



2008年度报告



Corporation Information

Company Name: China Three Gorges Project Corporation

Abbreviation: CTGPC

Legal Representative: Li Yong'an

Tel: 0717-6276666

Fax: 0717-6270088

Website: www.ctgpc.com.cn


Address: No. 1, Jianshe Road, Xiba, Yichang, Hubei, China

Postal Code: 443002



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President: Li Yong'an




Message from the President

In 2008, China Three Gorges Project Corporation (CTGPC) further carried out the scientific development concepts, strictly adhered to its hydropower development philosophy of “building up a hydropower plant to stimulate the growth of the local economy, improve the local environment, and benefit resettled residents”, meticulously carried out project construction, production and operations, and comprehensively executed its corporate development strategy and planning, stably promoted overall listing and merger & acquisition, proactively responded to natural disasters and financial crisis, maintaining a stable and relatively rapid development in the production and operation. The preliminary design and construction work of the Three Gorges Project was completed as schedule; all of the generating units in the right-bank powerhouse of the Three Gorges had been commissioned; the Three Gorges Project was capable of impounding water to elevation 175m and realized the trial impoundment; significant strides were made in the hydropower development of the Jinsha River, all aspects of the corporate operations were carried forward in a well-organized manner, and the Xiangjiaba Hydropower Plant successfully completed river closure. CTGPC produced 97.903 TWh of electricity, registered a revenue of RMB 21.241 billion from main operations, generated total profits of RMB 11.352 billion, successfully fulfilled the performance targets set by the State-owned Assets Supervision and Administration Commission (SASAC).

In 2009, CTGPC will continue to carry out the spirits of the 17th National Congress of the Communist Party of China, the third Plenary of the 17th Communist Party of China Central Committee and the Central Economic Work Conference, follow the overall deployment of the Central Enterprise Leader’s Meeting hosted by SASAC; in the meanwhile, CTGPC will further carry out the scientific development concepts, well judge the circumstances, actively take the challenges and get hold of the development opportunities; moreover, CTGPC will deepen reform and reorganization, optimize the allocation of resources, strengthen grouping management and control, as well as enhance innovation capability, so as to push forward the scientific development of the corporation.

Charged with the mission of “building the Three Gorges Project and developing the Yangtze River”, CTGPC will continue to maintain its strategic positioning as a clean energy group specializing in the large-scale hydropower development and operation, and proactively practice its hydropower development philosophy of “building up a hydropower plant to stimulate the growth of the local economy, improve the local environment, and benefit resettled residents”. CTGPC is striving to become a clean energy group with large-scale hydropower development as its main business, multiple other forms of clean energy as its complementary business, a standardized corporate governance structure, and strong grouping management and control abilities in three to five years. Specially, CTGPC is endeavoring to achieve the following three objectives by the end of the “11th Five-Year Plan”, that is, “the Three Gorges Project will have largely begun to generate comprehensive benefits”, “a modern corporate system will have largely been in place”, and “the corporation’s core competitiveness will have largely been formed.”



Introduction

With the approval of the State Council, China Three Gorges Project Corporation (CTGPC) was established on September 27, 1993, charged with the mission of building the Three Projects Project (TGP) and developing the Yangtze River. As a wholly state-owned enterprise, CTGPC had total assets worth RMB 224.2 billion as of the end of 2008. CTGPC has a workforce of 10,274, including 3,054 with bachelor's or higher degrees; CTGPC has two employees who are academicians of the Chinese Academy of Engineering, ten employees who receive special government allowances from the State Council, and two employees who have earned the honorary titles of "Young or Middle-aged Science and Technology Experts with Outstanding Contributions".

CTGPC is strategically positioned as a clean energy group specializing in large-scale hydropower development and operations, with its business scope covering construction and management of hydropower project construction and management, production of electric power, and provision of related technical services.

CTGPC assumes overall responsibility for the construction and operations of TGP. In 2003, TGP fulfilled its three targets, namely, water impoundment of Phase II work, navigation of the double-line five-stage ship lock and power generation of the first batch of generating units. By September 2005, all of the generating units in the left-bank powerhouse had been commissioned. In May 2006, concrete pouring reached the 185m design elevation along the entire length of the TGP Dam. In October 2006, the TGP Reservoir fulfilled its target of impounding water to elevation 156m in the initial phase. In 2007, the combined total installed capacity of generating units put into operation during the year topped 5,000 MW. In 2008, all of the generating units in right-bank powerhouse were commissioned; the TGP was capable of impounding water to el 175m and realized the trial impoundment; the construction of all the works in the preliminary design, except the ship lift, were completed one year in advance against the schedule. At present, CTGPC has a total installed capacity of 21,085 MW and generates approximately 100 TWh of electricity per annum.

CTGPC has also been authorized by the Central Government to develop four super-sized hydropower plants – Xiluodu, Xiangjiaba, Wudongde and Baihetan on the lower course of the Jinsha River. The four hydropower plants will have a combined total installed capacity of 39,300 MW and produce about 183 TWh of electricity annually. The Xiluodu Hydropower Plant (Xiluodu) completed river closure in November 2007, the Xiangjiaba Hydropower Plant (Xiangjiaba) completed river closure in December 2008, and the preliminary works of Wudongde and Baihetan hydropower plants are proceeding as planned.

During hydropower development and operation, CTGPC strictly adheres to the scientific development concepts and zealously follows its hydropower development philosophy of "building up a hydropower plant to stimulate the growth of the local economy, improve the local environment, and benefit resettled residents", striving for a harmonious combination of economic, social and ecological benefits.



Top Management



Li Yong'an

Vice Chairman of State Council Three Gorges Project Construction Committee,
President of CTGPC



Yang Qing

Vice President



Cao Guangjing

Vice President



Lin Chuxue

Vice President



Bi Yaxiong

Vice President



Fan Qixiang

Vice President



Yu Wenxing

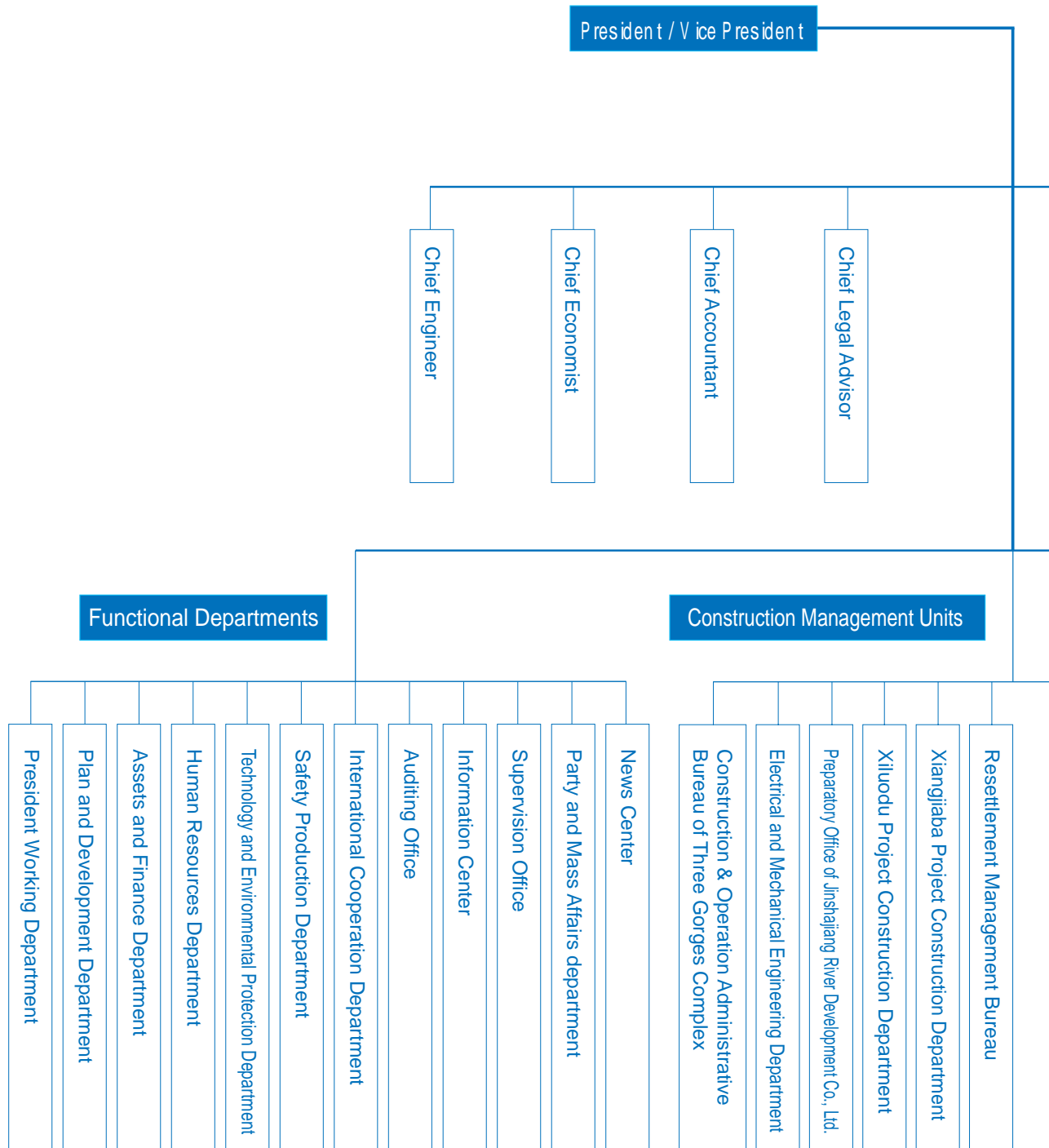
Head of Discipline Supervision Team

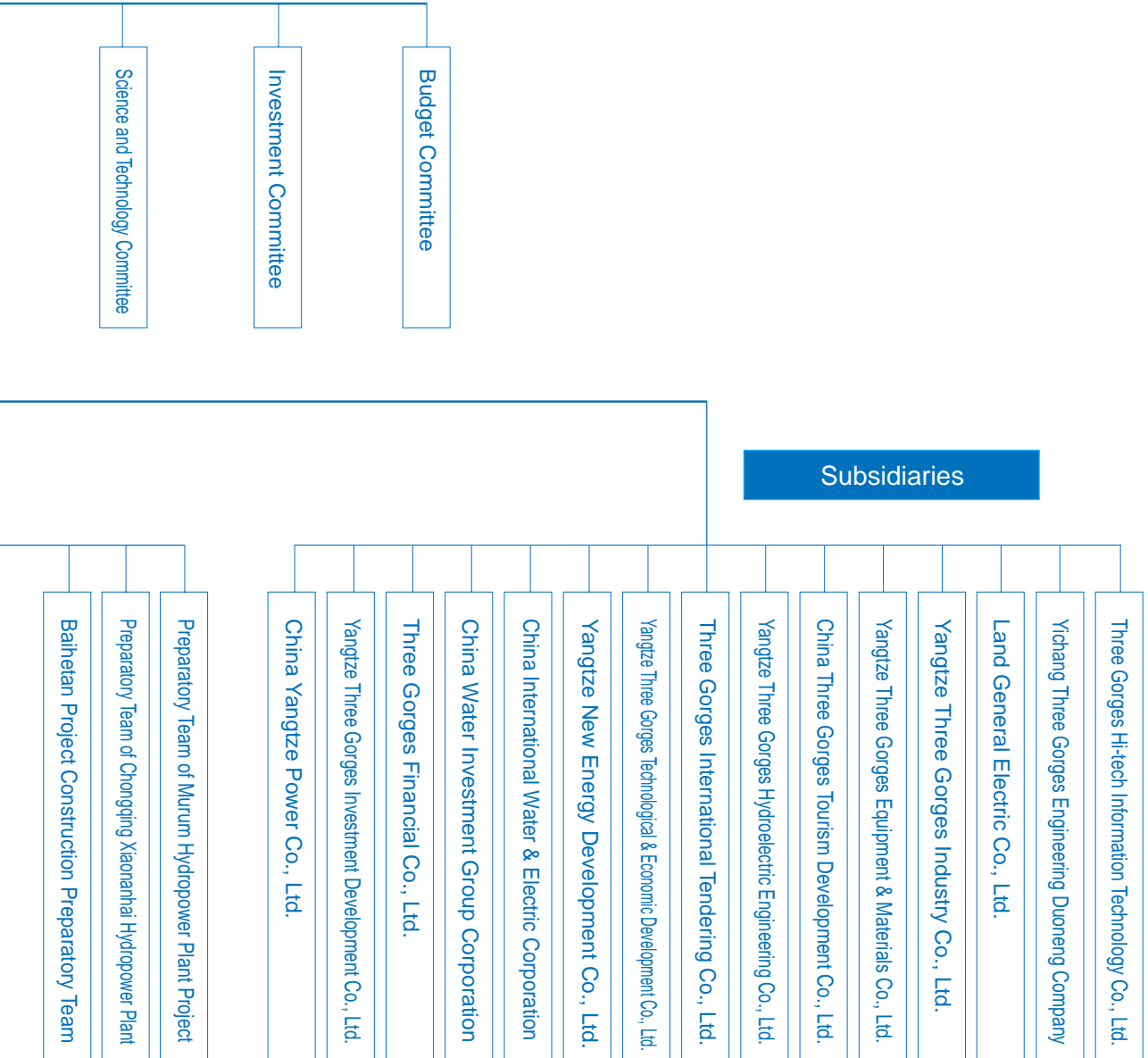


Sha Xianhua

Vice President

Organizational Structure





Development Strategy

- Company Mission** Build the Three Gorges Project and Develop the Yangtze River
- Strategic Positioning** A clean energy group specializing in large-scale hydropower development and operations
- Development Strategy** To proactively develop clean energy by taking the development of the Yangtze River as our mission, maintaining a focus on the Yangtze River Basin, using water as the most fundamental resource, supplying electricity as the predominant product, and specializing in large-scale hydropower development and operations.
- Development Philosophy** To achieve balanced and unified economic, social and ecological benefits by focusing on our historic mission of “building the Three Gorges Project and developing the Yangtze River” and by strictly following our philosophy of “building a first-class hydropower plant to stimulate the growth of the local economy, improve the local environment, and benefit resettled residents.”
- Development Objective** To build CTGPC into a world-class modern conglomerate spearheading the supply of clean energy and the efforts to enable the Yangtze River Basin to generate comprehensive benefits.

CTGPC will strictly adhere to its development objective, sharpen its focus on hydropower development in the Yangtze River Basin, and vigorously carry out “development and construction” and “mergers and acquisitions”; CTGPC will also comprehensively implement “three strategies” – the development strategy centered on large-scale hydropower development, the optimization strategy oriented towards new clean energy, and the differentiation competitive strategy towards the objectives of excellence and strength; and constantly strive to foster and strengthen its “core competitiveness in four areas” – the capabilities in the construction and management of large-scale hydropower works, financial and capital operation for large-scale hydropower projects, operation and marketing of large-scale hydropower plants, and joint operations of cascade hydropower complexes.

Enterprise Reorganization & Business Development

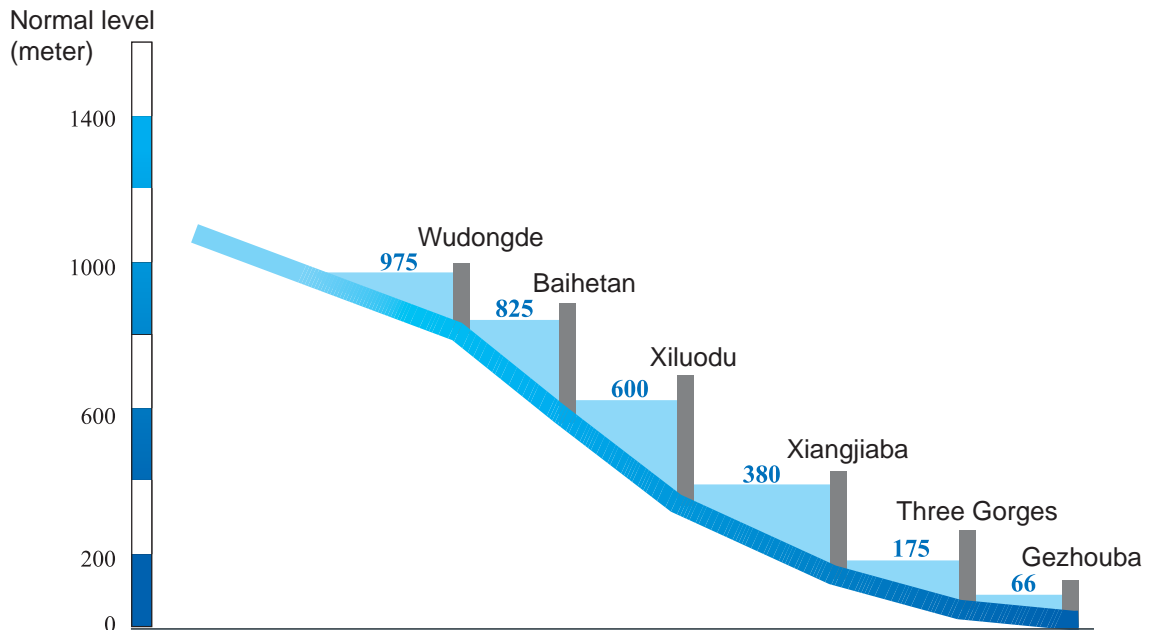
According to the corporation's development strategy for the "11th Five-Year Plan", under the guidance of *the spirit of the Guidance Opinion on the Implementation of Adjustments of State-owned Capital and the Reorganization of State-owned Enterprises* issued by SASAC of the State Council, CTGPC preliminarily finished the merger and reorganization with China Water Investment Group Corporation (CWI); in December 2008, upon approval from the State Council, SASAC formally approved the implementation plan of the merger and reorganization between CTGPC and CWI. CWI is a large state-owned water-related investment corporation supervised by SASAC and has taken the initial shape in wind power development, international water-related project contracting and other businesses. The reorganization of CTGPC and CWI met the strategic development needs of both parties, realized mutual advantages complementing and enabled synergetic effect exerting, which had enhanced the overall strength and competitiveness of CTGPC in wind power, international operation and other business fields.

Following the strategy of "going out", CTGPC has signed the strategic cooperation agreement with Malaysia Sarawak Energy Corporation, within which Yangtze Three Gorges Technological & Economic Development Co., Ltd. takes full charge of the design, procurement and construction of Murum Hydropower Plant. It is the first overseas contracting project of CTGPC relying on its strength, brand and technologic advantages and is of notable significance in terms of accumulating experience in overseas projects and fostering international talents.

Inner Mongolia ARongQi Low-temperature Waste Heat Power Generation Project Started Construction

Build up the Three Gorges Project, Develop the Yangtze River

The sketch map showing the rolling development order of the cascade hydropower stations on the main stream of the Yangtze River



No.	Name of the power station	Installed capacity (MW)	Annual Output (TWh)	Water level (meter)
1	Gezhouba	2735	15.7	66
2	Three Gorges	22500	88.9	175
3	Xiangjiaba	6000	30.7	380
4	Xiluodu	12600	57.1	600
5	Baihetan	12000	55.9	825
6	Wudongde	8700	39.5	975

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

Gezhouba Hydropower Project (completed)



Xiluodu Hydropower Plant (under construction)

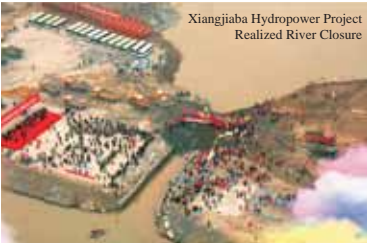


Xiangjiaba Hydropower Plant (under construction)

Three Gorges Project (basically finished)



Xiluodu Underground Powerhouse Construction Scene



Xiangjiaba Hydropower Project Realized River Closure



Baihetan Hydropower Plant (in planning)



The Dam Site of Wudongde Hydropower Plant (in planning)

Three Gorges Project, the Dream of the Century



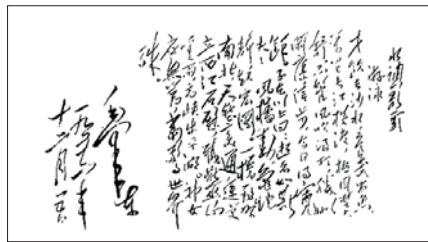
In 1918 Mr. Sun Yat-sen made a proposal in his *Nation-Building Strategy Part II – Industrial Plan* to “improve this upstream section of the river”, suggesting “water gates is to be built to block the river water, to enable boats to sail upstream and to utilize hydraulic power”.

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, late Chairman of the CPC Central Committee swam across the Yangtze River in Wuhan and wrote Ode to the River •Swimming, envisioning a project at the Three Gorges that would tame the turbulent river.

December 26, 1970 Construction of the Gezhouba Hydro Project on the Yangtze River was approved. The project started power generation 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*, marking the completion of the project verification and approval procedures for the Three Gorges Project and the commencement of the implementation phase.

Milestones of Three Gorges Project

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, <i>the Report on the Preliminary Design of the Three Gorges Project on the Yangtze River (Project)</i> was reviewed and adopted, ushering in the phase of comprehensive construction preparatory works 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 TGP 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	Pouring of a total 5.4817 million m ³ of concrete was finished, setting a new world record in annual amount of concrete placement for hydropower projects.
November 6, 2002	River closure for the open diversion channel was successfully completed.
June 1, 2003	The TGP Reservoir started water impoundment, which reached el.135m on June 10.
June 16, 2003	The 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 16, 2005	The last generating unit in the left-bank powerhouse of TGP was put into operation. By this point, the 14 generating units in the left-bank powerhouse became fully operational one year ahead of the schedule in the preliminary design.
May 20, 2006	The TGP Dam was completely topped out.
June 6, 2006	The TGP Phase III roller-compacted concrete cofferdam was removed and the TGP Dam started blocking water across the river; thus, TGP started to provide flood control benefits two years ahead of schedule.
October 27, 2006	The TGP Reservoir realized its goal of el. 156m water impoundment in the initial phase one year ahead of schedule.
May 1, 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.
February 19, 2008	The concrete placement work of TGP Ship Lift foundation slab was completed.
February 24, 2008	The excavation of the main underground powerhouse of TGP was completely finished.
October 11, 2008	The construction contract for the civil work and partial equipment installation of the TGP Ship Lift Main Work was concluded in Yichang.
October 29, 2008	All the 26 generating units in both left-bank and right-bank powerhouses in the preliminary design of TGP started operation. October 30, all the 26 generating units in both left-bank and right-bank powerhouses of TGP were put into commercial operation.
After flood season of 2008	The TGP reservoir started a trial water impoundment. On November 14, the impounding water level of TGP reservoir reached el. 172m, indicating the fulfillment of 2008 trial water impoundment task.

Comprehensive Benefits of TGP Become Increasingly Remarkable

A safety assurance for eliminating flooding hazards in the Yangtze River: When the TGP reservoir reaches the normal level of 175m, its capacity for flood control will rise to 22.15 billion m³ and its total capacity will top 39.3 billion m³, and it will be able to cut flood peak by 27,000 to 33,000 m³ per second. After the trial water impoundment of TGP reservoir reached the level of 172m in 2008, the flood control capacity was basically built, providing TGP the condition to perform normal flood control function; thus, the flood control standard of Jingjiang reach was upgraded from 10-year frequency flood to 100-year frequency flood.

Improvement of navigational conditions in the Yangtze River: Following the completion of TGP, the back water of its reservoir will reach Chongqing, thereby improving a 660km stretch of the navigation channel; as a result, the annual single-way passage capacity will rise from 10 million tons to 60 million tons and freight costs will be reduced by one third per ton-km. The TGP Ship Lock was officially opened to traffic free of charge on June 18, 2003. The raise of water level improved the navigational conditions in Chuanjiang River, contributing to the swift and vigorous development of the navigation business in the Yangtze River. In 2008, the TGP Ship Lock handled 53.7 million tons of freight and allowed 14.77 million tons of freight to bypass the dam, totaling 68.47 million tons of freight and hitting record high again. According to statistics, since the ship lock was opened for navigation in June 2003, an accumulative total of 280 million tons of freight has passed through the TGP dam, exceeding the total freight volume of the 22-year navigation of Gezhouba Ship Lock prior to the water impoundment of the TGP reservoir.



Ecological water replenishment for the middle and low reaches of the Yangtze River: In the dry season, the TGP reservoir carried out water replenishing operation and increased downstream discharge to replenish water for the middle and low reaches of the Yangtze River, satisfying the navigation requirements of downstream Gezhouba while improving the water supply in the middle and low reaches of the Yangtze River.

Supply of clean energy for society: Hydropower, a form of clean energy, helps to achieve a significant saving of resources and reduction of environment pollution. Upon its full completion, TGP will be able to produce 84.7 billion KWh of electricity annually (excluding underground powerhouses), comparing to coal-fired power plant, it is equivalent to a consumption reduction of coal with an amount of 40-50 million tons per year, and a decrease of more than 100 million tons of CO₂ emissions, 1.2-2 million tons of SO₂ emissions, 10,000 tons of CO emissions, and 370,000 tons of nitrogen oxide emissions per year, as well as enormous amounts of waste water and slag. This will reduce environment pollution and acid rain caused by the discharge of harmful gases. As of the end of 2008, twenty six 700,000 KW generating units in both left-bank and right-bank powerhouses of TGP had been commissioned and had accumulatively produced 288.52 TWh of electricity.

Significant Progresses in the Hydropower Development of the Jinsha River



Xiangjiaba Hydropower Project Realized River Closure

On December 28, 2008, the Xiangjiaba hydropower plant successfully completed its river closure, ushering the project engineering into the main work construction stage. The construction of the Xiluodu hydropower plant has proceeded as scheduled, the planned annual target for the major works has been fulfilled, the excavation work of the dam foundation has basically been completed, the construction of the underground powerhouse

has been shifted from civil work to metal structure, electrical and mechanical installation.

In August 2008, the tendering purchasing contract for the 26 large water turbine generator units for Xiluodu and Xiangjiaba projects was signed in Beijing, initiating the preliminary preparatory work for the electrical and mechanical installation.

The preliminary works of the Wudongde, Baihetan and Xiaonanhai hydropower projects are proceeding in a well-ordered way. For the Wudongdeng Hydropower Plant, the Feasibility Design (scientific research) Schema, the Specifications on Investigating Material Index of the feasibility study phase and other special study reports have been prepared. With regard to the Baihetan Hydropower Plant, the limited water level, installed capacity, dam axis and layout of complex options have been compared and selected, and the preliminary preparation works for the project construction was launched in 2008.

Wind Power Project

Wind power development has made significant strides. In October 2008, all of the generating units on the Cixi Wind Power Farm were put into operation, with a total generating capacity of 49.5 MW. The Xiangshui Wind Power Project in Jiangsu proceeded smoothly as well and completed the installation of 11 wind generators within the whole year. In the meanwhile, the Company has undertaken the marine wind power related research project, a research initiative under China's "11th Five-Year", and proactively carried out the preliminary study work of offshore wind power in accordance with the requirements of the research topic.



Wind Power Project

Key Financial Data

Item	2006	2007	2008
Installed capacity (MW)	12,515	16,835	21,085
Power generation (TWh)	63.878	77.066	97.903
Total assets (RMB billion)	170.476	194.99	224.179
Equities belonging to the owner of the parent company (RMB billion)	98.332	120.813	141.221
Revenue (RMB billion)	14.077	16.707	21.241
Gross profit (RMB billion)	8.35	12.741	11.352
Gross profit margin (%)	60.62	60.34	54.82
EBITDA (RMB billion)	14.001	18.9	18.955
Return on equity (%)	4.76	6.00	5.37
Total liabilities (RMB billion)	51.788	50.061	42.019
EBITDA to interests multiplies (X)	5.24	7.11	7.82
Total liabilities / EBITDA(X)	3.70	2.65	2.22
Total liabilities / (total liabilities + net asset) (%)	32.22	26.86	21.29
Asset liability ratio (%)	36.08	30.08	30.69

Note: The above data do not include China Water Investment Group Corp. and China International Water & Electric Corp.

Audit Report

ASCENDA Shen (2009) NZ Zi No. 010213

China Three Gorges Project Corporation:

We have audited the attached financial statements of China Three Gorges Project Corporation (hereinafter referred to as your company), including the Balance Sheet and the Consolidated Balance Sheet as of Dec.31, 2008, the Income Statement and the Consolidated Income Statement, the Cash Flow Sheet and the Consolidated Cash Flow Sheet, Statement of Changes in Shareholders' Equity, the Consolidated Statement of Changes in Shareholders' Equity and Notes to the Financial Statements for the year 2008.

I. Responsibility of the Management on Financial Statements

The management of your company is responsible for preparing and compiling the financial statements in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance in 2006. The responsibilities include (1) designing, implementing and maintaining 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; (2) selecting and applying appropriate accounting policies; and (3) making proper accounting evaluation.

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 provision in Auditing Standards for Chinese Certified Public Accountants. The aforementioned standards require us to observe occupational ethics, plan and implement the audit in order to obtain reasonable assurance about whether or not the financial statements are free of material misstatement.

The audit is concerned with implementing audit procedures to obtain the audit evidence of the amount of capitals involved in and disclosure of related financial statements. Audit procedures are selected based on the discretion of the certified accountant, including the evaluation on 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 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 financial statements layout.

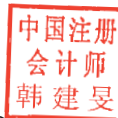
We are confident that we have obtained adequate and proper audit evidences constituting the basis for our audit opinions.

III. Audit Opinions

We consider that the financial statements of your company are prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance in 2006, which fairly reflect the financial status of your company as of Dec. 31, 2008 in all important respects and the operation achievements and cash flow of 2008.



CPA, P.R.China: Han Jianmin



CPA, P.R.China: Hao Lijiang



April 29, 2009

Balance Sheet

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
Current assets:				
Cash and cash equivalents	4,226,887,526.90	7,929,722,599.27	11,414,925,510.49	10,596,240,758.81
△ Transaction monetary assets			331,061,846.34	238,216,818.02
# Short-term investments				
Notes receivable	875,891,778.95	637,747,891.11	1,782,488,722.54	1,556,747,891.11
Accounts receivable	894,506,769.10	463,912,635.71	1,661,570,362.89	1,138,656,401.84
Accounts prepaid	243,854,073.41	671,593,829.03	286,259,454.48	711,825,988.98
Dividends receivable	1,392,700.00	375,300.00		
Accrued interests receivable	1,458,000.00	57,350,694.44	270,777.21	3,379,422.21
Accounts receivable-others	558,161,585.16	100,215,361.11	197,537,101.81	105,836,864.45
Inventory	120,263.21	445,378.35	265,117,405.92	236,069,481.98
Include: Raw materials			103,754,406.78	43,929,053.63
Stock goods (finished goods)			4,064,089.98	10,050,333.62
Noncurrent assets due within one year			957,205.28	
Other current assets	2,000,000,000.00	2,500,000,000.00	79,732,080.45	376,983,263.24
Total current assets	8,802,272,696.73	12,361,363,689.02	16,019,920,467.41	14,963,956,890.64
Noncurrent assets:				
△ Available-for-sale investment	6,074,161,008.76	5,348,711,230.45	6,740,192,962.05	16,230,562,328.37
△ Hold-to-maturity investments			10,000,000.00	10,000,000.00
# Long-term debts investments				
△ Long-term account receivable				
Long-term equity investments	18,562,163,756.94	15,601,694,100.22	8,351,438,671.08	5,485,024,942.01
# Equity division and circulation right				
△ Investment real estate			98,831,054.64	96,135,653.94
Original prices of the fixed assets	115,148,371,301.86	91,902,914,085.61	162,944,757,841.62	139,000,603,685.63
Less: Accumulative impairment	10,716,589,348.41	7,124,180,696.21	19,605,219,262.24	14,220,977,846.26
Net value of the fixed assets	104,431,781,953.45	84,778,733,389.40	143,339,538,579.38	124,779,625,839.37
Less: Provision for impairment loss on fixed assets				
Net value of the fixed assets	104,431,781,953.45	84,778,733,389.40	143,339,538,579.38	124,779,625,839.37
Construction in progress	43,945,345,019.63	28,738,219,027.39	44,440,780,270.77	29,044,375,698.37
Project materials	690,105,693.13	593,138,706.30	690,105,693.13	593,138,706.30
Disposal of the fixed assets			363,806.59	363,806.59
△ Producing biological assets				
△ Oil and gas assets				
Intangible assets	132,221,777.30	136,908,666.74	164,680,270.14	173,206,753.78
Include: Land use right	124,052,967.40	128,891,524.44	130,919,798.58	136,107,540.57
△ Development expenses			870,104.41	283,613.33
△ Goodwill			2,224,393,155.46	2,251,640,888.87
# *Consolidated spreads				
Long-term deferred expenditures (deferred assets)			2,475,140.39	4,971,752.82
△ Deferred income tax assets	171,644,627.20	88,619,433.26	945,405,815.55	783,173,522.77
# Deferred tax debits				
Other noncurrent assets (other long-term assets)	1,076,556,117.94	533,990,561.34	1,150,091,267.48	573,515,710.88
Include: Approved preparatory materials				
Total noncurrent assets	175,083,979,954.35	135,820,015,115.10	208,159,166,791.07	180,026,019,217.40
Total assets	183,886,252,651.08	148,181,378,804.12	224,179,087,258.48	194,989,976,108.04

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

Balance Sheet (Continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
Current liabilities:				
Short-term liabilities			3,489,696,524.34	5,031,773,208.42
△ Transaction monetary liabilities				
Warrants payable				
Notes payable			21,030,505.30	15,360,505.97
Accounts payable	3,687,242.18	5,078,706.76	111,437,355.31	97,674,503.23
Accounts received in advance		320,489.14	92,566,714.06	52,434,359.32
Employees' remuneration payable	332,499,922.32	332,213,401.19	421,016,444.87	422,625,010.93
Include: Salaries payable	328,742,273.77	328,781,443.28	403,537,908.30	405,101,826.99
Welfareism payable				
Taxes and fees payable	981,193,303.63	1,221,682,298.83	1,829,871,683.75	2,436,970,693.33
Include: Taxes payable	610,481,932.67	1,216,309,672.32	1,452,281,109.66	2,424,534,060.06
Interest payable	466,954,023.72	482,215,311.59	545,307,324.76	553,854,313.34
Dividends payable (profits payable)			313,387.25	277,595.25
Other payables	20,302,109,246.38	986,897,529.06	20,952,877,861.74	1,450,548,678.00
Noncurrent liabilities due within one year	2,730,230,942.06	7,200,000,000.00	2,730,230,942.06	5,200,000,000.00
Other current liabilities			1,023,671,420.05	223,612,914.62
Total current liabilities	24,816,674,680.29	10,228,407,736.57	31,218,020,163.49	15,485,131,782.41
Noncurrent liabilities:				
Long-term debts	6,421,874,276.66	8,847,884,427.88	10,419,224,276.66	14,459,234,427.88
Bonds payable	21,432,622,621.37	21,429,984,461.42	25,380,348,954.71	25,369,602,294.76
Long-term accounts payable				
Special accounts payable			3,892,590.30	3,000,000.00
Estimated liabilities			182,779.24	2,014,653.17
△ Deferred income tax liabilities	94,464,391.55	33,993,243.02	903,901,756.11	2,632,076,195.29
# Deferred tax credits				
Other noncurrent liabilities	885,264,277.59	703,939,948.67	885,814,277.59	704,289,948.67
Include: Approved preparatory funds				
Total noncurrent liabilities	28,834,225,567.17	31,015,802,080.99	37,593,364,634.61	43,170,217,519.77
Total liabilities	53,650,900,247.46	41,244,209,817.56	68,811,384,798.10	58,655,349,302.18
Owners' equities (or shareholders' equities):				
Paid-in capital (share capital)	111,239,475,872.98	92,103,790,324.52	111,239,475,872.98	92,103,790,324.52
National capital	111,239,475,872.98	92,103,790,324.52	111,239,475,872.98	92,103,790,324.52
Collective capital				
Legal person capital				
Include: State-owned legal person capital				
Collective legal person capital				
Individual capital				
Foreign capital				
Capital reserves	5,203,459,810.16	5,022,046,364.60	10,690,372,017.96	14,300,511,566.57
△ Less: Treasury share				
Surplus reserves	1,857,570,965.80	1,417,568,523.50	1,858,711,826.57	1,418,709,384.27
△ Normal risk reserves				
# *Unconfirmed investment loss (shall be indicated by the mark "-")				
Undistributed profits	11,934,845,754.68	8,393,763,773.94	17,432,300,002.08	12,989,561,140.44
Include: Cash dividends				
*Converted difference in foreign currency statements				
Total equities belonging to the owners of the parent company	130,235,352,403.62	106,937,168,986.56	141,220,859,719.59	120,812,572,415.80
*Equities belonging to minority shareholders			14,146,842,740.79	15,522,054,390.06
Total owners' equities	130,235,352,403.62	106,937,168,986.56	155,367,702,460.38	136,334,626,805.86
# Less: Non-processed asset loss				
Total owners' equities (exclude the non-processed asset loss)	130,235,352,403.62	106,937,168,986.56	155,367,702,460.38	136,334,626,805.86
Total liabilities and owners' equities	183,886,252,651.08	148,181,378,804.12	224,179,087,258.48	194,989,976,108.04

Note: The above data do not include China Water Investment Group Corp. and China International Water & Electric Corp.

Income Statement

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Current year	Last year	Current year	Beginning Balance
I. Operating income	11,662,855,608.39	7,074,030,877.84	21,276,332,455.90	16,748,862,105.03
Include: Main operating income	11,634,692,144.90	7,037,858,459.94	21,240,830,213.55	16,706,687,995.12
Other operating income	28,163,463.49	36,172,417.90	35,502,242.35	42,174,109.91
Less: Operating expense	5,613,107,072.39	3,167,427,674.68	9,278,122,396.73	6,355,519,972.16
Include: Main operating cost	5,596,049,146.21	3,148,216,706.55	9,250,552,446.51	6,317,581,579.81
Other operating cost	17,057,926.18	19,210,968.13	27,569,950.22	37,938,392.35
Operating tax and surtaxes	159,003,452.19	97,692,013.40	363,412,521.31	320,286,403.05
Sales cost	143,757.56		48,168,686.70	47,140,720.32
Administrative cost	328,777,206.98	445,899,280.82	754,631,466.09	822,594,945.45
Include: Business entertainment	8,434,966.72	6,472,720.28	16,128,431.77	14,658,350.14
Research and development cost	13,087,290.12	4,670,237.36	15,542,150.00	10,211,101.63
Financial expense	1,033,076,281.85	985,942,328.69	1,770,416,827.81	1,639,161,115.04
Include: Interests expense	1,430,040,733.08	1,355,510,159.23	2,138,642,845.03	1,980,384,022.61
Interests income	35,066,770.16	33,374,515.28	25,566,635.87	19,845,684.54
Net exchange loss (net exchange income shall be indicated by the mark " - ")	-362,700,537.51	-339,390,919.47	-363,037,543.44	-338,989,016.01
△ Asset impairment loss	3,743,758.26	5,951,161.91	84,946,935.16	9,641,912.75
Others				
△ Add: Fair value gains from available-for-sale investment (such loss shall be indicated by the mark " - ")			-116,901,453.26	76,279,390.39
Investment income (such loss shall be indicated by the mark " - ")	2,008,871,323.63	2,552,203,914.21	658,594,101.90	3,660,804,908.30
Include: Income from investing in associated enterprises and joint ventures	66,041,511.70	27,803,883.35	97,547,243.73	406,876,075.11

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

Income Statement (Continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Current year	Last year	Current year	Beginning Balance
II. Profit from operation (Such loss shall be indicated by the mark “-”)	6,533,875,402.79	4,923,322,332.55	9,518,326,270.74	11,291,601,334.95
Add: Non-operating income	1,182,640,463.12	2,801,959,517.91	1,912,758,684.71	1,499,646,456.05
Include: Income from disposing non-current assets	44,556.20	2,052,040,293.15	539,012.91	739,517.52
Income from exchanging non-monetary assets				
Government subsidize (subsidize income)	1,182,569,612.92	749,919,224.76	1,909,623,462.71	1,496,894,772.41
Income from the debt restructuring				
Less: Non-operating cost	62,305,043.55	19,802,501.94	79,099,659.91	50,129,947.60
Include: Loss of disposing non-current assets	4,610,078.25	9,133.14	11,731,067.51	4,386,075.30
Loss from exchanging non-monetary assets				
Loss from the debt restructuring				
III. Total profit (total loss shall be indicated by the mark “-”)	7,654,210,822.36	7,705,479,348.52	11,351,985,295.54	12,741,117,843.40
Less: Income tax expenses	1,520,237,437.71	2,110,807,277.56	2,845,014,125.82	4,188,797,830.06
Add: #*Unconfirmed investment loss				
IV. Net profit (net loss shall be indicated by the mark “-”)	6,133,973,384.65	5,594,672,070.96	8,506,971,169.72	8,552,320,013.34
Less: * Loss of minority shareholders			1,471,340,904.17	1,982,639,801.14
V. Net profit belonging to the owners of the parent company	6,133,973,384.65	5,594,672,070.96	7,035,630,265.55	6,569,680,212.20
VI. Earning per share:				
Fundamental earning per share				
Diluted earning per share				
Include: Income from investing in associated enterprises and joint ventures	66,041,511.70	27,803,883.35	97,547,243.73	406,876,075.11

Note: The above data do not include China Water Investment Group Corp. and China International Water & Electric Corp.

Cash Flow Sheet

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Current year	Last year	Current year	Last year
I. Cash flow from the operating activities :				
Cash from selling commodities or providing services	12,969,678,146.62	8,378,956,410.94	24,375,196,229.95	18,735,066,716.21
Refund of taxes and fees received	950,004,824.28	637,420,445.03	1,675,667,674.07	1,379,785,992.68
Other cash received related to the operating activities	472,991,702.18	485,345,973.24	1,564,563,560.86	530,794,911.35
Subtotal of the cash inflow from the operating activities	14,392,674,673.08	9,501,722,829.21	27,615,427,464.88	20,645,647,620.24
Cash paid for commodities or services	1,753,799,511.04	998,657,399.13	2,826,523,927.53	2,254,515,496.73
Cash paid to and for employees	86,684,277.37	102,827,450.31	937,112,006.97	889,118,220.05
Taxes and fees paid	4,078,444,996.58	2,355,178,329.47	7,546,679,512.51	6,315,229,301.73
Other cash paid related to the operating activities	193,517,301.82	177,822,807.35	463,878,044.68	2,929,670,401.57
Subtotal of the cash outflow from the operating activities	6,112,446,086.81	3,634,485,986.26	11,774,193,491.69	12,388,533,420.08
Net cash flow from the operating activities	8,280,228,586.27	5,867,236,842.95	15,841,233,973.19	8,257,114,200.16
II. Cash flow from the investing activities :				
Cash from investment withdrawal	13,303,696,557.43	12,500,061,081.57	28,246,784,127.86	41,159,179,095.37
Cash from investment income	2,014,545,381.55	1,582,894,095.10	549,132,126.90	529,366,692.68
Net cash from disposing fixed assets, intangible assets and other long-term assets	121,108.45	10,440,879,073.90	5,931,032.18	2,676,512.62
Net cash from restructuring the subsidiaries and other business units				
Other cash received related to the investing activities				
Subtotal of the cash inflow from the investing activities	15,318,363,047.43	24,523,834,250.57	28,801,847,286.94	41,691,222,300.67
Cash paid for purchasing or constructing fixed assets, intangible assets and other long-term assets	19,835,458,185.65	14,035,317,766.81	20,772,741,431.10	14,452,746,452.09
Cash paid for investment	16,185,265,641.65	17,923,793,506.60	28,767,432,762.54	40,773,487,717.52
Net cash received from the subsidiaries and other business unites				
Other cash paid related to the investing activities	9,179,854.18		9,613,755.27	77,065.58
Subtotal of the cash outflow from the investing activities	36,029,903,681.48	31,959,111,273.41	49,549,787,948.91	55,226,311,235.19
Net cash flow from the investing activities	-20,711,540,634.05	-7,435,277,022.84	-20,747,940,661.97	-13,535,088,934.52

Cash Flow Sheet (Continued)

Unit: RMB Yuan

Item	Parent Company		Consolidation	
	Current year	Last year	Current year	Last year
III. Cash flow from financing activities:				
Cash received from accepting investment	19,131,600,882.44	17,720,507,172.81	19,149,150,882.44	24,233,621,777.59
Including: Cash received from accepting the investment from the minority shareholders by the subsidiaries			17,550,000.00	2,572,415,388.41
Cash from borrowings	1,652,030,317.44	1,298,981,594.45	5,236,943,554.11	6,746,231,594.45
Other cash received related to the financing activities			2,470,588.87	
Subtotal of the cash inflow from the financing activities	20,783,631,199.88	19,019,488,767.26	24,388,565,025.42	30,979,853,372.04
Cash paid for debt	8,091,764,810.16	7,956,666,009.63	12,831,974,810.16	14,475,706,009.63
Cash paid for dividends, profits or interests	3,963,389,414.31	3,485,983,665.71	5,809,017,315.10	4,874,965,546.74
Include: Dividends or profits paid to the minority shareholders by the subsidiaries			1,057,993,792.16	819,284,724.70
Other cash paid related to the financing activities		26,381,599.48	22,181,459.70	52,306,599.48
Subtotal of the cash outflow from the financing activities	12,055,154,224.47	11,469,031,274.82	18,663,173,584.96	19,402,978,155.85
Net cash flow from the financing activities	8,728,476,975.41	7,550,457,492.44	5,725,391,440.46	11,576,875,216.19
IV. Influence of exchange rate change to cash				
V. Net increase of the cash and cash equivalents	-3,702,835,072.37	5,982,417,312.55	818,684,751.68	6,298,900,481.83
Add: Balance of the cash and cash equivalents at the beginning	7,929,722,599.27	1,947,305,286.72	10,596,240,758.81	4,297,340,276.98
VI. Balance of the cash and cash equivalents at the end	4,226,887,526.90	7,929,722,599.27	11,414,925,510.49	10,596,240,758.81

Note: The above data do not include China Water Investment Group Corp. and China International Water & Electric Corp.

Notes to Financial Statements

I. The basis for preparation of financial statements

Our corporation is assumed to be a going concern. It recognizes, measures and prepares the financial statements on transactions or events that have occurred, according to Accounting Standard for Business Enterprises.

II. Statements on complying with the Accounting Standard for Business Enterprises

Financial statements prepared by our corporation satisfy Accounting Standard for Business Enterprises' requirements, completely and faithfully reflect corporation's financial position, operating results and cash flows.

III. Significant accounting policies and accounting estimations

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

The corporation is implementing the Accounting Standard for Business Enterprises issued by the Ministry of Finance in 2006.

Nonbank financial institutions owned by the corporation will prepare consolidated financial statements as business enterprises, according to the requirements under SASAC [2008] No. 261 *Notice of the State-owned Assets Supervision and Administration Commission of the State Council on Printing and Distributing the Financial Final Accounts Conversion Reference Format of Public Institution Owned by Central Enterprises after Conducting Accounting Standard for Business Enterprises*.

Public institutions owned by the corporation will implement the *Public Institution Accounting System*. They will prepare consolidated financial statements as business enterprises, according to the requirements under SASAC [2008] No. 262 *Notice of the State-owned Assets Supervision and Administration Commission of the State Council on Printing and Distributing the Financial Final Accounts Conversion Reference Format of Financial Institution Owned by Central Enterprises*.

(II) Fiscal year

The corporation's accounting period is determined based on the Gregorian calendar, which begin in each year on January 1 and end 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 the accounting elements are measured at other measurement attributes such as replacement cost, net realizable value, present value or fair value in accordance with Accounting Standard, the corporation will give specific explanations.

(V) Foreign currency translation method

Transactions in foreign currencies are translated into RMB using the central parity rate announced by the China Foreign Exchange Trade System authorized by the People's Bank of China at the dates when transactions incurred.

On the balance sheet date, treat the foreign currency monetary items and foreign currency non-monetary items according to the following methods:

(1) Foreign currency monetary items: They are translated at the central parity rate of RMB exchange rate announced by the People's Bank of China. Exchange differences arising out of the settlement are calculated into profit and loss for the current period, except for those can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, in which case, such differences shall be capitalized and recognized in the costs of relevant assets.

(2) Foreign currency non-monetary items: The foreign currency non-monetary items measured at the historical cost shall still be translated at the central parity rate of RMB exchange rate announced by the People's Bank of China on the transaction date, of which the amount of bookkeeping currency shall not be changed; when measured at the fair value, those items shall be translated at the spot exchange rate on the date when the fair value is determined. Differences between the amount of bookkeeping currency after the translation and the original amount of bookkeeping currency are calculated into profit and loss for the current period as the changes in fair value.

(VI) Cash equivalents recognition criteria

Cash equivalents refer to investments held by corporation with short-term, highly liquidity and low risk in value changes, which are easily convertible into known amount cash.

(VII) Financial assets

1. The classification, recognition and measurement of financial assets

Financial assets at initial recognition are classified into the following categories: financial assets are measured by fair value and their changes are calculated into profit and loss for the current period; receivables; available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the holding intent and capability to financial assets by the corporation and subsidiaries.

(1) Financial assets are measured by fair value and their changes are calculated into profit and loss for the current period

They include financial assets that are held for trading and are directly designated to be measured by fair value and their changes are calculated into profit and loss for the current period. They are initially recognized at fair value on acquisition, and the related transaction costs are recognized in profit and loss for the current period when occurred. The paid amounts including cash dividend declared but undistributed or bond interest due but not received should be separately recognized as receivables. Interests or cash dividends obtained by the corporation during holding such kind of financial assets are recognized as return from investments. At the balance sheet date, the corporation will recognize changes in the fair value of those financial assets into profit and loss for the current period. When such financial assets are disposed, the differences between their fair value and initial recognition amount would be regarded as return from investment, meanwhile, the gains and loss arising from changes in the fair value will be adjusted.

(2) Receivables

The corporation receivables (including accounts receivables and other receivables) are initially recognized at contract or agreement price. The following receivables are classified as bad debt loss: due to the bankruptcy of the debtor, collection is still not possible after liquidation procedures; due to the death of the debtor, receivables are uncollectible because there is neither heritage for liquidation nor duty bearer; debtor is unable to pay due debts which are verified and approved by legal procedures.

At the balance sheet date, an impairment test shall be made on the receivable with significant single amounts by the corporation. If the test shows that an impairment has been incurred, the amount of the loss is measured as the difference between the book value and the present value of estimated future cash flows, and the provisions for bad debt are prepared.

Unimpaired receivable in the single test and receivable with insignificant single amounts shall be divided into a few combinations with similar credit risk features. The impairment loss would be calculated proportionally by the balance of those combinations at the balance sheet date, and provisions for bad debt would be reserved. According to credit risk combinations classified by sales model of different products or clients' credit risk, we determine the proportion as follows:

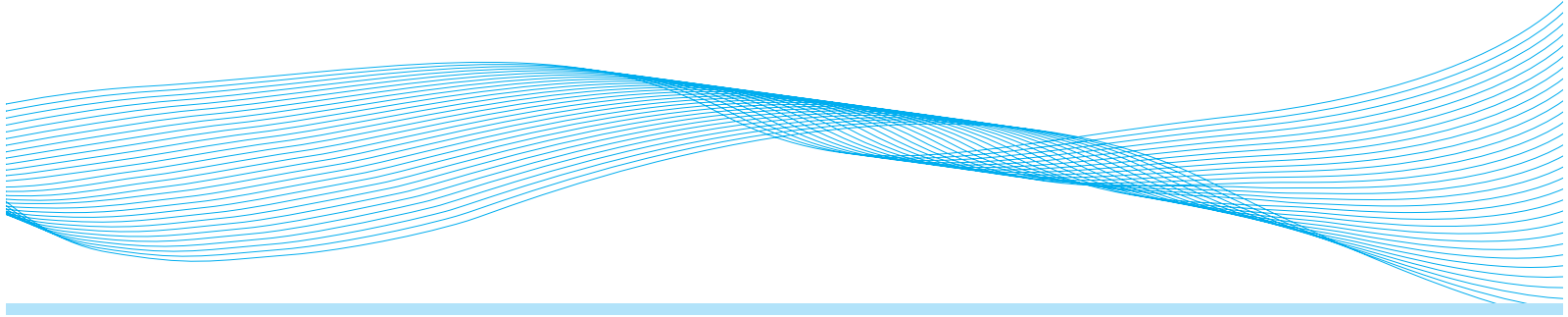
Age of receivables	Proportion	
	Accounts receivables	Other receivables
Within 1 year	0.3%	0.3%
1—2years	5%	5%
2—3years	20%	20%
3—4years	50%	50%
4—5years	80%	80%
Above 5 years	100%	100%

Where the corporation applies for a transfer, pledge or discount of creditor's claims for financing with bank or other financial institutions, according to related contracts, when the debtor fails to pay due debts, the receivable creditor's right should be settled as pledge loan if the corporation has the responsibility to repay to the financial institution; If the corporation does not have such responsibility, then the receivable creditor's right shall be transferred and gains and losses arising from the transfer shall be determined.

When the corporation collects receivables, the difference between the acquired amount and the book value of receivable will be recognized in profit and loss for the current period.

(3) Held-to-maturity investment

It refers to non-derivative financial assets with fixed maturity date, fixed or determinable payments, and the corporation has the positive intent and capability to hold to maturity. The initial recognition amount is determined by aggregate of fair value on acquisition and related transaction costs. The paid amounts including bond interests due but not received should be separately recognized as receivable items. The interest income is determined by amortized cost and actual interest rate during the holding period and is recognized in return



from investment. The actual interest rate is determined when the held-to-maturity investment is acquired and kept unchanged in the subsequent period. When the difference of actual interest rate and book rate is quite small, the interest income is calculated by book rate and recognized in return from investment. When the held-to-maturity investment is disposed, the difference between acquisition price and book value is recognized as return from investment.

At the balance sheet date, if there is any objective evidence that the held-to-maturity investment is impaired, the impairment loss is calculated and measured as the difference between the book value and the present value of estimated future cash flow; if there is evidence that its value has recovered after accrued, the previously recognized impairment loss may be reversed and calculated into profit and loss for the current period. But the reversed book value should not exceed the amortized cost on reversal date under the situation of presuming without any provision for impairment.

If the corporation has intent or capability to have a change so that the investment is no longer suitable to be a held-to-maturity investment, then it will be reclassified as available-for-sale financial assets and measured at fair value in a subsequent period. On the reclassification date, the difference between the book value of the investment and the fair value will be recognized in owner's equity. When the available-for-sale financial assets are impaired or derecognized, the difference should be recognized in profit and loss for the current period.

(4) Available-for-sale financial assets

It refers to the non-derivative financial assets which are designated as available for sale at the initial recognition other than those are classified by corporation as below: financial assets are measured by fair value and their changes are calculated into profit and loss for the current period; held-to-maturity investments; loans and receivables.

Available-for-sale financial assets are initially measured at the sum of its fair value on acquisition and related transaction costs. The paid amount including bond interests due but not received or cash dividends declared but not distributed should be separately recognized as receivable item. The interests or cash dividends acquired by available-for-sale financial assets during the holding period are recognized as return from investment. On the balance sheet date, available-for-sale assets are measured at fair value and the change is recognized in "capital reserve—other capital reserve".

If the fair value of available-for-sale financial assets incurred a significant or prolonged decline, and it is predicted that the decline is not temporary, then the impairment loss is determined by its initial investment costs deducting the difference of received principal, amortized amount and current fair value. When the impairment loss is provided, the cumulative loss arising from the decline in fair value that had been recognized directly in owner's equity is removed from owner's equity and recognized in the "asset impairment loss".

When available-for-sale financial assets are disposed, the difference between acquired price and the book value of the financial assets is recognized in return from investment. Meanwhile, the corresponding disposal amount of the cumulative changing amount in fair value that had been recognized directly in owner's equity is removed from owner's equity and recognized in return from investment.

2. Fair value recognition for financial instrument

The fair value shall be recognized by the quotation in the active market, if the active market for a financial instrument exists. If the market for a financial instrument is not active, the corporation establishes fair value by using valuation techniques, which including the price used in recent arm's length transactions by parties referring to relevant situations and willing to conduct transaction, reference to other instruments that are substantially the same and the method of discounted cash flow. These techniques make maximum use of market parameter and reduces to use the relevant parameter on the corporation and subsidiary as little as possible.

(VIII) Initial expense of the project

Initial expense of the project refers to the survey and design fee, feasibility fee and other fees directly related to the project, which is incurred prior to the formal establishment of the project.

As to the initial expense of general construction projects, that incurred prior to the formal approval and establishment of projects, it is recorded in the current administrative expense; and that incurred after the formal approval and establishment of projects is recorded in the project cost.

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

It is required to check the balance of the initial expense of the project at the end of each accounting period, if there are some indications that the project will be cancelled, and then the initial expense of the project shall be transferred into the current administrative expense in one time.

(IX) Borrowing costs

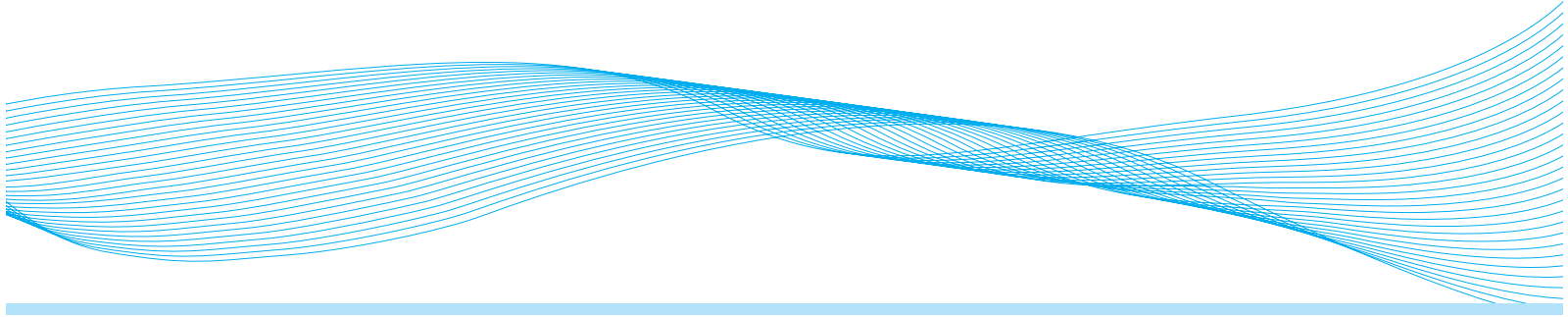
Where the borrowing costs incurred to a corporation can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the 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 the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

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 has 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.



During the period of capitalization, the to-be-capitalized amount in each accounting period shall be determined according to the following method: As for specifically borrow loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount 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 a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise 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 and do not exceed the related actual interest amount incurred in the current period.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

Where the acquisition and construction or production of a qualified asset is at the prescribed usable or sellable status, the capitalization of the borrowing costs shall be terminated.

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 loan shall be recorded into the cost 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 cost 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, 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, i.e., construction-process, construction materials and construction temporarily receipts and payments, hereinafter referred to as the same.

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 surely identified not using the borrowing, hereinafter referred to as the same.

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%

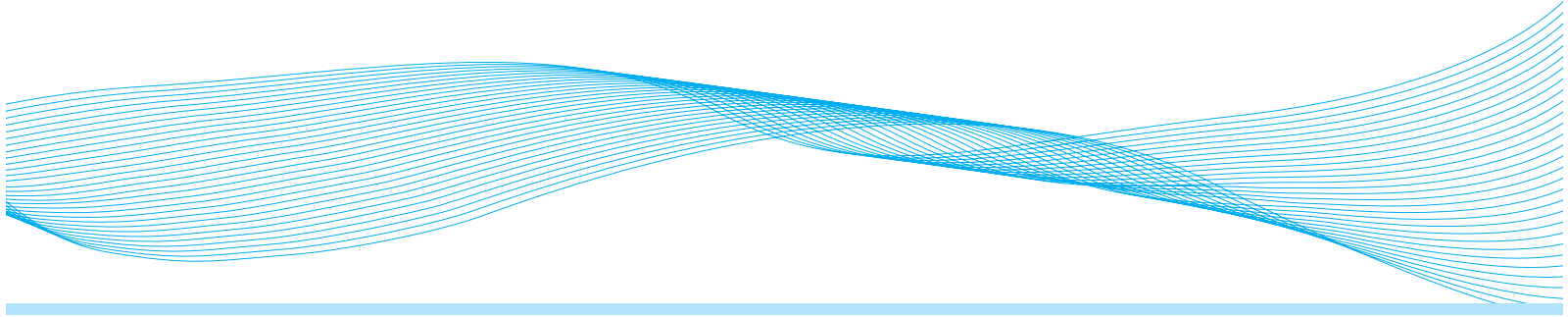
The weighted average borrowing principal = \sum [the principal amount of each borrowing \times (number of days or months for each used borrowing / number of days or months of the accounting period)]

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 fee 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-projects rolling-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 Explanations about changes of accounting policies and accounting estimates and significant error correction in the prior periods

(I) Changes of accounting policies

The corporation has no accounting policy change in the current period.

(II) Changes of accounting estimates

The board of director of the Three Gorges Land General Electric Co., Ltd. which is the subsidiary of CTGPC, has such resolution: due to the changes of market and operating model, after-sale service fee is stop accrued from January 1, 2008. The change of such accounting estimates affects RMB1,183,900 of the total profit in the current period.

(III) Significant error correction of the prior period

The corporation has no significant error correction in the current period.

Serve Innovation-Oriented National Construction, Carry Out Independent Innovation, and Improve the Domestic Manufacturing Level of Significant Power Equipments

Three Gorges Hydropower Plant (TGHP) is the largest hydropower plant in the world, not only ranking No. 1 with respect to project capacity and the installed power in the world, but also being the hydropower project constructed with the highest technology level in the world. Three Gorges Hydropower Plant is installed with thirty-two 700MW hydro turbine generating units, for which the design and manufacturing of 14 generating units in the left-bank powerhouse were mainly completed through main engagement of foreign enterprises with the participation and subcontracting of



national enterprises, with a domestic manufacturing rate up to 50%, and 8 among 12 generating units in the right bank were domestically manufactured with complete and independent intellectual property right. On October 30, 2008, the last generator unit in the right bank of Three Gorges Hydropower Plant was put into power generation. Up till now, the 26 generating units in both banks of Three Gorges Project have all been put into commercial operation, which is one year earlier than scheduled. All the 8 generating units domestically manufactured with independent intellectual property right have been put into operation, and from the current operation indices, it can be seen that generating units of TGHP have higher generated output than the contract value and operate with stable performance. During the manufacturing of TGHP units, the industries in China mastered the core technologies and key processes for the design and manufacturing of super-large generator units through digestion, absorption and re-innovation, realizing the leaping-forward breakthrough in hydropower technology. The Three Gorges Project has fully played a driving role in technology innovation of significant projects, blazing a new and successful trail featured by TGP through importing, digestion, absorption and re-innovation, and realizing new leap in technology level and independent innovation capacity of hydropower equipments in China. Domestic manufacturing of Three Gorges power generator units is regarded as an excellent example for boosting the progress of our national manufacturing industry.

Officially Becoming One of the First National Innovative Enterprises

In 2006, the company became one of the first enterprises for the pilot program of building innovative enterprises. With two years of piloting operation, the company continues to increase the input in R&D, having achieved a lot in innovation platform construction, intellectual property right management and science and innovation. In July 2008, the company smoothly passed the evaluation and assessment organized by the Ministry of Science and Technology of the People's Republic of China, becoming one of the first national innovative enterprises.

Science & Technology Achievements Award and Patents for Invention

In 2008, the Company organized six award filings, among which “ Key Technology Research and Practice on Design, Construction and Removal of Roller Compacted Concrete Cofferdam in Three Gorges Phase III ” won the second prize of national science and technology progress; “ Key Technology Research and Practice On Excavation of Abutment in Xiluodu Hydropower Plant ” won the first prize of China Society for Rock Mechanics and Engineering; “ Analysis Approaches and Engineering Application of Intelligent Feedback of Rock Mechanics ” won the first prize of Hubei Province science and technology progress;



“ Research on Some Key Technologies for Safe Operation of Super-Large Multi-Branch Generators In Three Gorges Project ” won the second prize of Hubei Province science and technology progress; “ Research and Practice on High-Precision Control Technology for Slope Excavation and Blasting of Abutment in Xiluodu Hydropower Plant ” won the grand prize of China Society of Blasting Engineering; “ Blasting Demolition Technology of Super-Large and Complex Cofferdams in Diversion Tunnel Of Xiluodu Hydropower Plant ” won the first prize of China Society of Blasting Engineering; and “ WB(L)T Microcomputer Speed Governor for Large Water Turbine ” filed by Yichang Nengda Company won the third prize of Hubei Province science and technology progress.

Science and Technology Input Covers Engineering Construction, Electric Power Production and Other Fields

In 2008, the Company invested totally RMB 539 million into scientific research, in which RMB 300 million was used as the expense for engineering technology, which was mainly spent on construction technology, dedicated engineering research, ecological environment research and compensation, initial project survey and design, and feasibility study; and RMB 223 million was used as the expense for power production technologies, which was mainly spent on river basin planning for hydropower, cascade operations, reservoir impoundment scheme design, and production technology renovation; as well as related expenditures for CTGPC's Post-doctoral Research Center and Chinese Sturgeon Research Institute. In 2008, CTGPC's science and technology expenditures accounted for 2.54% of its revenues from main operations.

Core Value System

Carry Forward the “TGP Spirit”

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

Do our part and outdo ourselves

Persist in innovation and build first-class projects

Engage in fair competition and work closely together

Respect science and seek truth from facts



Practice the defined hydropower development philosophy

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

Corporate Culture Building Proceeding in an Orderly Manner



The company strengthened the foundation for the corporate culture and took efforts to foster the culture with the features of the company. The organizations under the company strengthened the building of corporate culture, in which six second-level organizations worked out their plans for the building of corporate culture and issued the employee manuals.

The company organized and held the “Corporate culture wall competition” activity, in which 25 departments participated with their 51 exhibition boards, which displayed their latest achievements and enterprise management concepts during the building of corporate culture in recent years.

The company held the “Books recommended by General Manager” book-reading activity, in which more than 400 copies of “Dealing with Darwin: How Great Companies Innovate at Every Phase of Their Evolution” as the book recommended and signed by General Manager were released to the management mainstay personnel of the company.

To help the Olympic Games torch-relay activity at the Three Gorges dam site, the company held the knowledge quiz activity of “Welcome the Olympic Games and practice good etiquette”, in which more than 1,300 employees participated through the internet-based answering.

The company strengthened the training on the mainstay of corporate culture, in which more than 100 persons participated in the certification training of corporate culture specialists (middle and high-level). The company compiled and released “Guidance to healthy diets” and “Infectious disease prevention manual” to every employee free of charge, for the purpose to guide them to establish the concept of cherishing life and



paying attention to health as well as scientific lifestyle.

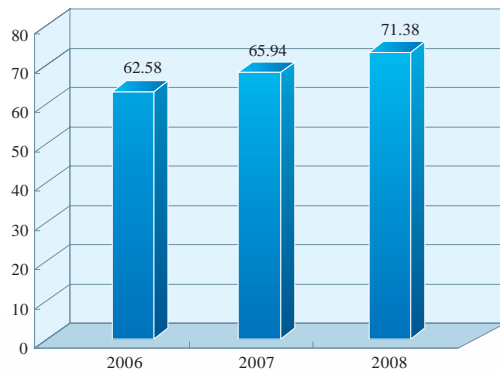
The company organized the lectures on the knowledge of psychological health, and the training of corporate culture cases and the music composition training course. To cooperate with the thematic activity of “Looking to the enterprise to see great change—Celebrating thirtieth reform and opening-up anniversary”, the company invited musicians to visit the site of Three Gorges, who created

“The People of Three Gorges”, “China soul will go on”, “I love Three Gorges”, and “We are the hydropower workers on Yangtze River” for the company. The company established Employee Calligraphist Association and held the First Employee Calligraphy and Fine Arts Works Exhibition.

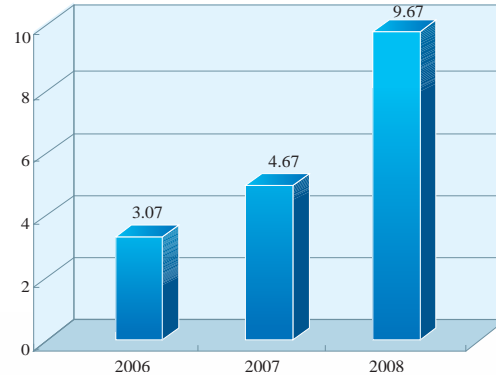
Proactive Fulfillment of Corporate Social Responsibility

Pay taxes with Good Faith and Reward the Society

Amount of taxes
(One Hundred Million RMB)



Financial support for the reservoir area
and donation to public interest programs
(One Hundred Million RMB)



Diligent fulfillment of tax obligations: In 2008, the various tax payables of the company amounted to RMB 7.230 billion, in which RMB 7.138 billion was actually paid in the current year. The tax balance unpaid at the end of the current year will be settled and paid up in 2009.

Financial support for the reservoir area: As required by the Ministry of Finance, the Company makes annual provisions in fixed proportion to the generated power output as Three Gorges Reservoir Area Fund, Gezhouba Reservoir Area Fund, the Three Gorges Resident Relocation Fund, and the Three Gorges Reservoir Area Power Support Fund for the support of the production and livelihood in the reservoir area. In 2008, the company made and paid the provisions of Three



Gorges Reservoir Area Fund of RMB 640 million, Gezhouba Reservoir Area Fund of RMB 135 million, and Three Gorges Resident Relocation Fund of RMB 40 million to the Ministry of Finance and Hubei Province Government on a monthly basis for the overall planning of the nation to support the production, livelihood, the improvement of production conditions and the infrastructure for the resettled inhabitants of the reservoir area.

Designated poverty alleviation: These years, CTGPC has actively explored new ideas and approaches to carry through and implement the designated poverty alleviation and the paired support determined by national and local governments. The concept of the designated poverty alleviation work is: “Mainly relying on intellectual support with the supplementary role of project support; combining human talent support, education support, warmth-delivering activity and various other means”. Since 2002, the fund used for poverty alleviation has amounted to RMB 97.85 million, which benefited more than ten poverty-stricken counties in Chongqing, Hubei, Sichuan, Yunnan and Xinjiang, with the projects involving education, culture, medical treatment, health, science and technology, environmental protection, infrastructure construction, vocational training and industry development and so on. In December 2008, the company was entitled as “Advanced Organization of Poverty Alleviation” by the Aid-the-Poor Development Leading Team of the State Council.



Public interest programs: CTGPC vigorously provided support for public interest programs of support and social donation for the production and livelihood of the resettled inhabitants of the reservoir areas. In the current year, the company invested RMB 21 million, which was used for the building of the schools, the improvement of infrastructure, and the training on the production skills of resettled inhabitants of Three Gorges, Xiluodu and Xiangjiaba reservoir areas.

After Wenchuan Earthquake, CTGPC made quick response, carrying out comprehensive safety inspection on Three Gorges Project and Jinsha River projects under construction, strengthening the emergency duty work, doing well with the power supply of Three Gorges and Gezhouba cascade hydropower plants, and donating totally RMB 43 million to actively support the rescue and relief work and the after-disaster reconstruction of the earthquake disaster region.

Ecological and Environmental Benefits of the Three Gorges Project Progressively Materializing

Since 1993, when TGP commenced construction preparations, national authorities placed high priority for ecological development and environmental protection in the TGP Reservoir Area, increased financial input for such efforts, and adopted a wide variety of integrated response and protection measures. Monitoring results since June 2003, when the TGP Reservoir started to impound water, indicate that the impact of the TGP on the ecological environment is largely in line with the predictions in the feasibility study report.

The water quality of the main stream in the TGP Reservoir area has basically held steady, with no significant changes compared with what it was prior to water impoundment; overall, the water quality is up to or better than the Category III water quality standard. Since the commencement of the impoundment, the amount of sediment from the upper reaches of the Yangtze River has dropped remarkably. No major geological hazards or personal casualties have occurred in the reservoir



area after water impoundment. Since the commencement of the impoundment, the number of earthquakes recorded in the reservoir area has slightly increased, but few are above magnitude 2, causing no damage to the reservoir area or the dam. The preservation of biodiversity in the reservoir area has consistently received strong support from national authorities, and substantial measures have been taken to strengthen the preservation. Over the past 10-plus years, 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 Towering 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 of an assistance center for endangered and unique fish in the upper reaches of the Yangtze River will soon begin. In compliance with the Implementation Plan on the Environmental Protection of the Construction Site of the Three Gorges Project, the construction site of TGP strictly implements environmental protection measures, builds industrial and domestic wastewater treatment facilities, performs centralized waste treatment, and provides timely ecological recovery for jobsites where construction works have been completed.

Sustained and Strengthened Protection of the Ecological Environment

With the development of Three Gorges Project construction and the business of CTGPC, and to cope with the shift of the focus from TGP project construction to reservoir management, hydropower complex operations, and the extension of multiple-project construction, and to intensify the establishment of its environmental management system, the Company established an internal environmental protection reporting system, and took substantial steps to ensure adequate monetary injection. Throughout the year, a total fund of RMB 464 million was devoted to environmental protection (excluding environmental protection relating to planning and resident relocation).

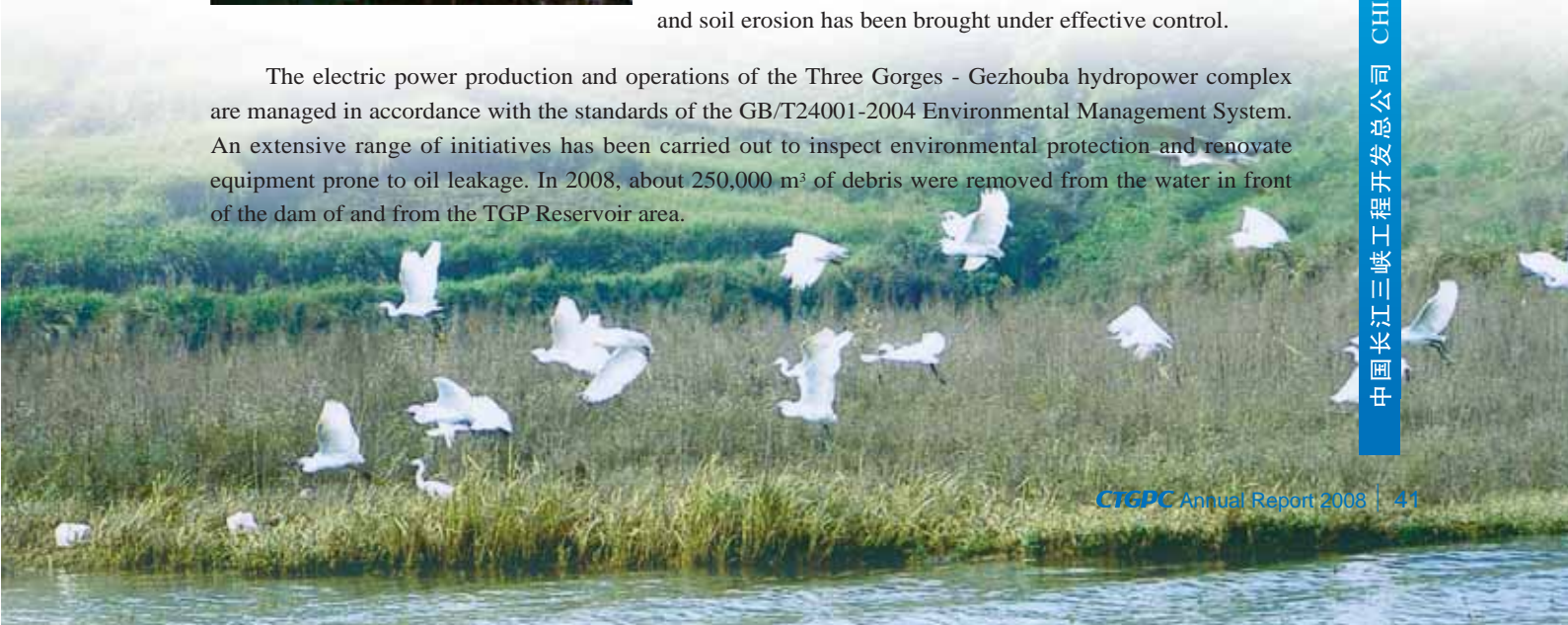


Environmental Protection in Project Management Area

Stronger efforts have been made to supervise and inspect the implementation of environmental protection in the construction area of TGP and to monitor pollutant sources. The construction of TGP is near completion and the ecological restoration of the construction area is in full swing. Greening and water-soil conservation works have been carried out and are maintained. Treatment of industrial and domestic wastewater and domestic waste has been strengthened. Water, gas, sound environment and water-soil conservation are under full monitoring. The main stream of the Yangtze River and all sections of its near-shore waters have a superior or good water quality and a positive overall ambient air quality, ambient noise levels comply with related standards, and soil erosion has been brought under effective control.



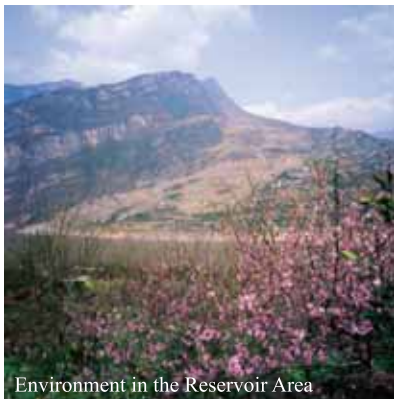
The electric power production and operations of the Three Gorges - Gezhouba hydropower complex are managed in accordance with the standards of the GB/T24001-2004 Environmental Management System. An extensive range of initiatives has been carried out to inspect environmental protection and renovate equipment prone to oil leakage. In 2008, about 250,000 m³ of debris were removed from the water in front of the dam and from the TGP Reservoir area.



Ecological Environment

Hydropower development in the lower reaches of the Jinsha River is proceeding in strict accordance with the guideline of “ orderly hydropower development on the precondition of ecosystem preservation ” . Xiluodu and Xiangjiaba are designed and constructed in strict accordance with the guideline that “ environmental protection must be designed, built and put into operation simultaneously with the design, construction and operation commencement of the main structure ” ; moreover, treatment of industrial and domestic wastewater and waste, reduction of dust arising from construction activities, protection of the acoustic environment, conservation of water and soil, and monitoring of environmental quality are vigorously carried out throughout the construction site. Environmental impact assessment for different phases of the Baihetan and Wudongde projects are proceeding as planned.

Environment in the Reservoir Area



Environment in the Reservoir Area

Rare and Endemic Fish Proliferating and Releasing Station of Xiluodu and Xiangjiaba hydropower plants on Jinsha River was established to realize the releasing of the rare fishes in the upper reaches of Yangtze River for the first time, and Chinese Sturgeon Research Institute of Gezhouba Group has been formally handed over to CTGPC, providing important technical support for the protection of aquatic life during the development of large hydropower projects. CTGPC strengthened the cooperation and exchange with the international and industry organizations and environmental protection organizations, such as International Hydropower Association, The Nature Conservancy, World Wide Fund for Nature, successfully held international forum “ Three Gorges Project and Yangtze River Water Resource Development, Utilization and Protection ” with the participation of more than 200 elites in the government departments, river basin management institutions, hydropower developers, hydropower equipment manufacturers, scientific research and academic groups and relevant international organizations from 18 countries including US, Russia, France, Brazil, Germany and Japan. In this forum, they exchanged the concepts and practices on sustainable development of hydropower, and the achievements of Three Gorges Project were displayed and disseminated, which exerted good influence in international hydropower field.

Energy Conservation & Emission Reduction

In accordance with the deployment and requirements of the State-owned Assets Supervision and Administration Commission of the State Council, CTGPC were actively engaged in organizing and holding national energy conservation propagation week, carried through and implemented national activities for strengthening oil and electricity conservation work and further deepening nationwide energy conservation actions, established a monitoring, statistical and evaluating system and relevant statement system for energy conservation and emission reduction, and organized and held

practice activity with the

theme of “ Energy Conservation, Emission Reduction, Scientific Development ” .

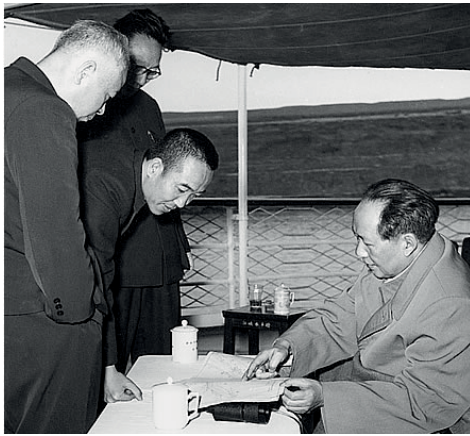


In 2008, CTGPC reduced the comprehensive energy consumption per ten thousand RMB output by 7.79% comparing with that of last year (at comparable price); Three Gorges - Gezhouba Hydropower Complex and Cixi Wind Farm, affiliated to CTGPC, generated a total power of 97.903 billion kW, equivalent to saving 36.8115 million tons of standard coal, reducing the emission of 83.8198 million tons of carbon dioxide, 1.0060 million tons of sulfur dioxide and 430,800 tons of nitrogen oxides; and the hydro energy utilization of the Three Gorges and Gezhouba hydropower plants were raised by 4.96% and 6.80% respectively, and their station service power consumption rates were 0.08% and 0.16% respectively; CDM Project of Cixi Wind Farm realized the registration in the United Nations and was announced in the website of the UN; DOE advisory bodies review for the development of CDM Project of Xiangshui Wind Farm was launched.

CTGPC is mainly engaged in hydropower development and operation, in which the emission of main pollutants of COD and SO₂ is very little or even zero.



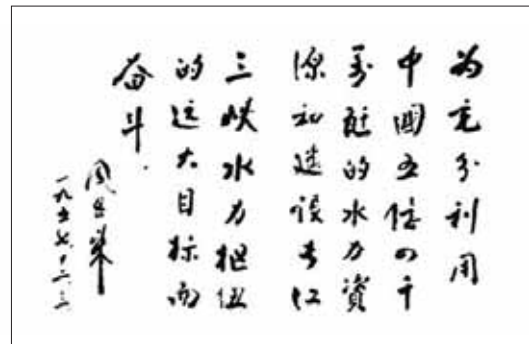
Several Generations of Leaders of China Give Their Affections to the Three Gorges Project



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 dam site optimization 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's strive to make full use of the water resource of 540 GW in China and construct the Yangtze River Three Gorges Hydropower Complex."



In May, 1960, Chairman Liu Shaoqi was at Sandouping, inspecting the geological structure of the dam site of 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 the industry and agriculture of China will develop and the power will be inadequate in the following 20 years”, he said, “I agree to the low dam plan, and we should never shake our mind once we are sure that something must be done.



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

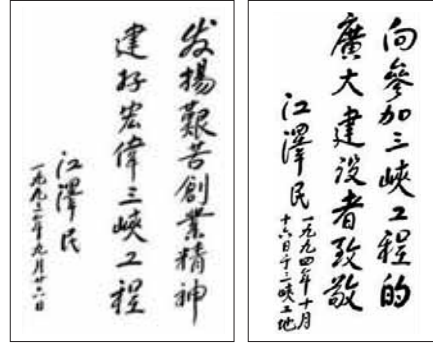


In 1992, Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China, Chairman of the Standing Committee of the National People's Congress inspected the dam site of Three Gorges Project.

Support by Leadership



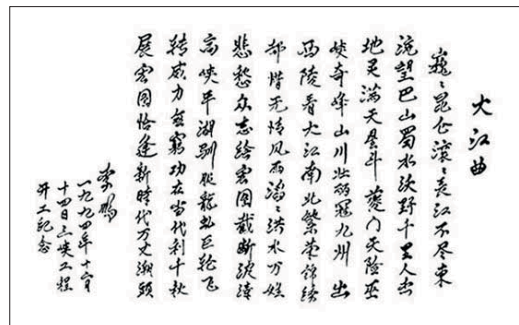
In October 1994, Jiang Zemin, General Secretary of the CPC Central Committee, inspected the Three Gorges Project.



Chairman Jiang Zemin wrote the inscriptions 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 Li Peng wrote the "Ode for the Large River" celebrating 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 the 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, who is also the 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 of 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.

China Yangtze Power Co., Ltd.

China Yangtze Power Co., Ltd. (CYPC) 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 at a price of RMB 4.30 per share, raising a net capital of RMB 9.826 billion. On August 15, 2005, CYPC instituted a reform of its shareholder structure to float non-tradable shares; as a result, its total stock increased from 7,856,000,000 shares to 8,186,737,600 shares. On May 18-24, 2007, “ Yangtze Power CWB1 ” subscription warrants, issued by CYPC, were successfully exercised, adding 1,225,347,857 shares to its total stock.

CYPC is currently China's largest public listed hydropower company, specializing in hydropower development. As of the end of the period under report, CYPC owned the Gezhouba Hydropower Plant and the eight generating units already in operation of the Three Gorges Project, with a total installed capacity of 8,377 MW. It possesses a total asset of RMB 57.739 billion. CYPC also has an 11.189% stake in Guangzhou Development Industry (Holdings) Co., Ltd. (GDIH); owns an 8.77% stake in Shanghai Electric Power Co., Ltd. (SEPC); and holds a 41.69% stake in Hubei Energy Group Co., Ltd. At the same time, CYPC is authorized by CTGPC to manage the generating units already in operation of the Three Gorges Project.

China Water Investment Group Corporation

China Water Investment Group Corporation (CWI) is a large state-owned investment corporation affiliated to CTGPC, which was formerly known as China Water Conservancy and Hydro Power Development Company established in 1980. In December 2004, applied by the State-owned Assets Supervision and Administration Commission to the State Council and upon approval, China International Water and Electric Corporation was merged into CWI and became its wholly-owned subsidiary company. In August 2006, the new company was established and China Water Investment Corporation was renamed as China Water Investment Group Corporation (CWI). In October 2008, applied by the State-owned Assets Supervision and Administration Commission to the State Council and upon approval, China Water Investment Group Corporation was merged into CTGPC and became its wholly-owned subsidiary company.

As one of the central government investment and operation bodies on water resource assets, CWI has the principal businesses focusing on investment and asset management, i.e., industry investment (in water resources and renewable energy) and management, engineering project contracting and related technical researches, trade and service.

At present, CWI has established certain scale in the investment and development in such areas as small and medium-sized hydropower plants, wind power plants, other clean renewable energies, the manufacturing of wind power equipments, and urban water supply.



China International Water & Electric Corp.

China International Water & Electric Corp. (CWE) is an exclusively-invested subsidiary company of CTGPC. The previous body of CWE was the Foreign-Aid Institution under the Ministry of Water Resources and Electric Power, organizing and undertaking foreign-aid project of water resources and hydropower engineering on behalf of the nation since 1955.

CWE has a reputation as being one of the first eight state-owned corporations approved by China State Council to undertake international contracting projects and manpower export since 1980. In August 1983, China International Water & Electric Corp. was established with the approval of the former Ministry of Foreign Trade and Economic Cooperation (now the Ministry of Commerce), engaged in the businesses of foreign aid, complete-set equipment import, international project contracting, and manpower export in the water resources and hydropower industry.

Three Gorges Financial Co., Ltd.

Three Gorges Financial Co., Ltd. (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 China Three Gorges Project Corporation, the construction of the Three Gorges Project and the development of hydropower resources in the upper and middle reaches of the Yangtze River.

Charged with the mission of “serving its group corporation and the Three Gorges Project”, TGFC strictly adheres to its operating philosophy of “standardization, prudence, endeavor and innovation”. Under the supervision and administration of China Banking Regulatory Commission, TGFC is engaged in a wide range of businesses within the limits of the law. At present, TGFC provides various services such as deposit, loan, settlement, trusted assets management, valuable securities investment and electricity fee collection agency, and has formed special services such as issuance of bonds as an agent, electronic settlement services and bank consortium loans, playing a significant role in facilitating the construction of the Three Gorges Project and promoting the group corporation's centralized capital management.

Three Gorges International Tendering Co., Ltd.

Three Gorges International Tendering Co. Ltd. (TGITC) is a professional tendering company founded on the initiative of China Three Gorges Project Corporation with capital contributions from seven companies from such diverse sectors as hydraulics, electric power, foreign trade and scientific research. TGITC was registered with the State Administration for Industry and Commerce on June 13, 1996 as a professional tendering company. TGITC is primarily engaged in conducting international and domestic tendering as an agent and executing contracts, as well as in providing economic and trade consultancy and training services.

Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.

Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. (YHEC), co-founded by China Three Gorges Project Corporation and Three Gorges Investment Development Co., Ltd., was registered with the State Administration for Industry and Commerce on March 23, 2004 as a limited liability company.

YHEC specializes in the construction of power and water supply, telecommunication operation management and extended services for large-scale hydropower projects, as well as auxiliary works relating to metal corrosion-proofing, mechanics and electrics, construction and installation. At present, YHEC is responsible for construction power and water supply operation management for the TGP, Xiluodu and Xiangjiaba, water supply for the generating units of the Gezhouba Hydropower Plant and domestic water supply, telecommunication services and auxiliary project construction for the four hydropower complexes. YHEC is also undertaking some auxiliary project construction and power transmission and distribution equipment inspection and maintenance outside CTGPC.



Yangtze Three Gorges Equipment & Materials Co., Ltd.

Yangtze Three Gorges Equipment & Materials Co., Ltd. (YEMC) is a limited liability company co-founded by China Three Gorges Project Corporation and Three Gorges Investment Development Co., Ltd.

YEMC provides the following specialized services for CTGPC's project construction and electric power production: business agency for equipment and material contracts, warehousing logistics, transport of substantial machines and operations and management of gas stations and oil depots. YEMC's scope of business includes: lease of engineering equipment independently or as an agent; sales of mechanic and electronic equipment, building materials and chemicals (not including hazardous explosives), sale agent of lubricants and office automation equipment; metal fabrication and installation; installation, maintenance and warehousing of various mechanical equipment and devices; general freight transport; new product development and technology consultancy services; property management; gasoline and diesel retail (limited to branches); other business services.

China Three Gorges Tourism Development Co., Ltd.

China Three Gorges Tourism Development Co., Ltd. (CTGTDC), wholly-owned by China Three Gorges Project Corporation, is the only enterprise authorized by national authorities to operate the Three Gorges Dam tourist area. CTGTDC has strong strength and operates in four major areas, with its core operating sectors being the Three Gorges Dam Tourist Area and the Jiuwan Creek and Si Creek Scenic Areas. In addition, CTGTDC owns a hotel group with a four-star hotel – the Three Gorges Project Hotel as its flagship hotel, an international travel agency – Yichang Grand Three Gorges International Travel Agency, and a transport company – Yichang Three Gorges Project Transport Co., Ltd.

Yangtze Three Gorges Technology & Economy Development Co., Ltd.

Yangtze Three Gorges Technology & Economy Development Co., Ltd. (YTGTEDC), a wholly owned subsidiary of CTGPC, is a corporate economic entity that operates independently, assumes responsibilities for its own profits and losses, and independently undertakes civil liability. YTGTEDC has evolved from its antecedent – the Shisanling Engineering & Construction Company of CTGPC, which was founded in January 1989; it has been repeatedly renamed and is the result of the merger of several supervisory and consulting firms.

YTGTEDC was officially registered with the State Administration for Industry & Commerce in 1998 after restructuring.

YTGTEDC is one of China's first enterprises to provide supervisory services for water resources and hydropower projects, specializing in the provision of supervisory services for water resources and hydropower projects and undertaking international and domestic engineering technology consultancy and services, project management and project general contracting.

Yangtze New Energy Development Co., Ltd.

Yangtze New Energy Development Co., Ltd. (YNEDC) is a wholly owned subsidiary of CTGPC founded for the purpose of implementing CTGPC's development strategy and strengthening its development effort in the new energy sector. YNEDC was incorporated in Shanghai on March 30, 2006 with a registered capital of RMB 1.2 billion.

YNEDC is dedicated to the investment and development, production, operation and sales of new energy, such as wind power. At present, YNEDC owns the rights to develop the Jiangsu Xiangshui and Zhejiang Cixi wind farms. On December 30, 2007, after more than two years of construction, Cixi Wind Farm was fully completed. Upon the official approval of the National Development and Reform Commission in December 2007, the Xiangshui Wind Farm Project started construction in 2008.

Build UP the Three Gorges Project,
Develop the Yangtze River

