.



In April 2004, Wu Bangguo, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the National People's Congress, inspected the Three Gorges Project.



In November 2004, Jia Qinglin, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and Chairman of the Chinese People's Political Consultative Conference, inspected the Three Gorges Project.



On July 9, 2009, Li Keqiang, Member of the Standing Committee of the Political Bureau of the CPC Central Committee, Vice Premier of China, and Chairman of the State Council Three Gorges Project Construction Committee, presided over an engineering conference on the site of Three Gorges Dam, and inspected the hydropower complex and reservoir area.



On October 30, 2010, Li Changchun, Member of the Standing Committee of the Political Bureau of the CPC Central Committee, reviewed the Three Gorges Project.

Principal Subsidiaries

China Yangtze Power Co., Ltd.

China Yangtze Power Co., Ltd. is a joint-stock limited-liability company incorporated on September 29, 2002 on the initiative of China Three Gorges Project Corporation after being approved by the State Council upon filing by the former State Economic and Trade Commission.

On October 28, 2003, CYPC launched an IPO of RMB-denominated 2,326,000,000 common shares with total stock of 7,856,000,000 shares. On August 15, 2005, CYPC instituted a reform of its shareholder structure to float non-tradable shares; as a result, its total stock increased to 8,186,737,600 shares. In May, 2007, Yangtze Power CWB1 subscription warrants, issued by CYPC, were successfully exercised, raising its total stock to 9,412,085,457 shares. On September 28, 2009, CYPC completed a substantial asset restructuring, raising its total stock to 11,000,000,000 shares. On July 19, 2010, CYPC implemented the scheme of transferring capital public reserves into paid-in capital stock, raising its total stock to 16,500,000,000 shares.

CYPC is currently China's largest public-listed hydropower company, specializing in hydropower development. At the end of reporting period, CYPC owned all the power generating assets of Gezhouba Hydropower Plant, 26 generating units of power station on right and left bank, 3 units of underground power station and 2 units of power supply station already in operation on the Three Gorges Project, with a total installed capacity of 23177 MW. In addition, CYPC owned rights of installed capacity about 2,787,600 KW through holding shares of power generating enterprises.

China Three Gorges New Energy Corp.

China Three Gorges New Energy Corp. (hereinafter referred to as "Three Gorges New Energy") is a wholly-owned subsidiary of China Three Gorges Corporation (hereinafter referred as "CTG"), bearing historical mission of developing new energy and building the second main business of CTG – wind power industry. Predecessor of Three Gorges New Energy is China Water Investment Group Corporation. It was approved by the State Council in October 2008; China Water Investment Group Corporation was incorporated in China Three Gorges Corporation. In June, 2010, it was formally changed into China Three Gorges New Energy Corp. In April, 2011, Yangtze New Energy Development Co., Ltd was incorporated in China Three Gorges New Energy Corp. approved by CTG.

As one of the earliest state-owned enterprises entering into wind power field in China, Three Gorges New Energy grasps the opportunity that the country vigorously develops clean energy in recent years, speeds up the development step of wind farm, increases the investment strength of wind power equipment manufacture industry, puts forth effort to push the development of wind energy industry chain, and forms better competition base and advantage in wind farm development and wind power equipment

manufacture. By the end of 2011, accumulated wind power equipment scale in northeast, Inner Mongolia and southeast coastal areas has exceeded 1000MW and wind resource reserve has exceeded 30,000MW. Qinghai high altitude 1.5 MW test wind turbine and Jiangshu Xiangshui offshore 2 MW test wind turbine have already been put into operation and achieved primary results. Complete wind turbine and its main parts manufacture where Jinfeng Technology took priority have obtained outstanding achievement. By the end of 2011, total industry assets of Three Gorges New Energy have reached RMB 16.3 billion, and the ownership interest is RMB 9 billion.

Three Gorges New Energy, as the main body of strategy implementation for wind energy industry of CTGPC, gives priority to investment, development and operation in clean and renewable energy fields such as wind energy and solar energy, takes the economic benefit as the center, takes differential competitive strategy and cost leading strategy, increases the development strength of the whole wind power industry chain which gives priority to wind farm development, positively explores complementary power supply development structure of wind, light, water and storage, tightly traces technology progress and market development of solar energy, keeps steady to develop medium and small hydropower business, elaborately creates the brand of Three Gorges New Energy and devotes to become an first-class international new energy corporation.

China Three Gorges International Investment Corporation

China Three Gorges International Investment Corporation (Hereinafter referred to as "CTGI"), a wholly-owned subsidiary directly under China Three Gorges Corporation (Hereinafter referred to as "CTG"), was established on August 30, 2011 with a registered capital of RMB 12 billion, and currently owns total assets of RMB 12.086 billion and net assets of RMB 12.052 billion.

CTGI bears on the mission of CTG to implement "going global" strategy and build world-class clean energy group, and the task of letting the whole industry chain of CTG "going global". As an international investment company under CTG, CTGI carries out investment to the field of international clean energy on behalf of CTG and takes charge of investment, construction, operation and management for major foreign investment projects of CTG.

At present, CTGI wholly owns CTGI (Hong Kong) Co., Ltd, CTGI (Europe) Co., Ltd and China Three Gorges South Asia Investment Co., Ltd; control stock of Sunshine Yangtze Investment Co., Ltd by investment.

Current business of CTGI covers investment and development of overseas hydropower, wind power, solar power projects with business areas concerning to South Asia, Southeast Asia, Europe, America and Africa. Up to now, more than 25 overseas clean energy projects have been constructed or have launched preliminary work under the investment of CTGI where the planned total installed capacity has exceeded 30 million KW.

Backed by the CTG, CTGI held a lot of experiences on plan, design, construction and operation of large-scale hydropower project and wind power project, capacities on comprehensive operation and dispatching of large-scale hydro- junction and cascade hydroelectric stations, and affluent human resource, abundant capital strength and strong capacities for international financing in the field of investment on overseas clean energy.

China International Water & Electric Corp.

China International Water & Electric Corp. (r Hereinafter referred to as CWE), a large-scale international hydropower enterprise subordinated to CTG, is an important platform for CTG to implement the strategy of "going global".

As one of earliest companies in China to implement global strategy, CWE was responsible for international aid programs, importation of complete sets of equipment, international project contracting, and provision of labor services for China's hydraulic and hydroelectric industry since starting to use the current name in August 1983. Since joining to CTG in 2009, CWE launched a strategic transformation, optimized and highlighted the main business, had a foothold on international project contracting and actively expand overseas investment, to gradually build an international clean energy development and investment company with core competitiveness and integrating "investment – construction – management – operations".

If calculating from its predecessor, CWE has gone through a course of more than half a century, completed over 800 international contracts and aid projects in more than 70 countries and regions, with total contract value exceeding US\$ 10 billion. CWE has been ranked among the world's top 225 international project contractors for 22 years in a row, among the world's top 200 international project consulting) and designing companies for 11 consecutive years, and among China's top 30 international project contractors selected by the Ministry of Commerce for 15 consecutive years.

Today, CWE is doing business in 30 countries and regions where various businesses are growing vigorously with different operation indicators of contracting business refreshing historical record for seven consecutive years. In 2011, total amount of newly signed international engineering contracts reached to RMB 12 billion, realizing business income of more than 1 billion US dollars and having successfully operated the first overseas hydropower investment project. Structure of the engineering contracting projects has been improved significantly, investment projects moved forward steadily and overseas markets are expanded both in breadth and depth.

In future, CWE will deepen the strategy going as "expand the market, scientific layout, strive after resources of large-scale projects, and steadily push forward investment projects" and further restructure; rely on C's brand and technology advantages, continue the past and open up the future, and make efforts to build CWE into an international engineering contracting & investment enterprise with "Three Gorges" features.

Three Gorges Financial Co., Ltd.

Three Gorges Financial Co., Ltd. (referred to as “TGFC”), incorporated in November 1997 with the approval of the People's Bank of China, is a non-bank financial institution dedicated to the provision of services for CTG and its member units with a registered capital of RMB 2.4 billion.

The company has a full range of business qualifications stipulated by Enterprise Group Finance Company Management Measures in addition to the insurance agency, consumer credit business. Mainly to carry out the business, including deposits, loans, capital settlement and securities investment, asset management, financial consultants and etc. In 1998, TGFC obtained proprietary trading desks in Shanghai Stock Exchange and Shenzhen Stock Exchange; in 1999, took the lead to join in the national inter-bank lending market and the bond market; in 2005, qualifications for batch stock transaction; by the end of 2011, qualifications for foreign exchange business, building a relatively sound platform for financial operations.

Adhering to business philosophy as "Group as the first, service as the focus, standard & solid, pioneering and innovation", taking "to protect the safety of funds, to create financial value, serve the development of major industries" as its mission, TGFC takes many functions on its shoulder such as providing centralized management of funds for the Group, financing, financial consultant, financial industry development and research, financial strategy execution and reserve of financial talent, and will gradually form some businesses with characteristics including bonds debentures issuance, electronic clearing and settlement and syndicate loan, playing an active role in improving capital efficiency, accelerating internal fund accommodation, reducing liability to an outsider and financing cost for CTG.

Yangtze Three Gorges Technological & Economic Development Co., Ltd.

Yangtze Three Gorges Technological & Economic Development Co., Ltd. (TGDC), a wholly-owned subsidiary of CTGPC, is a legal economic entity assuming sole responsibility for its operation, profits or losses and civil liability. TGDC was officially registered in the State Administration for Industry & Commerce on October 30, 1998 after merger and reorganization of Three Gorges Hydropower Technology Center, Liyuan Company and Yichang Three Gorges Engineering Duoneng Company with its headquarter locating in Beijing.

TGDC is one of China's first enterprises to provide supervisory services for hydraulic and hydroelectric projects, specializing in the provision of supervisory services for such projects and undertaking international and domestic engineering technology consultancy and services, project management, and project general contracting. TGDC has been issued with Class A engineering consultancy qualifications from the National Development and Reform Commission, Class A supervisory qualification certificates for hydraulic and hydroelectric projects from Housing and Urban-Rural Development Ministry, supervisory qualification certificates for road engineering, supervisory qualification certificates for house construction projects, Class A manufacture & supervisory qualification certificates for electromechanical and metal structure equipment,

and supervisory qualification certificates for environment protection of hydraulic projects.

During the past 20 years, TGDC has undertaken construction supervision and engineering consultancy for various projects and accumulated a wealth of experience in project management by providing supervisory services for the Shisanling Pumped Storage Power Station, Three Gorges Hydropower Complex, Xiluodu Hydropower Plant, Xiangjiaba Hydropower Plant, Baihetan Hydropower Plant, Wudongde Hydropower Plant and Sichuan Huaneng Cascade Hydropower Development Projects including Baoxinghe and Huoxihe Power Station, Jiangsu Xiangshui Wind Power Plant and Inner Mongolia Huade Wind Power Plant, Jin' anqiao Hydropower Plant, Manwan, Jinghong and Xiaowan Hydropower Plants along the Lancang River, Ruili River Hydropower Plant of Burma, as well as the National Aquatics Center for the 2008 Beijing Olympic Games and the Hainan National Defense Project, Tianhuangping Pumped Storage Power Station II in the planning period, and Jinsha River "Five Roads and Three Bridges". TGDC has also obtained remarkable achievements in hydraulic and hydroelectric project management, and has accumulated extensive experience and formed unique advantages in the supervision of the manufacturing and installation of large-scale water turbine generating units and supervision of roller-compacted concrete placement and dam concrete placement.

China Three Gorges Tourism Development Co., Ltd.

China Three Gorges Tourism Development Co., Ltd. (CTGTD), a wholly-owned subsidiary of CTG is responsible for the management, development and operation of the Three Gorges Dam Industrial Tourism Zone.

CTGTD has four principal businesses: scenic areas, hotels, travel agencies, and transportation. Its core operating areas are the Three Gorges Dam Tourist Area and the Jiuwan Creek Scenic Area. In addition, CTGTD has a flagship hotel, the Three Gorges Project Hotel, which operates five hotels, including the Three Gorges Dongshan Hotel, the Three Gorges Xiba Hotel, Gedian Hotel, the Chinese Language Office, and the Training Center. The Three Gorges Dam Tourist Area is an AAAAAA-class tourist site and the most visited tourist attraction on the shores of the Three Gorges.

Yangtze Three Gorges Equipment & Materials Co., Ltd.

Yangtze Three Gorges Equipment & Materials Co., Ltd. (YEMC) is a wholly-owned subsidiary of CTG. It was established in September 2000 with a registered capital of RMB 50 million. According to overall listing scheme of CTG's main business, it was wholly incorporated to Yangtze Power in September 2009. YEMC provides the following specialized services for CTG's project construction and electric power production: commercial agency for equipment and material contracts, warehousing and logistics, transport of heavy-duty machines, and operation and management of gas stations and oil depots.

Currently, YEMC has the following management qualifications for: ordinary freight transportation, freight terminal operation, refined oil retail business and dangerous chemical operation, cross region management

of civil explosive, management of large-scale goods (Class IV) transportation, and Class A qualification for transportation overall contracting of electric power big-ticket item. YEMC passed authentication of Occupation Health Safety Management (OHSMS) System and (ISO9001) Quality Management System in 2007.

Three Gorges International Tendering Co. Ltd

Three Gorges International Tendering Co. Ltd. (TGIT) is a professional tendering company registered with the State Administration for Industry and Commerce on June 13, 1996. TGIT was founded by CTGPC at the instruction of former Chinese Premier Li Peng and with approval from the State Council Three Gorges Project Construction Committee, for the purpose of taking stock of the public tendering experience of the Three Gorges Projects since the launch of construction and for facilitating modern project management and standardizing the tendering process. TGITC is primarily engaged in conducting international and domestic tendering as an agent and executing contracts, and also provides economic and trade consultancy and training services. TGIT undertakes public tendering in relation to construction, installation, mechanical and electrical equipment, metal structures, materials, and consulting services for the construction of the Three Gorges Project, the hydropower development of the Jinsha River, and the development of new energy.

In 1997, TGIT became a member of the China Council for the Promotion of International Trade (CCPIT) and the China Chamber of International Commerce (CCOIC). In 2001, TGIT became a member of the Construction Market and Tendering Branch of the China Civil Engineering Society. In 2002, TGIT secured "Class A Engineering Tendering Agency Qualifications" from the Ministry of Construction. In 2003, TGIT obtained ISO9000 Quality Management System Certification. In August 2005, TGIT was given an AAA international credit rating by China Chengxin International Credit Rating Co., Ltd. In August 2010, TGIT won tendering qualifications for investment projects by the Central Government from the National Development and Reform Commission, and evaluated as an advanced unit for good faith and excellence creation of tender agency by China Association of Bidding & Tendering respectively in 2010 and 2012.

Yangtze Three Gorges Industrial Co., Ltd.

Yangtze Three Gorges Industrial Co., Ltd. (YTGI) is a wholly-owned subsidiary of CTGPC. It holds Class I qualifications for property management, Class II qualifications for gardening and landscaping, and Class III qualifications for mechanical and electrical equipment installation, architectural decoration and furnishing, building waterproofing, corrosion-proofing and preservation, and city and road lighting.

YTGI is the long-term manager of the productive properties of the Three Gorges and Gezhouba Hydropower Complexes. It also provides property management services for the offices and living quarters of CTGPC and Yangtze Power, and is responsible for the fabrication and erection of billboards in the Three Gorges Dam Area, as well as gardening and landscaping. Moreover, it provides property management services for ongoing hydropower plant construction in the Jinsha River Valley.

Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.

Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. (YHEC) is a wholly-owned subsidiary of CTGPC.

YHEC specializes in construction power and water supply, telecommunication operation management, and construction of auxiliary works for CTG's hydropower projects. At present, YHEC is responsible for supplying construction and domestic power and water, managing telecommunication operations and performing auxiliary construction for the Three Gorges, Xiluodu and Xiangjiaba worksites; supplying water to the generating units of the Three Gorges Hydropower Plant; and supplying water to the generating units of the Gezhouba Hydropower Plant and residents nearby.



Build a World-class Clean Energy Corporation



中国长江三峡集团公司

China Three Gorges Corporation

Address: Tower B, No.1, South Road of Yuyuantan, Haidian District, Beijing

Tel: 010-57081851

Fax: 010-57082000

Post Code: 100038

www.ctg.com.cn