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2011 CORPORATE SOCIAL RESPONSIBILITY REPORT



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Introductions to Preparation

Reporting Period: January 1, 2011-December 31, 2011.

Reporting Property: SDIC Annual Corporate Social Responsibility Report.

Preparation Basis: Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by SASAC.

Reference System: The Ten Principles of “The Global Compact” released by the United Nations, ISO26000, Chinese Corporate Social Responsibility Preparation Guide (CASS-CSR2.0) promulgated by Chinese Academy of Social Sciences.

Report coverage: SDIC, its wholly-owned subsidiaries and its partially-owned enterprises of which SDIC is the majority shareholder.

Disclosure Level: The report is mainly prepared with strategic analysis and the qualitative statement of management methods, which contains quantitative performance index in the economic and technical information. The Report adopts statistical data and audited financial data of SDIC.

Special Explanation: The report is prepared according to the characteristics of investment holding companies.

Name Explanation: “State Development & Investment Corp.” will be presented as “SDIC”, “the Corporation” or “the Group”, for convenient expression and reading.

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CHAIRMAN'S ADDRESS

Facing a complicated domestic and overseas economic situation in 2011, SDIC thoroughly applied the scientific outlook on development, adjusted its investment's portfolio and pace, and strengthened management and efficiency. While making every effort to create wealth and value, SDIC integrated social responsibility into its enterprise strategy, corporate culture and business operations, which unified the responsibilities for economy, environment and society as a whole. All economic indicators reached a new high level and SDIC played a more and more crucial role in the development and restructuring of China's national economy.

In the past year, SDIC advanced its Six Transfers actively: transferring from domestic to aboard, from traditional industry to new industry, from western China to east, middle and western China, from general industries to unique industries, from what we can provide to what markets need, and from assets operation to capital operation. To explore the sustainable development of the investment holding corporation, SDIC took actions by thoroughly implementing the "First-class" Strategy, Synergy Strategy, Regional Development Strategy, Energy-efficient, Environmental-friendly and New Energy Strategy, Go Global Strategy, and the Strategy of Strengthening the Corporation

by Talents. SDIC increased investment in key regions and projects to strengthen and optimize industrial investment. Meanwhile, SDIC considered developing financial business as an important approach to optimize resources allocation and to enhance the ability of serving economy and society. Implementing Go Global Strategy and expanding international business were regarded as the necessary demand of making the most of domestic and overseas markets and resources and of self development. SDIC has made active progress in the aspects of foreign trade, overseas engineering contract, export of complete plant and foreign direct investment.

In the past year, SDIC took it as its bounden duty to provide safer, cheaper and cleaner energy to the society. SDIC promoted the development of new energy technology, increased investment in clean energy and explored investment opportunities for clean energy. In 2011, SDIC invested RMB 10.96 billion in clean energy projects such as hydropower, wind power and photovoltaic power, accounting for 54% of its total investment. SDIC's total installed capacity from clean energy projects was 5840 MW, accounting for 31.72% of its total commissioned installed capacity.

In the past year, SDIC took the development of financial service business as the function and means to expand itself. SDIC nurtured and developed financial service business actively, which resulted in the coordinated financial business distribution, including trust company, guarantee company, finance company, futures company, property insurance company, securities investment funds and industrial investment funds. Up to the end of 2011, SDIC's total financial assets were RMB 31 billion, which took 11% of its total assets and generated a profit of RMB 1.4 billion. The assets under SDIC's management were RMB 160 billion.

In the past year, SDIC defined the expansion of new business as the main direction of transferring development pattern. According to the national industrial policy and strategic arrangements in expediting development of burgeoning industries of strategic significance, SDIC took its unique advantages of being an investment holding company to seek appropriate segmenting industries for investment and expansion, and to promote the Energy-efficient, Environmental-friendly and New Energy Strategy. RMB 1.91 billion has been invested to acquire equities of 44 high-tech or new-tech projects.

In the past year, SDIC strived to improve the resources utilization efficiency, exploit mineral associated resources and propel the National Circular Economic Pilot Projects, gas power generator projects and coal-gangue brick projects. SDIC promoted the optimization and upgrading of the industrial

structure continuously, launched energy-saving technology innovation vigorously, and optimized operation mode of generator units. In addition, SDIC concentrated on energy conservation and emission reduction, developed the "Twelfth Five-year Plan" for energy conservation and emission reduction, put the responsibility of energy conservation and emission reduction into practice, and consolidated the management of energy conservation and emission reduction. In 2011, SDIC had completed 20 technical retrofit projects of pollution abatement and 67 technical retrofit projects of energy conservation, and invested RMB 227 million into the technical retrofit of energy conservation and emission reduction. The installation ratio of the desulphurization equipment in thermal power generation enterprises reached 100% and the ratio for denitrification device was 22%. The average coal consumption for per KWh electricity generated was 319.76g, representing a decrease of 2.93g year on year.

In the past year, we established the Board of Directors and the sound mechanism for corporate governance was further improved; we built and improved the management framework and mechanism of our parent-subsidiary management system, clarified our position and function, optimized decision-making process, and strengthened professional management. Additionally, we established systems of total budget management, informationization management, risk management, infrastructure management and work

safety management, carried out elements management, benchmarking management, implemented resources centralized management to decrease cost and increase profits. Those efforts resulted in the proper operations of our business and optimized our management. We not only managed our corporation well, but also shouldered social responsibility as our routine work. We continued to do the poverty relief in designated areas and carried out donations for public welfare actively.

Looking forward to the future, we will aim to establish SDIC as a world-class investment holding company with international competitiveness, which will shoulder important burdens in China's economic and social development and fulfill its responsibility solidly. We will insist on the concepts of green investment and low-carbon development. We will make efforts to realize green and sustainable development by enhancing resources utilization efficiency, reducing the emission of pollutants and intensifying the protection and treatment of ecological environment. We will continue to care every employee and serve society wholeheartedly. With its accelerated development, SDIC will contribute to the country and society, as well as benefit shareholders and its employees.

Wang Huisheng
Chairman, SDIC

CORPORATE PROFILE



Incorporated on May 5, 1995, SDIC now has a registered capital of RMB 19.47 billion. By the end of 2011, it had total assets of RMB 276.64 billion and 85,204 employees. Its prime operating revenue and profit are RMB 77.381 billion and RMB 9.477 billion respectively. SDIC was ranked among Top-class enterprises in the annual performance assessments by State-owned Assets Supervision and Administration Commission of the Chinese State Council (SASAC) for the seventh consecutive year and was awarded the title Excellently-Performing Enterprise for two periods, namely from 2004 to 2006 and from 2007 to 2009.

Since its establishment, SDIC has continuously improved development strategy, optimized assets composition, and built its unique tri-pillared business framework integrating industrial investment, financial services and state-owned assets operation. SDIC's industrial investment focuses on power generation, coal mining, ports and shipping, chemical fertilizer production and other infrastructure or resource-oriented fields as well as high-tech industries. In financial services, SDIC emphasized trust, guarantee, funds, insurance, assets management and

consulting service. Moreover, its state-owned assets operation concentrated on the participation in the regrouping of the central enterprises, according to the orientation and demands of a state-owned assets operation platform decided by SASAC.

Under the development pattern of “combining capital operation and assets operation”, SDIC has successfully increased its assets value.

SDIC has established the Board of Directors and practiced a parent-subsidiary management system, with Mr. Wang Huisheng as Chairman (legal representative) and Mr. Feng Shidong as President. In its headquarters there are 13 functional departments. In total, there are 157 3-tier or above subsidiaries wholly-owned or controlled by SDIC, five of which are listed companies, namely SDIC Huajing Power Holding Co., Ltd. (share code: 600886), SDIC Xinji Energy Co., Ltd. (601918), SDIC Zhonglu Fruit Juice Co., Ltd. (600962), Sinotex Investment & Development Co., Ltd. (600061) and China National Complete Plant Import & Export Co., Ltd. (000151).

Prime
Operating
Revenue
77.381
(billion RMB yuan)

Profit
9.477
(billion RMB yuan)

Main Data

Main business data	2011	2010	2009
Total assets (in hundred million RMB yuan)	2,766.40	2,373.49	2,101.46
Owner's equities (in hundred million RMB yuan)	856.13	724.71	657.81
Prime operating revenue (in hundred million RMB yuan)	773.81	597.03	455.71
Total tax (in hundred million RMB yuan)	94.77	68.15	56.20
Profit (in hundred million RMB yuan)	87.28	70.15	68.26
Economic value added (in hundred million RMB yuan)	31.2	6.9	4.5
Rate of assets value increase	105.77%	105.51%	108.69%

Main environmental data	2011	2010	2009
Investment in technical retrofit for pollution abatement (in ten thousand RMB yuan)	13,373	14,705	40,461
Energy consumption (in ten thousand tons of standard coal)	1,468	1,287	1,070
Energy consumption per RMB 10,000 output (in tons of standard coal per RMB 10,000)	2.69	2.91	3.17
Coal consumption of thermal power units (in g/kWh)	319.76	322.69	330.56
Emission of sulfur dioxide (in ten thousand tons)	3.30	2.86	4.98
Oxygen demand (in ton)	604	568	630

Main social data	2011	2010	2009
Total employees	85,204	76,527	72,043
Newly-added jobs	13,985	13,452	16,634
Expense on work safety (in hundred million RMB yuan)	7.0	7.9	3.8
Death toll of work accidents	2	7	4
Death toll per million tons coal produced	0.07	0.26	0.12
R&D expense (in ten thousand RMB yuan)	29,140	49,111	43,774
Donation for public welfare (in ten thousand RMB yuan)	2,873	4,794	3,891

CORPORATE VALUE

Corporate Tenet

Working for Investors,
for Society and for
Employees

Corporate Vision

Becoming a World-
class Investment
Holding Company
with International
Competitiveness

Corporate Core Value

Harmony-
oriented, Wealth
Creation, Scientific
Development

Corporate Spirit

Developing with
Innovation and
Pursuing for Excellence

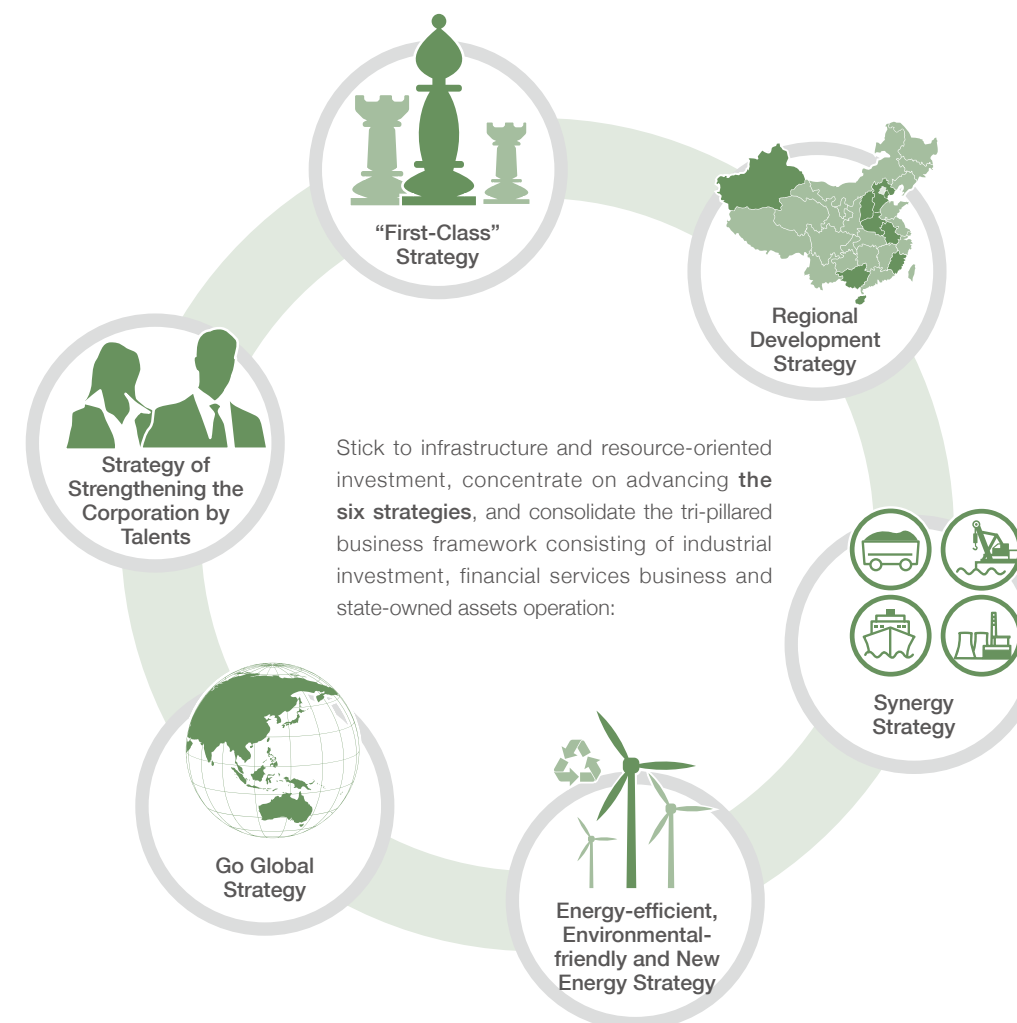
Operation Concept

Combination of Capital
Operation and Assets
Operation

Cooperative Idea

Integrity and Win-win
Cooperation

CORPORATE STRATEGIES



"First-Class" Strategy

Establish a first-class enterprise, achieve a first-class level, and create the first-class performance.

Regional Development Strategy

Optimize and unify SDIC's resources in specific regions to form industrial clusters, and cultivate comparative advantages and competitive edges in those regions.

Synergy Strategy

Enhance SDIC's overall competitive edge with synergy between its business sectors, between its projects and between the regions where it operates.

Energy-efficient, Environmental-friendly and New Energy Strategy

Increase investment in the field of energy-efficient, environmental-friendly and new energy, cultivate the industrial advantages, and expand new growth points.

Go Global Strategy

Promote SDIC's internationalization with the business combination of international trade, international cooperation and foreign direct investment.

Strategy of Strengthening the Corporation by Talents

Make innovation in the talent development mechanism and promote the creation of talent pool and implementation of key talent project in accordance with the corporate strategies and development goals.

CORPORATE GOVERNANCE AND ORGANIZATION STRUCTURE

Management Team



Vice President Qian Meng	Vice President Chen Dechun	Vice President Shi Hongxiang	Chairman Wang Huisheng	President Feng Shidong	Chief of Discipline Inspection Group Deng Shiji	CFO Zhang Hua	Vice President Li Bing
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Corporate Governance

SDIC has established the Board of Directors, which consists of nine directors, five outside directors and four non-outside directors, including one worker director. The Board of Directors is the supreme decision-making body, and the chairman is the corporate legal representative. There are Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee, and Audit and Risk Management Committee under the Board of Directors.

In 2011, the Board of Directors operated smoothly. It had formulated nine management rules including Rules of Order for the Board of Directors, convened five board meetings, and made decisions about 26 issues involving the corporate management rules, personnel appointments, strategic planning and major investment.

The managers are the corporate executive agency, responsible for supporting and executing the decisions of the Board and for the routine operations and management.

SDIC has established a parent-subsidary management system with the bond of capital. It implements the three-level management of headquarters, subsidiaries, and invested-in enterprises.

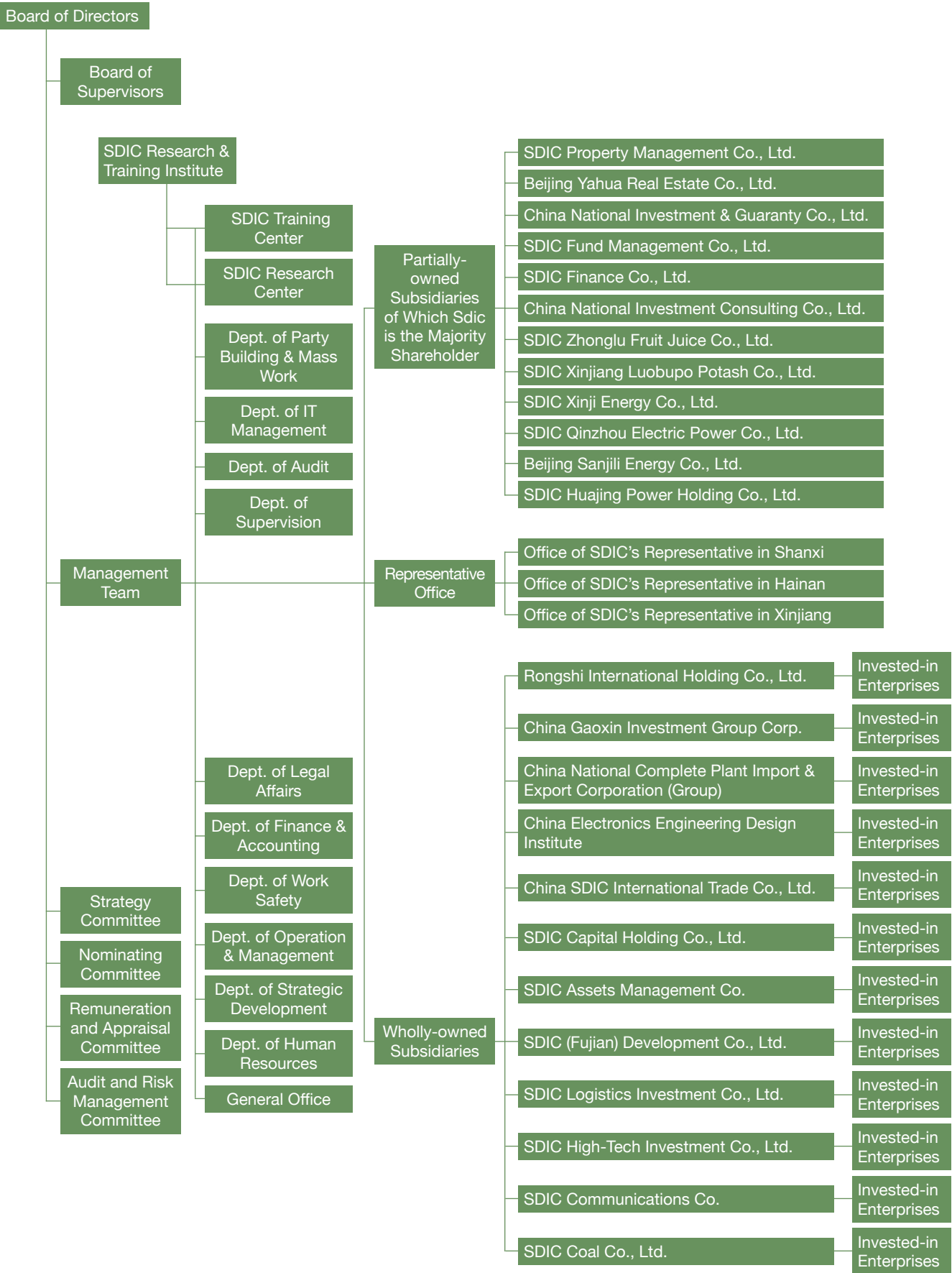
As the core of strategic decision, investment decision, operation monitoring and information sharing service, the headquarters takes charge of corporate key decision-makings about strategy development, operation objectives and investment. Moreover, the headquarters supervises the operation of subsidiaries and invested-in enterprises and offers them support.

As the platforms of professional management, the subsidiaries are responsible for managing invested-in enterprises, hunting for investment opportunities, promoting business development and improving operational performance of invested-in enterprises.

As the operating units, invested-in enterprises are profit centers of SDIC, taking the responsibility of day-to-day operation and management.

All SDIC's invested-in enterprises have established normative corporate governance structure. According to the Company Law, SDIC has appointed directors and supervisors to the invested-in enterprises, and evaluated and supervised the comprehensive performance of economic, social and environmental operations by their management teams.

Organization Structure



CORPORATE SOCIAL RESPONSIBILITY

SDIC integrated social responsibility into its development strategy, business management and corporate culture, and enhanced the awareness and ability to fulfill corporate social responsibility. With efforts, it actively realized the economic, environmental and social value from the corporate development.

Responsibility Concept

Rooted in Morality Rewarding Society

Rules Formulation

In order to boost the corporate social responsibility, to intensify the guidance of social responsibility issues, and to blend social responsibility into corporate routine operations, SDIC has established the Council on Social Responsibility, with corporate chairman as the council chairman

and other corporate leaders as the council members. This council is responsible for discussing and arranging corporate social responsibility work, including building and improving the mechanism for SDIC to fulfill its social responsibility, making progress in the aspects of rules formulation, mechanism improvement, etc.

All departments in SDIC's headquarters are responsible for advancing social responsibility work in accordance with their functions. All subsidiaries and invested-in enterprises take charge of implementing specific social responsibility work under headquarters' unified deployment.

Cultivate Responsibility Culture

SDIC includes social responsibility into training courses for middle-level managers,

aiming at spreading the concept of social responsibility and integrate it into corporate management.

Prepare and Release Social Responsibility Report

SDIC set up a working group responsible for preparing the corporate social responsibility report, with a vice president as the group leader and all executive directors of functional departments as the members. The group took charge of arranging, preparing and releasing corporate social responsibility report.

SDIC has released Corporate Social Responsibility Report for four successive years to announce to the public the concept, actions and performance about the implementation of social responsibility.

Social Opinions

SDIC actively implemented its corporate social responsibility and won the public reputation. We have been ranked among Top-class enterprises in the annual performance assessments by SASAC for seven consecutive years and awarded the title Excellently-Performing Enterprise for the period from 2007 to 2009; we acquired the "Annual Award for Caring for Public Welfare in 2011" by China Foundation for Poverty Alleviation; we have gained honorary title of "'Love in the Xicheng District' Charity Corporation in 2011" by Xicheng District; our 2010 Corporate Social Responsibility Report won the "Golden Bee Excellent Corporate Social Responsibility Report Award in 2011" jointly issued by China WTO Tribune and International Research Center for Social Responsibility and Sustainable Development of Peking University. SDIC Xinjiang Luobupo Potash Co., Ltd.'s "Conquer the Sea of Death, develop potash fertilizer for benefiting farmers" was selected as "Central Enterprises' Excellent Corporate Social Responsibility Practices". SDIC's headquarters has been granted "A-class

Tax Credit Enterprises" for eight consecutive years by State Administration of Taxation of Beijing City and Tax Bureau of Beijing jointly, after receiving "A-class Tax Credit Enterprise" awarded by Beijing Government in 2005. SDIC Huajing Power Holding Co., Ltd., SDIC High-Tech Investment Co., Ltd., and SDIC Trust Co., Ltd. were also granted "A-class Tax Credit Enterprises" by Beijing Government. SDIC Datong Energy Co., Ltd. was granted titles of "Model Civilized and Harmonious Unit", "A-class Tax Credit Enterprises in Datong" and "Green Grade of Corporate Environmental Behaviors in Shanxi Province" by Datong Municipal CPC Party Committee and Datong Municipality Government. SDIC Trust Co., Ltd. won "Credit Trust · Innovation Leadership Award" for four consecutive years. SDIC Xinjiang Luobupo Potash Co., Ltd.'s potash magnesium sulphate fertilizer with the brand name of "Luobupo" was honored the title of "Elite Brand Product" in Xinjiang again. Jingmin Central Hotel has obtained the highest honor in the global services, "Five Star Diamond Award" issued by the American Academy of Hospitality

Sciences and "Golden Star Award for Chinese Hotels" by China's National Tourism Administration, "Harmonious Labor Relations Enterprise in Fujian Province", "Enterprise with Prominent Contribution to Economy and Society in Fujian Province" and "Model Enterprise for Energy Conservation and Emission Reduction in Xiamen City". SDIC Xindeng Zhengzhou Coal Co., Ltd. was rated AAA level enterprise in 2010 by the Corporate Credit Certification Committee in Zhengzhou, and "May 1st Labour Diploma in Zhengzhou" and "The Top Ten Units for the Construction of Professional Ethics" by the Federation of Trade Unions of Zhengzhou City. SDIC Qinzhou Electric Power Co., Ltd. was selected as one of "The Top Ten Responsible Enterprises for Green" in the Fourth International Forum for China's Green Development jointly held by United Nations Environment Program and other agencies. China Electronics Engineering Design Institute acquired "Green Asian Living Environmental Award · New Beautiful Landmark in Asian Rural Areas" with its design of a Ultra-high building, Huaxi Village in the Sky.

STAKEHOLDER ENGAGEMENT

Name of stakeholder	Ways of communication	Expectation for SDIC
Government	Working conference Routine communications	Drive China's economic and social development Abide by laws and regulations Fulfill the social responsibility
SASAC	Assessment of the corporate performance Supervision Working conference Report	Increase assets value Standardized operation and management Enhance the corporate competitiveness
Partners	Signing cooperation agreement Contract execution High-level meeting Routine communication	Reciprocity and mutual benefits Common development
Customers	Products and service Interview and discussion Questionnaire survey	Provide standard and efficient services Satisfy customers' demands
Invested-in enterprises	Setting operation goals Performance assessment Conferences and discussion Survey and discussion Routine management	Provide guidance and support Clarify responsibility Promote innovation Management, coordination and service
Employees	Employees' Congress and discussion Training Suggestion and feedback Participation in decision-making Working communications	Stick to "people oriented" concept Running the Corporation with the collective efforts from all employees Emphasize the training of employees Competitive remuneration Sustainable and healthy development
Creditors	Regular Communications Information Disclosure	Operate soundly Pursue long-term value Emphasize risk management
Social organizations	Participation in their activities Provision of necessary support	Support and participate in their activities Abide by their rules
Communities and the public	Information disclosure Press conference Communications	Provide information in time and accurately Take part in the community activities Co-build harmonious community

PARTICIPATION IN SOCIAL GROUPS & ORGANIZATIONS

Name of social group or organization	SDIC's position in the group or organization
The Investment Association of China	Vice Chairman
Professional Committee of State-owned Investment Corporation of the Investment Association of China	Chairman
China Enterprise Confederation	Vice Chairman
China Enterprise Directors Association	Standing Director
China Center for International Economic Exchanges	Standing Director
China-Europe Association for Technical and Economic Cooperation	Director
China International Institute of Multinational Corporations	Standing Director
China Chamber of International Commerce	Member
The Learning Society Forum of Party School of the Central Committee of C.P.C.	Standing Director
China Group Companies Association	Vice Chairman
China Electric Power Promotion Council	Vice Chairman
China Association of Work Safety	Standing Director
China Tendering and Bidding Association	Standing Director
China Association of Chief Financial Officers	Director
National Association of Financial Market Institutional Investors	Standing Director
China Institution of Internal Audit	Director
China Society of Administrative Reform	Vice Chairman
China Electricity Council	Director
Chinese Society for Electrical Engineering	Standing Director
China Society for Hydropower Engineering	Standing Director
China Ports & Harbors Association	Standing Director
China Inorganic Salts Industry Association Potash Branch	Standing Director
China Phosphate Fertilizer Industry Association	Standing Director
China Coal Transportation & Sale Society	Vice Chairman
China National Association of Finance Companies	Director
China Trustee Association	Director
China Association for the Promotion of Industrial Development	Director
China Cotton Association	Member
China Pharmaceutical Association of Engineering Design	Vice Chairman
China Association of Machinery Industry for Environmental Protection	Director
China National Association of Engineering Consultants	Standing Director
China Association of International Engineering Consultants	Standing Director
China Civil Engineering Society	Director
China Association of Building Energy Efficiency	Standing Director
China Electronics Enterprises Association	Vice Chairman
China International Contractors Association	Director
China Engineering Cost Association Foreign Professional Commission	Vice Chairman
China International Economic Cooperation Society	Director
China Chamber of Commerce of Foodstuffs and Native Produce	Standing Director
Pan-American Surety Association	Member
International Credit Insurance & Surety Association	Member
The Surety & Fidelity Association of America	Member

RESPONSIBILITY FOR ECONOMIC DEVELOPMENT

In 2011, SDIC adjusted investment's portfolio and pace, strengthened management and efficiency, advanced actively its "Six Transfer", with transferring its development pattern as the cardinal line. Moreover, SDIC continuously focused on its main business, optimized its assets composition and developed the international business to promote business development steadily with significant economic return and improvement of value creation and sustainable development ability. SDIC was ranked among Top-class enterprises in the annual performance assessments by SASAC for seven consecutive years, contributing actively to China's economic and social development.



I. Operation Performance Hit Record High

In 2011, SDIC responded to the deterioration of its operation environment positively by adjusting its investment's portfolio, managing risks, and operating soundly. The business in all sectors developed smoothly and main business indicators hit record high. The total assets reached RMB 276.64 billion, up by 16.55% year on year; prime operating revenue reached RMB 77.381 billion with an increase of 29.61%; profit hit RMB 9.477 billion, representing an increase of 39.06% compared to previous year; the tax paid and the Economic Value Added were RMB 8.728 billion and RMB 3.12 billion respectively. With increasing the value of its assets by 5.77%, SDIC fully accomplished the annual operation objectives set by SASAC.

II. Industrial Investment Further Consolidated

SDIC aligned its development with the need of our country and society, actively increasing investment in the infrastructure and resource-oriented industries and burgeoning industries of strategic significance, continuing to strengthen and optimize its industrial sector, aiming at playing its unique role in China's economic restructuring.

Assets
276.64
(billion RMB yuan)

Prime
Operating
Revenue
77.381
(billion RMB yuan)

Profit
9.477
(billion RMB yuan)

Tax
87.28
(billion RMB yuan)

⚡ **Electric power:** As one of the thirteen major hydropower bases planned by China's central government, the Project of Cascade Hydropower Development at Downstream of Yalong River developed smoothly. The fully breakthrough of Jinping hydraulic tunnel group, which are the most deeply buried and largest in comprehensive scales in the world, laid the foundation for the first unit in Jinping II Hydropower Station to generate electricity in 2012; Guandi Hydropower Station's Dam concreted to the top; Tongzilin Power Station successfully dammed the main river channel; Lianghekou and other power stations planned at the midstream speeded up their preliminary work for construction; the Construction Administration Bureau of Yalong River Upstream has been established. All these resulted in the exploitation pattern along the whole Yalong River of "the upstream echoing with the downstream, all the parts of the river linking with each other, every station developing properly and in order". SDIC Jincheng Power Plant, SDIC Jiuquan Second Wind Power Co., Ltd., Shizuishan Photovoltaic Power Project and Geermu Photovoltaic Power Project went into operation, increasing SDIC's installed capacity by 827 MW. Moreover, Yili thermal power project was approved to start construction. SDIC's installed capacity both commissioned and under construction was more than 33,000 MW.

⛏ **Coal mining:** SDIC Hami Energy Development Co., Ltd. began to build an extra large underground mine with the capacity of 12 million tons. Baiyangling Coal Mine of SDIC Xiyang Energy Co., Ltd. and other projects were put into operation. Additionally, the 5-million-ton Kouzidong Coal Mine of SDIC Xinji Energy Co., Ltd. started test run. Lijiahe Mining Company in Shaanxi Province registered for establishment, which increased SDIC's reserve of coal resources by 500 million tons. So far SDIC's total reserve of coal resources has reached 25.1 billion tons, and the annual capacity both commissioned and under construction reached 36.53 million tons.

🚢 **Communications:** The 50-million-ton follow-on project of SDIC Caofeidian Port Co., Ltd. and the capacity expansion revamping of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. advanced smoothly. The first-phase of SDIC Meizhou Bay Coal Port with a throughput of 15 million tons, SDIC-Vopak Yangpu Tank Terminal and its supporting storage and transportation facilities, the largest domestic commercial oil reserve base with an investment of RMB 2.9 billion, began their construction. SDIC ports' handling capacity both commissioned and under operation approached 300 million

tons, which made SDIC the largest operator of public ports among central enterprises. After increasing the investment in Mengji Railway and acquiring the equity of Meizhou Bay railway branch line, SDIC increased the total distance of railway with its investment to more than 1,600 km.

🧪 **Chemical fertilizers:** SDIC Xinjiang Luobupo Potash Co., Ltd.'s phase-II project, with 1.7-million-ton potash fertilizer annual capacity, advanced successfully. This company sold 1.11 million tons of potassium sulfate, up by 37% year-on-year, making it the largest producer of potassium sulfate in the world.

Sales Volume
of Potassium
Sulfate

1.11
(million tons)

2011 HIGHLIGHTS

The largest hydraulic tunnel group ran through.

The Jinping-II Hydropower Station of Ertan Hydropower Development Co., Ltd. is the largest hydropower station in terms of installed capacity in Yalong River, which is a landmark project in China's Western Development Program and also the strategic major power supply point of the "West to East" Electricity Transmission. Jinping-II Hydropower Station has been designed with four diversion tunnels across the Jinping Mountain, a drainage tunnel, and two access tunnels. With the sum length of 120 km, they formed the largest hydraulic tunnel group in the world. In June and August, 2011, the number one and number two diversion tunnels ran through respectively. Each of them is 16.7 km long and they are the deepest diversion tunnels in the world; late on December 8, the number four diversion tunnel ran through. In building this tunnel, several world records were made, such as comprehensive prevention and control of strong rock burst, blocking of high-pressure and high-volume gushing water. The successful commission of these tunnels laid a solid foundation for the first unit of Jinping-II Hydropower Station to begin generation in 2012.

2011 HIGHLIGHTS

The ports controlled by SDIC boasted a throughput capacity of over 200 million tons.

In 2011, both SDIC Caofeidian Port Co., Ltd. and SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. reached expected throughput capacity of 180 million tons. The follow-on project of SDIC Caofeidian Port Co., Ltd., the capacity expansion revamping of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd., SDIC Meizhou Bay Coal Port and SDIC-Vopak Yangpu Tank Terminal all began their construction. SDIC ports' commissioned handling capacity approached 220 million tons, which made SDIC the largest operator of public ports among central enterprises.

According to China government's plan to speed the development of burgeoning industries of strategic significance, SDIC redesigned the business scope of China Gaoxin Investment Group Corp. and SDIC High-Tech Investment Co., Ltd., with the clarification that China Gaoxin Investment Group Corp. was responsible for investment in high-tech and new-tech enterprises in those industries who receive preferential policy support from the government, while SDIC High-Tech Investment Co., Ltd., as an comprehensive investment company, was responsible for investment in burgeoning industries of strategic significance including energy conservation, environmental protection and new energy industries, and for the industrial investment except investment in electricity, coal, ports and communications.

According to the characteristics of venture capital investment, China Gaoxin Investment Group Corp. adjusted the organization and established eight professional investment teams, in order to strengthen the investment in burgeoning industries of strategic significance. It invested successively in 42 projects in areas of medicine, electronics, telecommunications, new materials, new energy, new information technology, energy-efficient and environmental-protection industry and cultural industry, and nine of them have been publicly listed successfully.

As the entrusted management agency of government capital participating in establishing venture capital funds, the investment project launched by National Development and Reform Commission and Ministry of Finance to support burgeoning industries, SDIC High-Tech Investment Co., Ltd. used RMB 1.45 billion entrusted by the central government to participate in 29 venture capital funds. With RMB 7.35 billion later attracted from local and private funds, the total amount of capital raised in these 29 funds was RMB 8.8 billion. Besides, with RMB 560 million also entrusted by the central government, SDIC High-Tech Investment Co., Ltd. invested in 19 venture capital projects. So, by the end of 2011, SDIC High-Tech Investment Co., Ltd. has been entrusted to manage more than RMB 2 billion for national venture capital investment.

Distribution of SDIC's investment in burgeoning industries of strategic significance

Industry	Number of projects	Amount (Ten Thousand yuan)
New materials	9	32,655.03
Biomedicine	9	12,604.68
Advanced manufacturing	6	23,757.68
New generation Information Technology	7	28,371.00
Energy efficient and environmental protection	4	27,960.00
New energy	2	4,500.00
New-energy vehicle	1	23,478.00
Modern logistics	1	8,071.55
Non-ferrous metal	1	5,091.00
Culture	1	2,000.00
Others	3	22,623.00
Total	44	191,111.94

2011 HIGHLIGHTS

Developing potash fertilizer at "Sea of Death".

In order to ease China's shortage of potash fertilizer and satisfy the demand for potash fertilizer for agricultural use, SDIC made investment to establish SDIC Xinjiang Luobupo Potash Co., Ltd. to develop potash resources at "Sea of Death". This company has built a potash fertilizer project with the annual capacity of 1.2 million fertilizers, which is a key project in China's 11th Five-year Plan.

Luobupo Salt Lake is one of the largest dry salt lakes in the world, with rare precipitation and great evaporation. From March to May, gales above six-grade appears frequently with occasional sand storms. The annual average temperature in the lake area is 13.4°C with big parity between day and night. The temperature in daytime could be as high as 48°C while it could be down to only about 10°C in nighttime. In this extremely bad environment where there was no road, no freshwater and no communication signals, SDIC Xinjiang Luobupo Potash Co., Ltd. began to explore potash resources on the boundless and inaccessible Gobi desert, the "Sea of Death".

Setting their feet on the characteristics of potash resources in Luobupo, SDIC Xinjiang Luobupo Potash Co., Ltd. relied on its own R&D strength, made breakthrough on a series of technical obstacles, solved the problem of serious imbalance between the potassium and sulphur in the Luobupo brine, finally produced high-quality potassium sulfate after acquiring the key technology which featured replacing fresh water with brackish water, and created the miracle that it would only consume one third amount of water needed in traditional technology in the production of potassium sulfate. After the successful lab trial and pilot trial, SDIC Xinjiang Luobupo Potash Co., Ltd. quickly turned the technological achievement into economic benefit.

In February 2006, National Development and Reform Commission officially approved the potassium sulfate project with an annual capacity of 1.2 million tons at Xinjiang Luobupo potash base and listed it as a key project in China's 11th Five-year Plan. The total investment was RMB 4.8 billion. In November 2008, it was put into operation, and accepted by State Administration of Work Safety and Ministry of Environmental Protection. Now all facilities run smoothly.

To comprehensively exploit resources in Luobupo Salt Lake, SDIC Xinjiang Luobupo Potash Co., Ltd. not only learnt from experience of salt lake development both domestic and abroad, but also actively developed its own R&D strengthen. With those efforts, it has solved a series of difficulties related to key industrial application and invented proprietary technology in producing potassium sulfate from brine. It spent RMB 239 million in R&D to undertake research programs listed in Scientific and Technological Breakthrough Programs in China's 10th Five-year Plan and 11th Five-year Plan. It has applied for 20 patents, among which 18 has been granted. Its Study on Development of Potash Resources in Luobupo Area even won First-grade Award for National Scientific and Technologic Progress. With great efforts, SDIC Xinjiang Luobupo Potash Co., Ltd. has embarked on a sustainable, reasonable, highly-effective and high-return road to circular economy.





When SDIC Xinjiang Luobupo Potash Co., Ltd. started its journey, there was no mature technique and experience in developing potash resources and effective extracting high-quality potassium sulfate from the brine. The key technology was monopolized by foreign countries. SDIC Xinjiang Luobupo Potash Co., Ltd. overcame these difficulties plus severe shortage of fresh water and supporting facilities and thoroughly studied the features of Luobupo's resources and industrial conditions. Finally, after successfully exploration trial, lab trial, pilot trial and industrial-level trial, it developed its proprietary technology for producing potassium sulfate from Luobupo's magnesium sulfate brine and was able to produce high-quality potassium sulfate. Different from foreign countries' traditional ways, SDIC

Xinjiang Luobupo Potash Co., Ltd. extracts salt pan products--potassium ores and carnallite with larger quantity and better quality through the process of salt pan classification, brine mixture and so forth. This process has not only solved the problem of shortage of raw material in the production of potassium sulfate, but also filled the vacancy of producing potassium sulfate from salt lake brine in China.

In order to achieve the comprehensive utilization and high-value development of symbiotic resources in Luobupo salt lake, SDIC Xinjiang Luobupo Potash Co., Ltd. applied and executed Research on Key Technologies for Comprehensive Utilization of Resources in Luobupo Salt Lake, a key scientific and technologic supporting program listed in China's

11th Five-year Plan. This research included five subjects, namely: 1. Study and building of amphibious salt-mining ship and its supportive systems for potassium, magnesium and vanadium minerals; 2. Technology of producing potash magnesium sulphate fertilizer from low-degree minerals from Luobupo Salt Lake; 3. development of extracting magnesium sulphate from epsomite and dehydrated magnesium sulphate production; 4. research of extracting lithium, magnesium and boron simultaneously from the old brine with high ratio of magnesium and lithium; 5. research of indirect dehydration of bischofite. During the research, SDIC Xinjiang Luobupo Potash Co., Ltd. successfully developed the first industrial-use amphibious salt-mining ship in the world. This ship can excavate not only potassium, magnesium, vanadium minerals, but also carnallite minerals. This success is conducive to improving the comprehensive use of Luobupo's resources, addressing the issue of the comprehensive utilization and high-value development of symbiotic resources there and to reducing the discharge of waste water, waste gas and waste material.



III. Speedy Development of Financial Services

SDIC has been active in developing its financial services to improve the ability to serve the society. It established a positive business layout where its trust company, guarantee company, finance company, futures company, property insurance company, securities funds and industrial investment funds developed in synergy. This has enriched the function and means of investment holding company. SDIC Capital Holding Co., Ltd. has executed professional management to all SDIC invested-in financial projects and has primarily achieved a condition where those financial projects developed in synergy and coordinated in a win-win way. By the end of 2011, SDIC's total financial assets were RMB 31 billion, and the assets under SDIC's management were more than RMB 160 billion.

SDIC's financial subsidiaries have invented new modes of business development, and created greater value for its customers through providing more products and improving services. SDIC Trust Co., Ltd. successfully launched real estate equity trusts, affordable housing trusts, wine trusts etc.. The assets under its management reached RMB 38.6 billion by the end of 2011. SDIC Finance Co., Ltd. has pushed forwards the building of the platform for SDIC's comprehensive financial service and has successfully joined the Local Currency

2011 HIGHLIGHTS

SDIC Finance Co., Ltd. was elected as director member of China National Association of Finance Companies (CNAFC).

Since its establishment in March 2009, SDIC Finance Co., Ltd. has scaled up its efforts in account authorization, fund collection and fund operations. It has reinforced the centralized management of fund, enhanced the efficiency of fund use, providing professional financial service to other companies in SDIC group. This has improved the professional management of SDIC's internal fund dramatically.

Assets under SDIC's Management

160
(billion RMB yuan)

System of National Interbank Funding Centre and obtained the business license for IPO inquiry and for the agent for household property insurance. It has provided tailored service for SDIC's invested-in subsidiaries. By the end of 2011, it has collected fund of RMB 14.5 billion and offered loans of RMB 9.6 billion to SDIC Group members.

After restructured to a sino-foreign joint venture, China National Investment & Guaranty Co., Ltd. reorganized its management system and mechanism, adjusted its business portfolio and reinforced technological innovation and the ability of sustainable development, with the aim of IPO. It saw great increase in scale and balance of guaranteed assets as well as income and profit with an increase in guaranteed assets of RMB 57.4 billion. SDIC CGOG Futures Co., Ltd. actively adjusted its composition of investors and products mix, tried to turn its focus from agricultural product futures to a

comprehensive mix of products. It has been rated as A-class futures company for two consecutive years. Jintai Property Insurance Co., Ltd. was established in 2011 and in that year alone its premium has exceeded RMB 100 million.

2011 HIGHLIGHTS

SDIC Trust Co., Ltd. established the first wine trust in China.

SDIC Trust Co., Ltd. has been actively enhancing its innovation ability and exploring alternative trusts, which resulted in the establishment of a full-fledged product chain including gold investment trust, artworks trust, and luxury goods trust. In 2011, it established China's first wine trust, with the aim of helping promising domestic wine producers to build high-end brand. This trust even purposefully registered a brand "Agni" for the wine trust fund, which meant the integration of domestic trust brand and high-end wine brand for the first time.

of 2011, SDIC Finance Co., Ltd. has made 462 loans worth of RMB 26.3 billion to the Group's members, which has effectively satisfied the financing demand of the Group's members in construction and operations.

At CNAFC's 14th Conference, SDIC Finance Co., Ltd. was selected as the director member and its Chairman, Mr. Zhang Hua, was elected as the Chairman.

IV. Effectively Promoting State Assets Operation

According to the requirement from SASAC, SDIC has been playing as a platform for state assets operation. It has promoted the acquired former central enterprises to review business, clarify strategic position, reformed systems and mechanisms, reinforced synergy and integration. Those efforts helped those acquired enterprises achieve sound development.

SDIC has accelerated its restructuring process. In 2011, SDIC has pulled out from 134 non-mainstream projects and reclaimed RMB 1.97 billion, which optimized its asset structure.

V. Positively Carrying out Capital Operation

SDIC has strived to improve the capital operation ability and established a sound pattern combining capital operation with assets operations.

In 2011, SDIC formulated the Outline of Capital Operation Blueprint in next Five Years which made clear the development plan and focuses of capital operation in the future, and improved information disclosure rules.

SDIC has expanded financing channels and created new financing methods. It took advantage of the financing function of the capital market and market mechanism to satisfy the financing demands of its mainstream business.

In 2011, SDIC's long-term and short-term credit ratings were both AAA, and its rating prospect was stable. It has successfully issued RMB 3 billion corporate bonds,

RMB 1.5 billion short-term financing bonds and RMB 2 billion medium term notes. It has opened the new financing channels of insurance bond funds, China Export and Import Bank credit loans and bonds to private equities, providing stable source of capital for SDIC's long-term and sound development.

In the year 2011, SDIC Huajing Power Holding Co., Ltd., a publicly listed company, has successfully accomplished recapitalization for three times including convertible bonds, corporate offering and non-public directional debt financing, which has raised RMB 7.08 billion. This has effectively promoted cascade hydropower development in Yalong River and itself development. In the sixth New Fortune program on ratings of capital market activities, the convertible bond of SDIC Huajing Power Holding Co., Ltd. ranked the third in the Best Convertible Bonds Projects in A-Share Market, and its corporate offering ranked the second in the Best Offering Projects in A-Share Market.

2011 HIGHLIGHTS

Exercising trusteeship over China Gaoxin Investment Group Corp. and successfully resolving the crisis of Gaoxin Zhangtong (share code 002075).

China Gaoxin Investment Group Corp. has been in a state of low-profit for a long time. In June 2008, Gaoxin Zhangtong (002075), its controlled listed company, was charged with serious irregularities, as a result it was investigated by the regulatory authorities.14 banks waited to collect debts, the corporate fund chain was broken, its assets were frozen, and operation was in a state of stagnation. Afterwards, the stocks of Gaoxin Zhangtong were dumped as ST shares. Small and medium share holders filed a class action lawsuit on the account that Gaoxin Zhangtong counterfeited its performance.

China Gaoxin Investment Group Corp.'s bank account and assets were frozen owing to its guarantee liability of Gaoxin Zhangtong. In September 2008, SASAC demanded SDIC to exercise trusteeship over China Gaoxin Investment Group Corp..

After taking over China Gaoxin Investment Group Corp., SDIC organized professional team quickly to resolve the crisis of Gaoxin Zhangtong and to promote the restructuring

and transformation of China Gaoxin Investment Group Corp.. Successful restructuring of Gaoxin Zhangtong paved the way for its survival, and led it to sound development.

After taking over China Gaoxin Investment Group Corp., SDIC quickly launched a comprehensive and thorough diligence investigation and crisis assessment to Gaoxin Zhangtong, in order to understand the core of the crisis and the influence it had.

After the comprehensive research and consideration, SDIC confirmed the reorganization of Gaoxin Zhangtong by bringing in strategic investors. After several rounds of selection, SDIC finally chose Jiangsu Shagang Group Co., Ltd. (Shagang) with competitive edge as the counterpart. In December 2008, a plan of assets reorganization was decided, which was Gaoxin Zhangtong issued shares to buy 63.79% of the Huaigang Tegang's equity from Shagang. In December 2010, this plan was approved by the relevant parties.

SDIC put great emphasis on the appeals from employees and stakeholders, and guaranteed the stability of Gaoxin Zhangtong during the reorganization, in order to create favorable conditions for the smooth implementation of the reorganization plan.

With the assistance from SASAC, China Securities Regulatory Commission and Jiangsu Provincial Government, SDIC worked with relevant parties to respond to the complicated conditions positively, and carried out work in all aspects steadily. In April 2011, *ST Zhangtong completed its reorganization and renaming, and went public again.

The successful solution of Gaoxin Zhangtong crisis recovered the economic losses of more than 60,000 share holders, avoided lay-off of about 4,000 employees of Gaoxin Zhangtong and relevant enterprises, safeguarded the interests of all staff, and prevented great loss of state assets. In the year 2011, the reorganization program of *ST Zhangtong was given Innovation Award by Shenzhen Stock Exchange.



VI. Notable Results were Achieved from Optimizing Resources Allocation

SDIC has been committed to optimizing resource allocation according to market principles. It has promoted business synergy, tapped in competitiveness of the whole SDIC Group, in order to further enhance its ability to serve China's economy and society and maximize interests of the whole group.

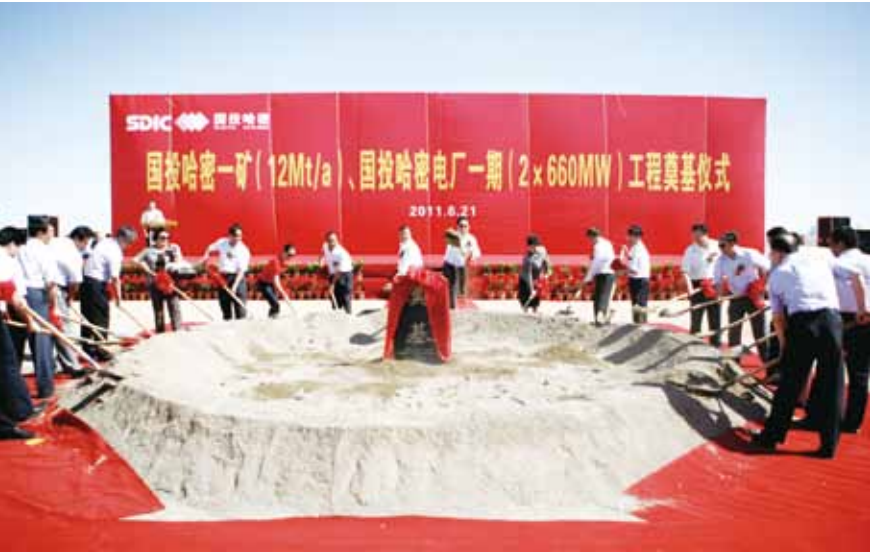
SDIC accelerated the integration of resources, boosted the restructuring of relevant businesses, improve its professional

management. It restructured Department of Fertilizers Investment, SDIC High-Tech Investment Co., Ltd. China Gaoxin Investment Group Corp. and SDIC Assets Management Co.. After restructuring, China Gaoxin Investment Group Corp. and SDIC High-Tech Investment Co., Ltd. made great efforts to expand businesses, enriched and strengthened the corporate profit pool according to their new strategic positions and demand. SDIC's headquarters has signed an agreement of trusteeship management with relevant subsidiaries. Subsidiaries with overlapping businesses also signed the same kind of agreement. This laid a solid

foundation for improving SDIC's profit-making capability.

SDIC has been active in regional economic cooperation. It has increased its investment in the key regions and optimized the industrial distribution, and stimulated the development of local economy. In the year 2011, SDIC signed strategic cooperation agreements with governments in Xinjiang, Fujian, Hebei, Gansu, Qinghai, Jiangxi, Zhejiang, which promoted cooperation in wider range and greater depth.

2011 HIGHLIGHTS



SDIC Chairman Wang Huisheng, Chairman of the Standing Committee of People's Congress of Xinjiang Uygur Autonomous Region Eligen Imibakhi and other leaders were laying the foundation stone for SDIC Hami Coal-power Project.

SDIC speeded up the development in Xinjiang Autonomous Region.

SDIC has been active in participating in economic development of Xinjiang Uygur Autonomous Region. SDIC invested in Piliqing Coal Mine in 1994 and controlled SDIC Xinjiang Luobupo Potash Co., Ltd. in 2004. Over the years, SDIC has acquired certain resources and prepared supportive conditions for their development in Yining, Nileke and Hami. In 2011, SDIC further clarified its development orientation and formulated its regional development plan in Xinjiang. It established three major bases, namely coal for power generation in Yili, comprehensive energy development in Harmi and potash fertilizer in Luobupo, and officially launched a program to expatriate talents from other SDIC Group members to support the projects in Xinjiang. All these contributed to the economic and social development in Xinjiang.

2011 HIGHLIGHTS

SDIC actively took part in the development of Western Taiwan Straits Economic Zone.

SDIC strengthened the cooperation with Fujian Province and Putian City, and actively participated in the development of Western Taiwan Straits Economic Zone. SDIC signed a Strategic Cooperative Framework Agreement with Putian Government In February 2008 and established SDIC (Fujian) Development Co., Ltd. in October 2008 in Putian City. In August 2009, SDIC signed a Cooperative Agreement to Accelerate the Development of Meizhou Bay Industrial Park and Promote the Development of Western Taiwan Straits Economic Zone with Fujian Provincial Government.

In December 2010, SDIC Meizhou Bay Industrial Park was approved as a economic zone at provincial level. In November 2011, SDIC signed an investment agreement with Fujian Provincial Government, with which SDIC planned to invest RMB 40 billion in Fujian Province during China's 12th Five-year Plan, in areas such as railways, development zones, ports, logistics, electricity, finance service etc.. By far, infrastructure construction and land reclamation for SDIC Meizhou Bay Industrial Park have begun in full flung, SDIC Meizhou Bay Coal Port has begun its construction and SDIC Meizhou Bay Thermal Power Plant has started its preparation work.



SDIC President Feng Shidong attended the unveiling ceremony for the Preparatory Office of SDIC Meizhou Bay Coal Transportation & Sales Co., Ltd. with Mr. Su Shulin, Governor of Fujian Province.

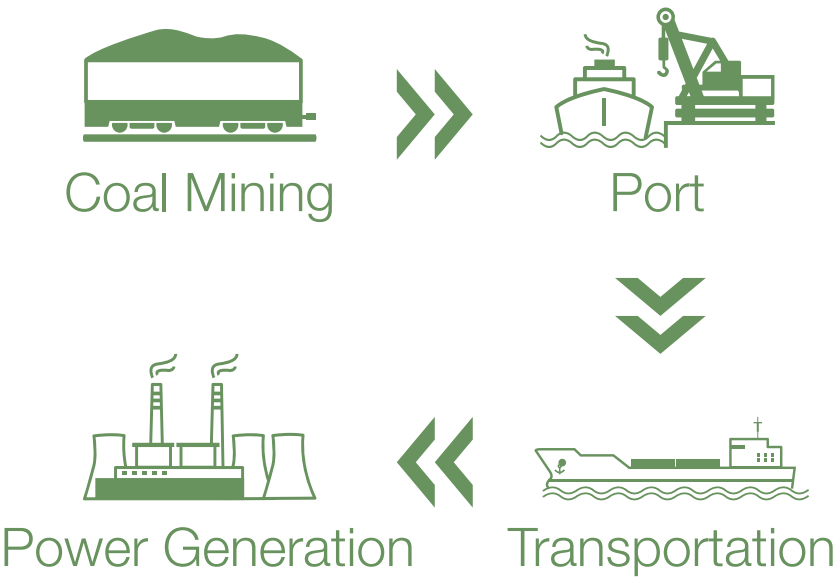
SDIC has endeavored to promote the synergy between coal mining, power generation, ports and shipping, between financial services, between industrial investment and finance, and between technological service and business. SDIC Xinji Energy Co., Ltd. and Yangquan Nanzhuang Coal Group Co., Ltd. have provided coal to power plants in SDIC Group directly. SDIC Caofeidian Port Co., Ltd. has provided great support to the research and development of seawater desalination equipment by Group members. China Electronics Engineering Design Institute has carried out the feasibility study and preliminary design of the photovoltaic project for the interests of SDIC. China National Investment Consulting Co., Ltd. has provided service on design optimization and budget review for the electricity, coal and other projects in SDIC Group. SDIC Trust Co., Ltd. has worked with SDIC Capital Holding Co., Ltd., China National Investment & Guaranty Co., Ltd., SDIC Finance Co., Ltd., SDIC CGOG Futures Co., Ltd. and UBS SDIC Fund Management Co., Ltd. on 13 projects. SDIC CGOG Futures Co., Ltd., China National Investment & Guaranty Co., Ltd. and SDIC Capital Holding Co., Ltd. enjoyed tailored wealth management with support from UBS SDIC Fund Management Co., Ltd.. SDIC Finance Co., Ltd. signed agreement with Jintai Property Insurance Co., Ltd. to establish cooperation in insurance sector.

VII. Positive Progress in International Business

SDIC regards the international business as the crucial approach to transforming its development pattern. Therefore, SDIC has boosted its international business, accelerated the pace of Go Global and expanded the development space. It has formed the international business development pattern consisting of foreign direct investment, international trade and overseas engineering contract & complete plant export.

Taking advantages of its overall strength and focusing on neighboring countries, SDIC invested in basic and resource-related industries. It has established Rongshi International Holdings Co., Ltd. which is

SDIC has preliminarily built an industrial chain composed of coal mining, port, transportation and power generation



2011 HIGHLIGHTS

SDIC Logistics Investment Co., Ltd. strived to enhance the ability of coal's collection, allocation, storage and transportation.

SDIC Logistics Investment Co., Ltd. is in the key position for the efficient operation of the industrial chain including coal mining, power generation, ports and shipping. In 2011, it implemented Regulations on Centralized Purchasing of Thermal Coal and 2011 Cooperative Memorandum of Centralized Purchasing of Thermal Coal to improve the collection, allocation, storage and transportation of coal. It purchased 1.54 million tons of thermal coal from Yangquan Nanzhuang Coal Group Co., Ltd. and SDIC Xinji Energy Co., Ltd.. Its

SDIC's overseas financing and investment platform, and completed subscription in Sentient Global Resource Funds No.4. SDIC has promoted a cement factory project and a nickel mine in Indonesia, as well as an agricultural development project in Myanmar. Yapp Automotive Parts Co., Ltd. has committed itself to being a supplier of vehicle fuel systems with international competitive edge. Since establishing factories in India and Australia, the Phase-I project of its factory in Russia has been put into operation and

annual coal sales was 12.79 million tons, 70% of which went to Group members, effectively ensuring the coal supply for SDIC Qinzhou Electric Power Co., Ltd. and SDIC Beibuwan Electric Power Co., Ltd.. Its coal supply to SDIC Xuancheng Electric Power Co., Ltd. and Xiamen Huaxia International Power Development Co., Ltd. increased two times than that of previous year. SDIC Logistics Investment Co., Ltd. convened coal supply coordination meeting for SDIC Jincheng Energy Investment Co., Ltd. to ensure two generators of its Phase-I Project passed the 168-hour test run. All these efforts effectively guaranteed the security of coal supply to power plants in SDIC Group.

the project to build another factory in Czech Republic advanced smoothly. Yapp is now the No.1 automotive plastic oil tank producer in Asia and No.4 in the world.



The signing ceremony of agreement on subscription of Sentient Global Resource Funds No.4.

China SDIC International Trade Co., Ltd. has optimized its trading portfolios and capital composition, and actively carried out hedging business. Its commodity trading of cotton, cotton yarn, cooking oil, grain and feed developed quickly. In 2011, its operating revenue reached RMB 12.2 billion, an increase of 33% year-on-year; its total import & export volume reached US\$ 1.2 billion, an increase of 44%; its profit hit RMB 156 million, a 20% year-on-year increase.

2011 HIGHLIGHTS

China SDIC International Trade Co., Ltd. co-organized the 23rd International Woolen Textile Organization (IWTO) Trade Fair in China.

China SDIC International Trade Co., Ltd. co-organized the 23rd IWTO Trade Fair in Nanjing. Focusing on the theme "wool makes our life healthier and more beautiful", the trade fair linked wool and woolen textiles industry with the development of human-beings. It had nearly 600 participants including officials from China's Ministry of Commerce, General Administration of Quality Supervision, Inspection and Quarantine, China National Textile and Apparel Council, Department of Commerce of Jiangsu Province, IWTO, commercial counselors from some embassies in China, as well as representatives from 26 countries and guests from Chinese enterprises.

2011 HIGHLIGHTS

Ethanol production of Complant Save Sugar Complex in Benin reached a new high.

Complant Save Sugar Complex in Benin has expanded its sugarcare plantation after seven harvests and crushing seasons. Its production of ethanol reached a new high of 7,070 cubic meters. With the sale of 8,281 cubic meters in 2011, it has occupied 70% of the market in Benin.



2011 HIGHLIGHTS

Frome Estate Sugar Complex, one of Complant Jamaica Sugar projects was put into operation successfully.

Sugar industry is a pillar industry in Jamaica. Frome Estate, one of Complant Jamaica Sugar projects is well organized with flexible scheduling. It has introduced some new equipments, which resulted in its sugar cane consumption per ton sugar dropped dramatically. On December 9th, Chinese Ambassador to Jamaica Zheng Qingdian, Permanent Secretary of Jamaican Ministry of Agriculture Mr. Fishery Donovan Stanberry, Minister of State for economic affairs in Jamaican Ministry of Foreign Affairs and Trade Cycellair and Executive Chairman of Sugar

Industry Authority Mr. Derick Heaven attended the opening ceremony for a new crushing season.



China National Complete Plant Import & Export Corporation (Group) has endeavored to develop international engineering contracting and export of complete plants. In 2011, it signed new contracts worth of RMB 7.6 billion in 2011, registering a 69% increase. The headquarters of Pan-African Bank, National Theater of Senegal and Convention & Exhibition Center in Jamaica completed within 2011. Also, the Project of Affordable Housing in Jamaica, the Agriculture and Electricity Project in northern Sri Lanka, the Railway Sleeper Factory Project in Myanmar, the Phase-II of the Chinese embassy buildings in South Africa, and other projects have gone smoothly. There has been smooth development in its overseas business such as the successful purchase of state-owned sugar assets in Jamaica, investment in renting sugar complex in Madagascar, and new agricultural planting and processing complex in Benin.

2011 HIGHLIGHTS

China National Complete Plant Import & Export Corporation (Group) contracted the construction of National Theater of Senegal.

National Theater of Senegal was the largest monomer complete project among the projects that Chinese government aided in Senegal after the restoration of diplomatic relations between the two countries in 2005. It is a national theater for theatrical performances as well as movies and conferences. With a construction area of 20,671 square meters, it has 1,800 seats. This theatre was built by China National Complete Plant Import & Export Corporation (Group) and supervised by China Electronics Engineering Design Institute. With complicated structure, advanced facilities and full functions, it is one of the most modern theaters in Africa and a landmark for cultural infrastructure in Senegal.

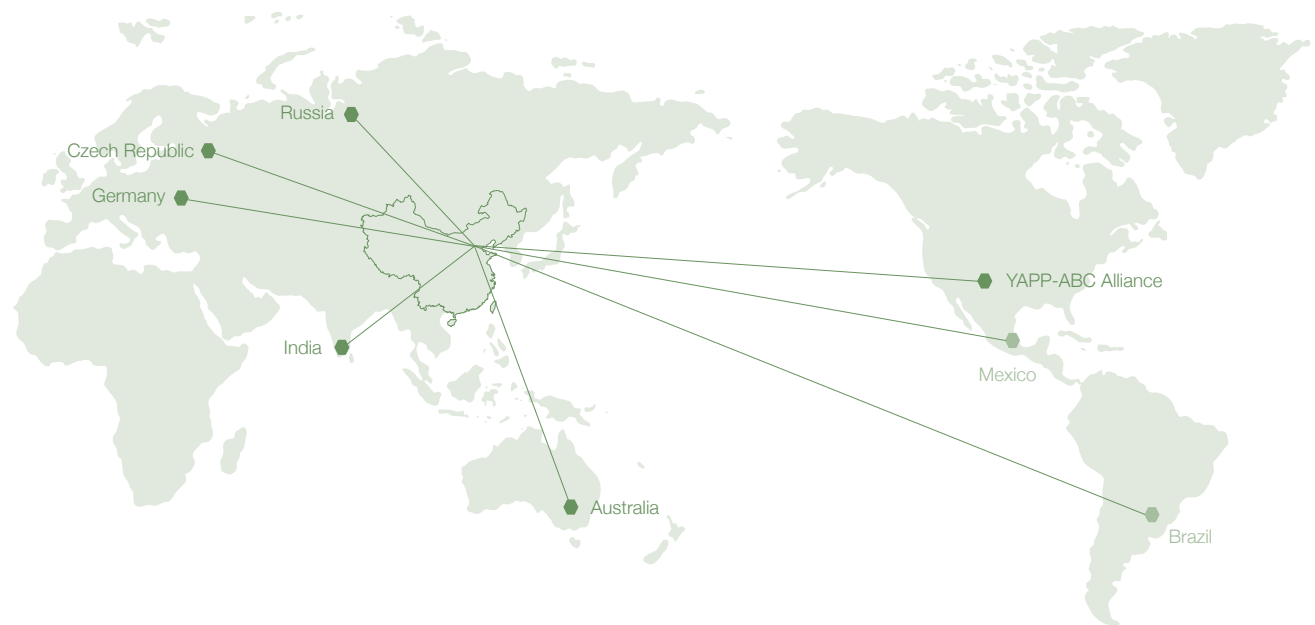
It took China National Complete Plant Import & Export Corporation (Group) 27 months to complete the construction of this theatre, from December 2008 to March 2011, during which President Hu Jintao and Vice Premier of the State Council Hui Liangyu inspected the construction and expressed their satisfaction with all aspects respectively. President of Senegal Abdoulaye Wade visited

the construction site four times. On March 21, 2011, National Theater of Senegal passed the completion acceptance by China's Ministry of Commerce. On April 15, 2011, Vice Chairwoman of the Standing Committee of National People's Congress Chen Zhili handed the golden key which was the symbol of completion, to President Abdoulaye Wade.



Vice Chairwoman of the Standing Committee of National People's Congress Chen Zhili handed the golden key which was the symbol of completion, to President Abdoulaye Wade.

Yapp Automotive Parts Co., Ltd. international business distribution
(Projects in Mexico and Brazil are in planning stage)



Yapp Automotive Parts Co., Ltd. began its international business in 2003. With three-step strategy, namely firstly exporting plastic fuel tanks made in China, secondly exporting manufacturing technology of plastic fuel tanks, and thirdly setting up its own factories overseas, it successfully achieved the goal of Go Global.

2011 HIGHLIGHTS

Phase-I Project of Yapp Russia Automotive Parts Co., Ltd. has been put into operation.

Yapp Russia Automotive Parts Co., Ltd. is the wholly-owned subsidiary of Yapp Automotive Parts Co., Ltd., with the annual capacity of 500,000 plastic fuel tanks and total investment of US\$ 30 million. The Phase-I Project began from September 2010, and were completed in July 2011, with the capacity of 250,000 fuel tanks, which could meet the needs for Volkswagen and Citroen assembly lines in Russia. This project set up advantageous position of Yapp Automotive Parts Co., Ltd. in the fuel tank market in Russia. Since its operation, there was no complaint from clients. By the end of 2011, it had produced 12,468 fuel tanks.

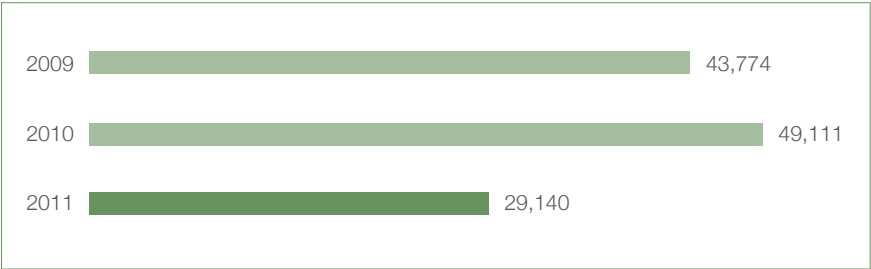


VIII. The Capacity of Independent Innovation Further Promoted

With the concept of conquering difficulties, breaking from key projects, innovating independently and supporting development, SDIC has pushed its subsidiaries to carry out independent innovation and management innovation and implement the result of innovation to their investment projects by taking management innovation as the method, technical innovation as the backbone, share-holders’ interest orientation and performance appraisal as the means.

SDIC regarded strengthening independent innovation as an important approach to enhance its core competitiveness. In 2011, it expense on technological innovation was RMB 291.4 million and 60 patent rights were authorized, among which there were 13 invention patents. In total, SDIC possesses 185 patents, including 43 invention patents.

SDIC’s expense on R&D
(in ten thousand RMB yuan)



Technological Innovation

At present, SDIC has five technology centers at provincial level. They are at SDIC Xinjiang Luobupo Potash Co., Ltd. Yapp Automotive Parts Co., Ltd., SDIC Xinji Energy Co., Ltd., China Electronics Engineering Design Institute and Sinotex Investment & Development Co., Ltd..

Ertan Hydropower Development Co., Ltd. built the first virtual platform for R&D combining production, universities and research institutes together. This platform, Yalong River Virtual Research Center, relies on the internet to share information and manage research. Through this, the elite researchers in hydropower field within China could work together to address those key scientific problems faced by hydropower developers in Yalong River.

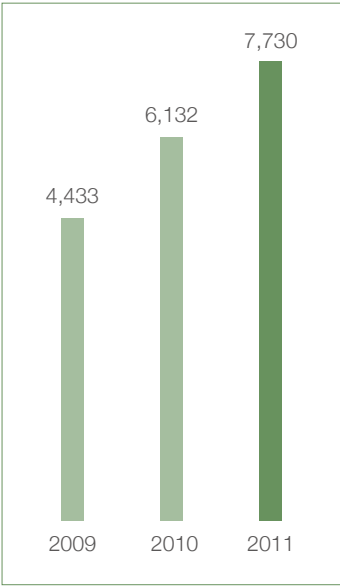
As the main body of the independent innovation, China Electronics Engineering Design Institute integrated resources to concentrate on establishing the platform of scientific innovation, technical service and engineering management. It aims at improving the brand image of its business in areas of civil architectures, industrial engineering and energy conservation and environment protection. Newly-signed contracts in 2011 amounted to RMB 3 billion, a year-on-year increase of 50%. It

has been active in the engineering design for data center, smart micro grid, photovoltaic generation, resources recycling, flue gas disposal and other new areas. Furthermore, it has been committed to the research of technologies for strategically burgeoning industries, such as desalination of sea water and microalgae energy.

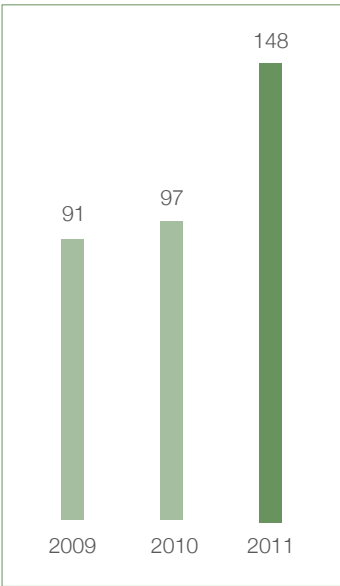
China Electronics Engineering Design Institute has compiled 5 national standards: Design Specifications for Thin Film Solar Battery Factory, Design Specifications of Data Center GB50174-2008 revised, Cartographic Convention and Construction Details of Graphic Representation in Concrete Structure Construction Drawing, Clean Room and its Related Controlled Environment---Criteria for Performance Evaluation, and Clean Room and its Related Controlled Environment---Directions of Applied Technology in Palisade Structure Plank”.

Yapp Automotive Parts Co., Ltd. continued to increase R&D input. In 2011, it spent RMB 77.3 million on R&D, with a year-on-year increase of 26%. Every year in this company, there are nearly 30 development programs synchronizing with automotive producers, among which 18 programs are parts of development plans for new car models. From 2008 to 2011, its 15 models of automotive fuel tank were awarded the title High-tech and New-tech Products in Jiangsu Province, and 19 R&D achievements were put to application.

Yapp Automotive Parts Co., Ltd.’s R&D expense
(in ten thousand RMB yuan)



Yapp Automotive Parts Co., Ltd.’s Number of R&D persons



Percentage of R&D achievements applied

100%

2011 HIGHLIGHTS

SDIC successfully developed experimental sea water desalination apparatus with the daily capacity of several thousand tons of fresh water.

China is one of 13 countries suffering great water shortage in the world. In order to contribute to easing this situation, SDIC takes sea water desalination as an important part in its investment in burgeoning industries with strategic significance.

Tianjin SDIC Jinneng Electric Power Co., Ltd. is the national pilot project on circular economy combining power generation with sea water

desalination. While planned to have a daily output of 600,000 tons of fresh water when fully completed in the future, now everyday it produces 100,000 tons of fresh water pumped into the tap water grid in Hangu District. This greatly eased the imbalance of supply and demand of fresh water and guaranteed fresh water supply in Tianjin.

To boost the percentage of China-developed key technologies in sea water desalination, SDIC started R&D on related technology and equipment. In 2011, China Electronics Engineering Design Institute completed

the design, manufacturing and test run of experimental sea water desalination apparatus with the daily capacity of several thousand tons of fresh water, which symbolized the success of the R&D in manufacturing large-scale sea water desalination equipment featuring low-temperature and multi-function. It has laid a solid foundation for SDIC to expand its business of sea water desalination and provided technical support for China to increase the percentage of made-in-China sea water desalination equipment.



2011 HIGHLIGHTS

China Electronics Engineering Design Institute won the title The Most Influential Enterprise in China’s Electronics & Information industry.

China Electronics Engineering Design Institute has technical advantages in the field of new display parts, clean technology and data center. In 2011, it took the projects of the 5.5 version of organic lighting display parts from BOE Technology Group Co., Ltd. in Erdos, the 8.5 version of thin-film transistor LCD in Hefei City, and other projects which took leading positions in relevant industries from Shenzhen Huaxing Corporation and IRICO Group Corporation. It further integrated its internal strength and established the Institute of Information Engineering and Technology who won in the bids for building more than 10 data centers including a data center for State Administration of Taxation. In December 2011, China Electronics Engineering Design Institute won the title The Most Influential Enterprise in China’s Electronics & Information Industry at the Second Summit Forum on Electronics Industry and the Assembly Commending Excellent Enterprises in Electronics & Information Industry. One of its subsidiaries, Beijing Shiyuan Xida Engineering Company, won the title The Most Promising Enterprise in the Electronics & Information Industry.

2011 HIGHLIGHTS

Guangdong Gaoxin Height Precision Machinery Corporation Ltd. acquired the certificate of National High-Tech & New-Tech Enterprise.

In 2011, Guangdong Gaoxin Height Precision Machinery Corporation Ltd. of which China Gaoxin Investment Group Corp. is the majority shareholder, acquired the certificate of National High-Tech & New-Tech Enterprise.

Guangdong Gaoxin Height Precision Machinery Corporation Ltd. and Huazhong University of Science and Technology co-founded the R&D Center of Precision Rolling Function Units. This centre engages in the R&D on product development, the promotion of the application of new materials and new technologies in precision linear roller guide rail pair. It has acquired one invention patent and nine utility-model patents issued by State Intellectual Property Office of China. Also, it has participated in formulating three industrial technical standards. At the present, its can produce 100,000 meters (pair) precision linear roller guide rail pair, becoming a professional enterprise of precision linear roller guide rail pair with advanced equipment, high production volume, diversified models, and the ability of independent R&D.

2011 HIGHLIGHTS

China Electronics Engineering Design Institute completed the design of the largest monomer i-cloud data center in Asia.

China Electronics Engineering Design Institute completed the design of Dr. Roc Jiuxianqiao Data Center. With the construction areas of over 30,000 square meters, this center can accommodate 6,000-plus standard cabinets with over 80,000 servers.

As the key link of i-cloud industrial chain, Dr. Roc Jiuxianqiao Data Center can provide governments and enterprises with comprehensive solutions, such as supporting service of i-cloud calculation, financial data backups, information security service. This project not only provides server hosting, information outsourcing and other integrated services, but also serves as an incubator and test field for many projects in i-cloud calculation business.

Corporate patents of invention authorized in 2011

Patent holder	Patent Name
Yapp Automotive Parts Co., Ltd.	Molding method of blow-molding hollow tank body with built-in component and pre-molding template device
Yapp Automotive Parts Co., Ltd.	Manufacturing method of plastic fuel tanks
SDIC Xinjiang Luobupo Potash Co., Ltd.	Method of producing magnesium potassium sulfate fertilizer with brine containing potassium and magnesium sulfate
Sinotex Investment Co., Ltd.	Production method of high-strength bamboo pulp viscose glue short fiber
Sinotex Investment Co., Ltd.	A bittern-free flame-retardant thermoplastic polyurethane plastics and its production method
Sinotex Investment Co., Ltd.	Production method of high wet modulus bamboo pulp viscose glue fiber
China Tex Mechanical & Electrical Engineering Ltd.	A default-phase signal detection circuit for three-phase power
China Tex Mechanical & Electrical Engineering Ltd.	A novel speed regulating apparatus for 3-phase high voltage switch reluctance motor
China Tex Mechanical & Electrical Engineering Ltd.	A switched reluctance motor with good positioning performance
Beijing Shiyuan Xida Engineering Company	A H-shape steel connection
Beijing Space-Time Creator Architecture Design Co., Ltd.	Swing wall and its components of reinforced concrete and their production method
China Electronics Engineering Design Institute	A hollow steel beam and steel frame system
Beijing Century Benefits Co., Ltd.	A comprehensive utilization apparatus for flue gas exhaust heat
Beijing Century Benefits Co., Ltd.	Power generation system using saturated steam’s waste heat in sinter production line

Innovation on Management

According to the characteristics of an investment holding company, SDIC has fully promoted the management method featuring Collective Management, Professional Management and Management with Differentiation.

In 2011, departments within SDIC headquarters made continuous efforts to improve administration and coordination. They formulated or modified 33 rules and procedures including the investment decision-making procedure. In addition, they adjusted and enriched essential elements for management of subsidiaries and invested-in enterprises, further clarifying management responsibilities of the headquarters, subsidiaries and invested-in enterprises and improving the management.

Ertan Hydropower Development Co., Ltd. set up the development and management mode featuring full consideration of the overall situation of Yalong River, collective management and scientific approach for the hydropower development in Yalong River. It has made clear the management

responsibilities of its headquarters, the projects administration agencies and the Testing Centre to establish an overall control in the quality, work safety, cost and progress of projects.

Under the delicacy management concept of “More comprehensive and More Refined”, SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. developed their projects in an environmentally-friendly manner. It used 29 new crafts, new techniques, new equipments and new materials during the design and construction, endeavoring to build an energy-efficient and environmental-friendly “green harbor”.

By virtue of information-based means to implement delicate cost management, SDIC Xinji Energy Co., Ltd. set up a cost management mode featuring taking the production planning as the leading approach, cost control as the core and the information technology as the supporting measure. It built an electronic bidding platform on which the on-line evaluation of bids for commodities and equipments were conducted.

2011 HIGHLIGHTS

Jingyuan Second Power Co., Ltd. won the second prize in National Competition for Management Innovation among Enterprises in Electricity Industry.

Jingyuan Second Power Co., Ltd. put emphasis on the archive management. It was awarded the titles Model Unit in Archive Work in Gansu Province and Excellent Unit in Archive Work in Gansu Province. In 2011, its achievement Building Digital Archives to Serve the Corporate Development won the second prize in National Competition for Management Innovation among Enterprises in Electricity Industry.

2011 HIGHLIGHTS

Department of Financial Management of SDIC Qinzhou Electric Power Co., Ltd. was honored with the title May 1st National Women Model Unit.

Department of Financial Management of SDIC Qinzhou Electric Power Co., Ltd. has stuck to strict and responsible style of work. It set clear objectives for routine work, made fixed procedures on how to complete the objectives, and regularly refined the procedures. With these efforts, its financial management improved continuously. In 2011, this department was honored with the title May 1st National Women Model Unit.

RESPONSIBILITY FOR ENVIRONMENTAL PROTECTION

Sticking to the concept of “low-carbon, green and circular economy”, SDIC has been continuously improving comprehensive utilization of resources and actively practicing environmental protection and energy conservation, pursuing the harmonious development between itself and the environment.

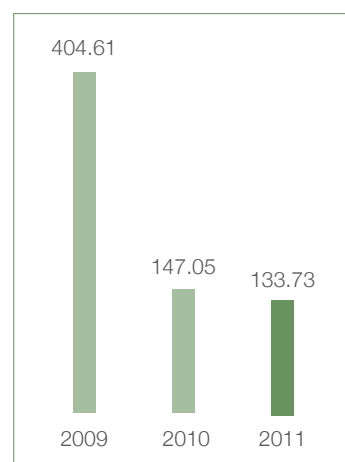


I. Strengthen the Environmental Protection

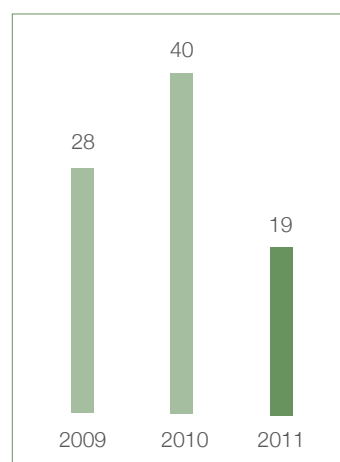
SDIC highly emphasizes the ecological and environmental protection. It assessed the impact by projects' construction on environment comprehensively and launched the ecological and environmental protection and pollution abatement to curb air pollution, noise pollution and to conserve water and soil.

In 2011, SDIC spent RMB 133.73 million on technical retrofit projects for pollution abatement with 19 newly-started projects.

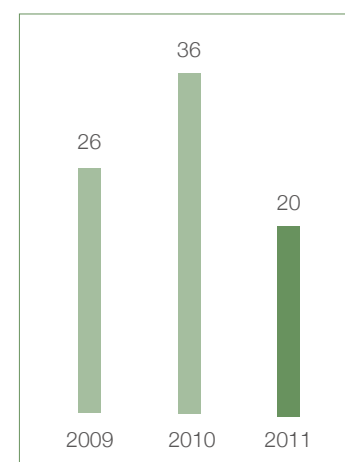
SDIC's expense on technical retrofit projects for pollution abatement (in million RMB yuan)



Number of newly-started technical retrofit projects for pollution abatement



Number of completed technical retrofit projects for pollution abatement



2011 HIGHLIGHTS

China National Complete Plant Import & Export Corporation (Group)'s overseas sugar complexes took active measures to protect environment.

Complant Namakia Sugar Complex in Madagascar has been active in planting trees. Up to December 2011, it had planted more than 2,100 trees, covering a range of one kilometer on the two sides of Mahavavy River bank.

In September 2011, Complant Anie Sugar Complex in Togo bought and planted 10,000 saplings in the cultivation zone of the second sugar district to protect the local environment.

The sapling's survival rate was as high as 95 percent with the good care from the complex's staff.



Complant Namakia Sugar Complex in Madagascar was commended by local environmental protection administration.

II. Develop Clean Energy Actively

SDIC has strengthened its investment in clean energy, developed new-energy projects of hydropower, wind power and solar power and optimized the mix of electricity supply to reduce the impact by thermal-power generation on the environment. By the end of 2011, SDIC has installed 5,840 MW of renewable electricity projects of hydropower, wind power and photovoltaic power, accounting for 31.72% of its total commissioned installed capacity.

In 2011, SDIC put into operation 241 MW of wind power and photovoltaic power, among which 201 MW was wind power and 40 MW was photovoltaic power. The under-construction Jinping-I and Jinping-II hydropower stations, Guandi and Tongzilin hydropower stations has a total installed capacity of 11,400 MW.

In 2011, some SDIC's new-energy projects were approved to start, which included 20-MW Phase-II Project of SDIC Shizuishan Photovoltaic Power Plant, 30-MW Phase-II Project of SDIC Germu Photovoltaic Power Plant, 18-MW SDIC Dunhuang Photovoltaic Power Plant and 49.5-MW Phase-II Project of Jianchaitang Power Plant in SDIC Baiyin Wind Power Co, Ltd..

SDIC made good use of clean development mechanism (CDM) to boost CDM projects' development. By the end of 2011, SDIC has registered 11 CDM projects with 3.74 million tons of CER annually. Alone in 2011, three SDIC's CDM projects were granted 1.59 million tons of CER by the UN.



SDIC Germu Photovoltaic Power Station



SDIC Guazhou No.1 Wind Power Plant

Wind Power and Photovoltaic Power

241_(MW)

Installed Capacity of Hydropower Plants

11,400_(MW)



Guandi Hydropower Station's roller compacted concrete dam

2011 HIGHLIGHTS

Smooth progress of the cascade development of Yalong River's hydropower.

In order to scientifically develop the hydropower along Yalong River, Ertan Hydropower Development Co., Ltd. formulated an integrated plan which sets 4-phase development goals and draws a road map of 21 hydropower stations with the total installed capacity of 30,000 MW. With the timetable of completing the above objective within 25 years, now the development of many of those hydropower stations in plan have started. The great campaign of systematically developing Yalong River's hydropower is advancing smoothly.

Resource Comprehensive Utilization

92.73

(million RMB yuan)

III. Improve the Comprehensive Utilization of Resources

According to the national principle of "reducing the use of and reusing the resources", SDIC has integrated the idea of "low-carbon, green and circular economy" into its corporate strategy, and speeded up the exploration of associated mineral resources to improve the comprehensive utilization of resources. In 2011, SDIC started two projects of resources comprehensive utilization with an investment of RMB 92.73 million.

SDIC cherishes the coal resources and continued to improve coal recovery rate by using advanced technology. In 2011, its coal recovery rate was increased to 83.38%.

2011 HIGHLIGHTS

Complant Anie Sugar Complex in Togo has done a good job in treating and reusing of ethanol waste.

Complant Anie Sugar Complex in Togo took various effective measures to decrease the acidity and suspended solids in the ethanol waste, with the aim of reducing their impacts on the surrounding environment and water.

2011 HIGHLIGHTS

SDIC Xiyang Energy Co., Ltd.'s Huangyanhui Coal Mine actively used gas to generate electricity.

SDIC Xiyang Energy Co., Ltd.'s Huangyanhui Coal Mine planned to use drained gas to generate power with 5×2000 KW generators paired with 1.68-ton per hour waste-heat steam boilers. The annual consumption of gas could be 18.62 million cubic meters equivalent to 280,400 tons of carbon dioxide. In 2011, after officially connected to the grid, its phase-I project of 3×2000KW had provided 40.96 million KWh of electricity and 72,180 GJ of heat.

Recovery Rate Increased

83.38%

(million RMB yuan)

2011 HIGHLIGHTS

Carry out "Blue Sky Campaign" to improve environment of Jincheng City.

SDIC Jincheng Thermal Power Plant is the key project of Jincheng City's Blue Sky Campaign. It has the installed capacity of 4×300MW, which could meet the heat demand of 12 million square meters area and replace 288 small boilers, 4,100 sets of household heating equipments or 6,260 stoves. It would save 287,800 tons of standard coals, reduce emission of 1,693 tons of sulfur dioxide and decrease 2,307 tons of soot emission annually.

SDIC Jincheng Thermal Power Plant would be built in two phases. In 2011, its Phase-I Project of 2×300MW air-cooling co-generation was put into operation, providing heat for an area of 5.4 million square meters.



SDIC Jincheng Thermal Power Plant

2011 HIGHLIGHTS

SDIC Xinjiang Luobupo Potash Co., Ltd. achieved efficient utilization of resources through technology breakthroughs.

SDIC Xinjiang Luobupo Potash Co., Ltd. made a series of technology breakthroughs to improve the ecology and environment of Luobupo Salt Lake and realize efficient utilization of resources. The efforts included developing the method of producing magnesium potash sulphate fertilizer with low-quality minerals from salt pans, the invention of new collector for low-quality potassium-bearing minerals and the low-cost auxiliaries to remove sodium salts, and physical separation of low-quality waste potassium-bearing minerals.

IV. Intensify Energy Conservation and Emissions Reduction

SDIC has always been incorporating the idea of energy conservation and consumption reduction into the whole process of investment, construction, production, operation and management, and continuing to improve the three major systems of energy conservation and emissions reduction. In 2011, SDIC summarized its achievements

and problems during the period of China's 11th Five-year Plan, made the plans and goals for the period of the 12th Five-year Plan, clarified responsibilities for energy conservation and emissions reduction and raised its employees' awareness of decreasing cost to increase profit.

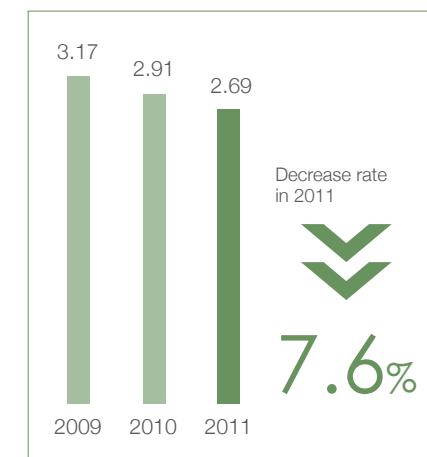
In 2011, SDIC's energy consumption per ten thousand RMB yuan output decreased by 7.6%, compared with 2010.

In 2011, SDIC's coal consumption in thermal-power units was 319.76g standard coal/KWh, decreased by 2.93g standard coal/KWh compared with that of 2010.

In 2011, SDIC spent RMB 93.39 million to carry out 60 technical retrofit projects for energy conservations.

SDIC reduced coal gas emission into the environment actively. At the end of 2011, its installed capacity of gas-powered generation units reached 20 MW. These units had consumed 15.22 million cubic meters of gas, produced 50.34 million KWh of electricity and saved 18,100 tons of standard coal.

SDIC's energy consumption per ten thousand RMB yuan output (current price) (in tons of standard coal per ten thousand RMB yuan output)



SDIC's coal consumption in thermal-power units (in g/KWh)



SDIC actively reduced the emissions of nitric oxide and made a denitrification retrofit plan for the year 2012-2014 for its thermal power plants. By the end of 2011, thermal power units with 2800-MW installed capacity were equipped with denitrification devices, which made SDIC's denitrification rate stand at 22%.

2011 HIGHLIGHTS

Waste gas treatment project for Beijing Kangning 8.5 version display production.

S.Y. Technology, Engineering and Construction Co., Ltd., a subsidiary of China Electronics Engineering Design Institute, undertook the waste gas treatment project for Beijing Kangning 8.5 version display production. By this project, those dust and nitric oxide from the glass production can be caught, making the emission in compliance with national standards. Each year, it can reduce nitric oxide by 220 tons and dust by 32 tons.

SDIC promoted the application of the technology using waste heat to generate electricity. By the end of 2011, Beijing Century Benefits Co., Ltd., a subsidiary of China Electronics Engineering Design Institute, had designed and built nearly 30 power plants powered by waste heat, with the total installed capacity of 200 MW, and annual power generation of 1.4 billion KWh, equivalent to saving 450,000 tons of standard coals, and reducing the emission of 1.25 million tons of carbon dioxide.

2011 HIGHLIGHTS

The low-temperature exhaust heat power plant designed by China Electronics Engineering Design Institute at Diandong Cement Factory, Yunnan Province.

In 2011, the first saturated steam exhaust heat generation project in China's cement industry went into operations at Diandong Cement Factory, Yunnan Province. This power plant was using mayachieve stepwise method to generate electricity with the installed capacity of 3,500 KW, which was 10% higher than that of regular technology. Each year this plant can generate 20.16 million KWh of electricity, which i equal to saving 8100 tons of standard coals and reduction of carbon dioxide emission by 19,000 tons.



The turbine generator of the low-temperature exhaust heat power plant at Diandong Cement Factory, Yunnan Province.

2011 HIGHLIGHTS

Jingyuan Second Power Co., Ltd. made technical retrofit for energy conservation.

Jingyuan Second Power Co., Ltd. has spent RMB 7.3 million to retrofit the flow passage and vacuum system parts of the turbine in No.5 generation unit. When completed, the heat consumption was decreased by 162.2 kJ/KWh to 8068.6 kJ/KWh. Meanwhile, coal consumption was reduced by 6.07g/KWh, while nameplate rate increased to 330 MW and annual power production can be up by 55 million KWh. As a result, annually 15,000 tons of standard coal would be saved, the emission of 34 tons of sulfur dioxide, 10 tons of soot and 124 tons of nitrogen oxide would be reduced.

2011 HIGHLIGHTS

Flue gas denitrification system of Tianjin SDIC Jinneng Electric Power Co., Ltd..

The flue gas denitrification system of Tianjin SDIC Jinneng Electric Power Co., Ltd. chose the selective catalytic reduction technology with the denitrification rate of 82.73%. The annual reduction of the nitric oxide emission was 14,114 tons, which greatly improved the local environment and air quality.

2011 HIGHLIGHTS

SDIC Xuancheng Electric Power Co., Ltd.'s flue gas denitrification retrofit completed.

In 2011, SDIC Xuancheng Electric Power Co., Ltd. spent RMB 66.34 million on the flue gas denitrification retrofit. After completion, there would be a reduction of 1,780 tons of nitrogen oxide emission based on the operating time of 5,500 hours/year.



The side view of flue gas denitrification apparatus of SDIC Xuancheng Electric Power Co., Ltd.

2011 HIGHLIGHTS

Xiamen Huaxia International Power Development Co., Ltd. conducted the flue gas treatment.

Xiamen Huaxia International Power Development Co., Ltd. conducted the flue gas treatment through the high-efficient flue gas cleaning facilities (desulfurization, denitrification and dedusting), which resulted in the dramatic reduction of the main pollutants in the flue gas.



The retrofit site of the flow passage components of turbines in No. 2 generation unit of Xiamen Huaxia International Power Development Co., Ltd.

V. Protect the Biological Diversity

During the development and construction of hydropower projects, SDIC has actively explored ways and means to protect biological diversity. It has spared no efforts to minimize the influence by the constructions through implementing the biodiversity compensation.

2011 HIGHLIGHTS

Ertan Hydropower Development Co., Ltd. carried out compensation measures for biological diversity.

During the constructions of Jinping-I, Jinping-II and Guandi hydropower stations, Ertan Hydropower Development Co., Ltd. kept emphasizing both of the projects' development and biological protection simultaneously and took a series of protective measures. For example, with stratified water intake, ecological flow release, proliferation and discharge stations and artificial fish nests, the growth and proliferation of the local fish were encouraged to minimize the projects' influence on the ecological environment.

2011 HIGHLIGHTS

SDIC Gansu Xiaosanxia Power Co., Ltd. built a station for fish proliferation and discharge.

SDIC Gansu Xiaosanxia Power Co., Ltd.'s Wujinxia Hydropower Station spent RMB 6.1575 million to build a station for fish proliferation. It covered an area of over 34,000 square meters, among which 24,000 square meters is water area.

2011 HIGHLIGHTS

Xiamen Huaxia International Power Development Co., Ltd. insisted on the ecological protection.

Xiamen Huaxia International Power Development Co., Ltd. insisted on its ecological protection principle and tried to prevent adverse effect on the marine ecology, especially on the first-grade state protection animal, Chinese white dolphin.

Dozens of Chinese white dolphins live in the sea to the west of Xiamen Huaxia International Power Development Co., Ltd.



2011 HIGHLIGHTS

SDIC Qujing Power Co., Ltd. improved the generators' efficiency by technical retrofit for energy conservation.

With technical retrofit in frequency conversion apparatus, flow passage component of turbines, low-nitrogen combustion, etc., SDIC Qujing Power Co., Ltd. reduced the energy consumption and emission of pollutants and enhanced the overall efficiency of generators.

Retrofit of frequency conversion apparatus: On August 20, 2011, SDIC Qujing Power Co., Ltd. started to retrofit the frequency conversion apparatus of condensate pumps of the No.3 and No.4 generation unit and two draught fans of No.4 generation unit. After completion, each year 6.4075 million KWh of electricity and 2,240 tons of standard coals would be saved and emission of 1,600 tons of carbon dioxide would be reduced.

Retrofit of the flow passage components of turbines: On August 25, 2011, SDIC Qujing Power Co., Ltd. started to retrofit flow passage components of turbines of No.4 generation unit. After completion, its coal consumption decreased from 312.15 g/KWh to 299.68 g/ KWh. The emission of flue gas was reduced by 213,237 tons/year while the emissions of sulfur dioxide and dust dropped by 131.5 tons/ year and 69.75 tons/year respectively.

Retrofit of low-nitrogen burner: On September 17, 2011, SDIC Qujing Power Co., Ltd. started to retrofit the burner of its No. 3 boiler. After completion, its annual emission of nitrogen oxide was reduced by 2,106 tons, or more than 40%.



The newly-installed bellows for reduction of nitrogen oxide in SDIC Qujing Power Co., Ltd.

RESPONSIBILITY FOR WORK SAFETY

For the work safety, SDIC always adhered to the principle of "Safety first, prevention as main work, and comprehensive treatment". It took the following efforts to safeguard the work safety: further perfect the safety management system, increase the input for work safety, enhance the awareness of work safety and skill training and improve emergency management system.



I. Perfect the Safety Rules and Systems

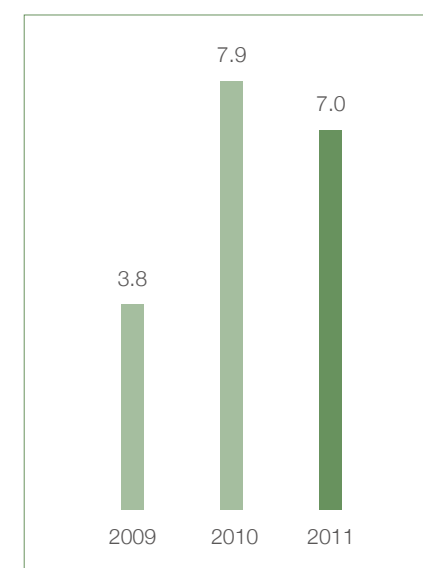
In 2011, SDIC perfected its work safety rules and systems continuously. In the meantime, all its subsidiaries and invested-in enterprises further aligned their work safety rules with those in SDIC's headquarters with the consideration of their respective conditions, thus forming a complete safety management systems catering to the needs of three tiers, namely the headquarters, subsidiaries and invested-in enterprises.

In order to improve work safety management, SDIC launched the campaign "the Year of Safety Management", continued to carry out quarterly comprehensive assessment of safety management, and enhanced the supervision of the fulfillment of routine safety duties. By conducting work safety examinations quarterly, at key periods, and at the end of year, SDIC has improved its work safety.

II. Intensify Work Safety Management and Enhance Support for Safety

In 2011, SDIC spent RMB 700 million to improve work safety. Its work safety information system went into operation, which achieved the communications and information sharing, thus improving informationization of SDIC's work safety.

SDIC's expense on work safety (in hundred million yuan)



1. Improve the Six Major Systems of Work Safety

SDIC highly emphasized and actively promoted the establishment of six major systems of work safety in coal mines by organizing the field investigations, seminars and conference, tracking the progress of establishment of the six systems regularly, and promoting the building of model mines in Henan, Shanxi and Anhui Provinces. By the end of 2011, except the Emergent Escaping Systems, all other five systems, namely Monitoring and Control System, Personnel Positioning System, System of Self-rescuing with Propelled-in Air, System of Rescuing by Providing Water and Communication System were all in place in all SDIC's operating coal mines.

2. Continue to Deepen the Investigation and Rectification of Work Safety Risks

In 2011, SDIC continued to deepen the investigation and rectification of work safety risks. As the result, 12,182 cases of risk were found and 96.6% of them, namely 11,765 cases, were rectified. Among them, seven cases were great risks.

In order to prevent the risk of coal gas and establish the mechanism featuring "reliable ventilation, enough drainage, efficient supervision and management", SDIC convened a special conference to clarify key issues in gas prevention and formulate Blueprint of Management and Application of Coal Gas During the 12th Five-year Plan Period. With these efforts, the cases of gas risk were effectively decreased.

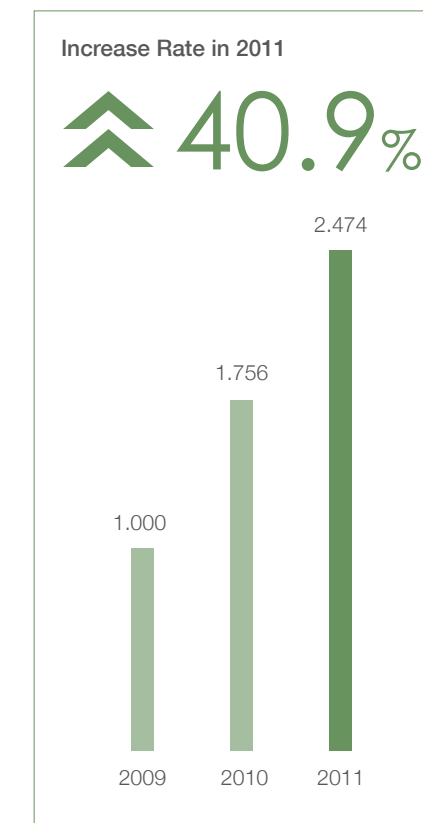
In 2011, SDIC spent RMB 247.4 million on coal gas treatment and extracted 197 million cubic meters of gas, up by 40.9% year-on-year. 32.6% of the extracted gas was utilized.

2011 HIGHLIGHTS

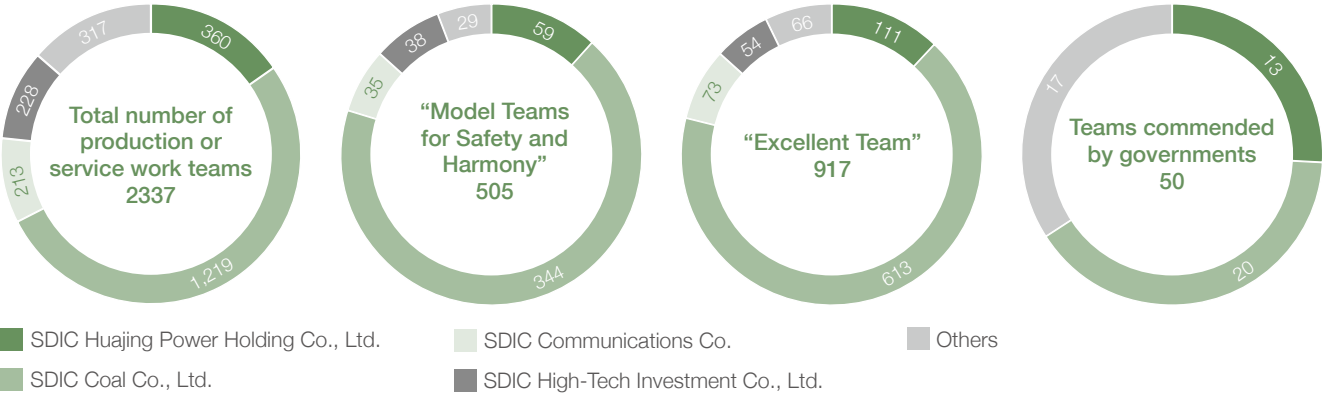
Yangquan Nanzhuang Coal Group Co., Ltd. improved gas utilization.

Yangquan Nanzhuang Coal Group Co., Ltd. continuously explored the ways of coal gas treatment. Compared with the past when it merely drained the gas to prevent gas accidents, now it has entered an advanced stage in which it extracts and utilizes the gas.

SDIC's expense on gas control (in hundred million yuan)



Building of “safe and harmonious team” in SDIC Group



3. Consolidate the Foundation for Work Safety

(1) SDIC vigorously carried out the Campaign “Fight against violations, prevent accidents and ensure safety”. Efforts have been made to strictly implement the regulation that coal mine heads should go down to the underground tunnels to conduct the on-spot risk management. Severe punishment would be given to those people who violate the safety rules and their supervisors. Besides, those violations will be recorded in a special account and exposed to all employees. The education and training have been given to employees, and to key persons in particular, which raised the safety awareness of employees. In 2011, nearly 1000 violators were punished and all of them behaved themselves afterwards.

(2) SDIC has regarded the cultivation of work teams which are excellent in work safety and harmony as the base of safety management and actively promoted it. Now the rules and standards for the “safe and harmonious team” have been in place, which means the objective of the three-year program of

2011 HIGHLIGHTS

SDIC Datong Energy Co., Ltd. made achievements in building “safe and harmonious teams”.

With innovative management mode and strengthened staff training, Mr. Li Yongqing, the leader of Tunneling Team in Tashan Coal Mine of SDIC Datong Energy Co., Ltd. led his team to improve work safety and achieved zero accident in 2001. At the third Summit Forum on The Best Practice and Exploration of Team Building, hosted by All-China Federation of Trade Unions,

cultivating “safe and harmonious team” was achieved. As the result, SDIC’s work safety foundation was further consolidated and on-spot safety management continuously improved.

As of the end of 2011, there were 2,337 production or service work teams, among which 505 teams were “Model Teams for Safety and Harmony”, 917 were “Excellent Teams” and 901 were “qualified teams”.

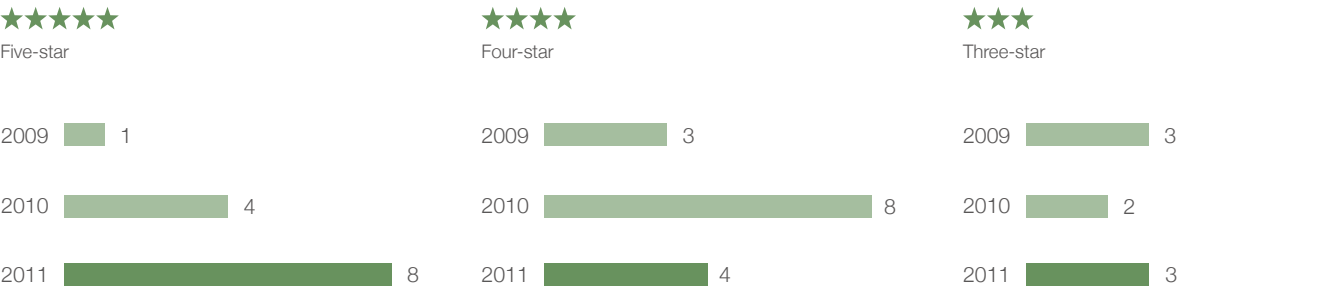
(3) SDIC promoted the HSE system with NOSA standards in its invested-in enterprises

Research Center of SASAC, Workers’ Press, Team Building Magazine and Team Building Association, Mr. Li was invited to introduce his experience.



in power generation and ports industries. In 2011, SDIC Qinzhou Port Co., Ltd., Xiamen Huaxia International Power Development Co., Ltd., SDIC Yunnan Dachaoshan Hydropower Co., Ltd. and SDIC Gansu Xiaosanxia Power Co., Ltd. successively won the five-star certification by NOSA and Jingyuan Second Power Co., Ltd. passed the re-evaluation for five-star certification. Currently, 17 projects from 15 SDIC’s enterprises have adopted NOSA system. Among them, eight enterprises won NOSA’s five-star certificates, four won the four-star certificates and three won the three-star certificates.

NOSA certification in SDIC



(4) SDIC continuously strengthened the publicity and training on work safety to build safety culture and promote safety awareness.

2011 HIGHLIGHTS

Work Safety Knowledge Contest of Shandong Tengzhou Caozhuang Coal Co., Ltd..

Shandong Tengzhou Caozhuang Coal Co., Ltd. held “Ankang Cup” Work Safety Knowledge Contest with the theme of “Focus on building safe and harmonious teams to improve safety management; emphasize education to promote safety culture”.

2011 HIGHLIGHTS

SDIC held work safety qualification training course for its senior executives and work safety administrators.

SDIC held work safety qualification training course for its senior executives and work safety administrators. In the course, Mr. Peng Jianxun, Deputy Director-general of the State Administration of Coal Mine Safety made a systematic explanation to the preparations work for emergency, emergency response plan, the legal and regulation system of work safety in coal mining, risk identification and management, investigation of coal mine accidents and analysis of typical cases, the realization of co-extraction of coal and gas by innovative engineering concept, six major anti-hazard systems in coal mines and modern management & emergency responding platform techniques in coal mining industry.

2011 HIGHLIGHTS

SDIC Huajing Power Holding Co., Ltd. organized the invested-in enterprises to hold emergency-responding drill.

SDIC Huajing Power Holding Co., Ltd. organized the invested-in enterprises in power generation industry to hold emergency-responding drill at Jingyuan Second Power Plant, Baiyin City, Gansu Province. According to northern China’s special weather featuring wind and sand storm which may cause failure in electricity transmission systems, a scenario in which a failure in electricity transmission systems caused fire accident in power plant was simulated. By conducting this drill, those invested-in enterprises improved their emergency-responding ability in power generation accident, equipment accident and fire accident.

III. Enhance Emergency-Responding System and Promote Rescue Ability

SDIC promoted its emergency-solving ability by improving emergency-responding mechanism. Each level in SDIC, namely the headquarters, subsidiaries and invested-in enterprises has formulated aligned emergency-responding plans.

1. Progress was Made in Building Full-time Rescue Teams in Coal Mines

Through unremitting efforts in two years, SDIC made progress in building full-time or part-time rescue teams in its invested-in coal mining enterprises. Those teams in SDIC Xinji Energy Co., Ltd., SDIC Henan Xinneng Development Co., Ltd., SDIC Coal Zhengzhou Energy Development Co., Ltd. were rated super-quality rescue teams, and the team in SDIC Xindeng Zhengzhou Coal Co., Ltd. was rated first-class rescue team.

2011 HIGHLIGHTS

SDIC Coal Co., Ltd. organized the invested-in enterprises to hold emergency drill.

SDIC Coal Co., Ltd. organized the invested-in enterprises to hold emergency drill at SDIC Xindeng Zhengzhou Coal Co., Ltd., Henan Province. In the drill, a heavy rainfall scenario where the rain was as heavy as 50mm and accompanied by 5-level wind was simulated. The strong precipitation raised water level and may pour into the mine.



2. Strengthen the Emergency Drills

In 2011, each SDIC subsidiary who managed SDIC’s invested-in enterprises in a certain industry organized the enterprises to conduct comprehensive emergency drills and trainings. Those activities promoted the experience sharing and, checked the feasibility and effectiveness of emergency response plans, and improved practical ability of the emergency responding persons. In total, SDIC’s invested-in enterprises conducted 393 emergency drills.

IV. Stress on Occupational Health and Safety

In SDIC’s business, those hazardous factors for occupational health and safety are mainly dust, noise, high temperature and highly-poisonous articles. Strictly adhering to related laws and regulation, SDIC thoroughly implemented monitoring and preventing of those hazardous factors, and regularly organized physical examination for those employees exposed to hazardous articles. In 2011, there was no occupational diseases, acute poisoning or other malignant events.

2011 HIGHLIGHTS

SDIC Communications Co., Ltd. organized the invested-in enterprises to hold emergency drill.

SDIC Communications Co., Ltd. organized the invested-in enterprises to hold emergency drill at SDIC Zhenjiang Port Co., Ltd., Zhenjiang City, Jiangsu Province. In the drill, a fire-accident scenario was simulated. A self-ignition of goods in the container may endanger the ship’s fuel tank, resulting in fire and people poisoning accidents.



RESPONSIBILITY FOR EMPLOYEES DEVELOPMENT

With people-oriented concept, SDIC regarded its employees as the most valuable assets. Thus, SDIC devotes itself to guaranteeing its employees' legitimate rights and interests, promoting employees' career development, improving the building of corporate culture, so as to establish safe, harmonious and fair working environments and achieve the co-growth of its employees and itself.



I. Safeguard the Legitimate Rights and Interests of Employees

1. Lawfully manage its employment

Strictly following the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, SDIC established and continuously improved the employment system, lawfully managed its labor contracts and has developed a harmonious and stable labor relationship. All employees have signed employment contracts. During the recruitment and management of employment, SDIC stick to the non-bias principle, treated every candidate fairly and equally, regardless of their nationalities, races, genders, ages, religious beliefs and cultural backgrounds. It exercise equal pay for equal work, and has never employed child labor.

2011 HIGHLIGHTS

SDIC Xinjiang Luobupo Potash Co., Ltd. provided job opportunities to candidates from ethnic minorities.

During the recruitment, SDIC Xinjiang Luobupo Potash Co., Ltd. took full account of the characteristics of Luobupo area where there are many ethnic minorities' people. It exercised no-discrimination policy and provided job opportunities to candidates from ethnic minorities. Currently, it has 119 employees of ethnic minorities, among which 11.5% are middle-level managers.

2011 HIGHLIGHTS

Protect the legitimate rights and interests of migrant workers.

In 2011, SDIC recruited 28,402 migrant workers in total. All its invested-in enterprises signed labor contracts with migrant workers in time, insisted on the equal pay for equal work, and paid migrant workers in time with full amount. Those excellent-performing migrant workers were promoted. So far, 1,847 migrant workers were promoted to the positions of team leaders or above. Besides, the working and living conditions for the migrant workers were improved.



Mr. Yan Lei from the 1st mining team of SDIC Xinji Energy Co., Ltd.'s No.1 Mine, who grew from a migrant worker to an electromechanical technician, was selected as one of "One Hundred Outstanding Young Miners in China" in 2011.



Mr. Tan Zujun, the on-duty director in Loading and Unloading Department of SDIC Yangpu Port Co., Ltd., has grown from a migrant worker to an elite employee.

2. Gurantee Remuneration for Every Employee

SDIC implemented China's salary allocation policy and provided its employees with reasonable remuneration which is suitable to the China's conditions and its own development level. In 2011, SDIC further reformed allocation policy and strengthened the supervision and management of salary

allocation. With the basic principle that a enterprise's total salary should correspond with its operation performance, SDIC gave preferential salary policies to those invested-in enterprises whose per capita salary is lower than the local average salary or the average salary within SDIC Group, and those enterprises located in less-developed regions.

3. Build a Multi-level Social Security System

SDIC paid housing fund and social insurances for all employees, including basic pension, medical insurance, work injury insurance, unemployment insurance and maternity insurance, as required by Chinese laws. In addition, some capable invested-in enterprises provided complementary medical insurance and pension (enterprise annuity).

4. Protect the Physical and Psychological Health of Employees

Abiding by related regulations of government, SDIC established a complete vacation system. All employees enjoy legal holidays, paid annual leave, home leave, marriage leave, funeral leave, maternity leave, etc..

SDIC emphasized the occupational health management and directed all its invested-in enterprises to prevent and manage occupational hazard and fully keep occupational health archives. In particular, it worked hard to supervise those enterprises which were more exposed to occupational hazard.

5. Promote Democracy

SDIC has a complete system of workers congress and regards the congress as an effective means for employees to participate in the corporate decision-making, management and supervision. In 2011, matching the establishing of the board of directors, SDIC convened the workers congress's meeting to elect the worker director and SDIC's supervisor. Also in the meeting, many regulations such as SDIC Employment Rules, Rules for SDIC Employee's Remuneration, SDIC Remuneration Paying Measures and SDIC Remuneration Management Measures for Members of the Management Team were deliberated and passed.

SDIC's invested-in enterprises boosted the disclosure of the enterprises affairs and combined the disclosure with the workers congress in order to advance the quality and efficiency of democratic management and to raise the employees' awareness of maintaining the enterprise's interests, honors and their own legitimate rights and interests, which promoted the harmonious development of their enterprises.

2011 HIGHLIGHTS

Jingyuan Second Power Co., Ltd. established fitness testing center for employees.

Jingyuan Second Power Co., Ltd. established fitness testing center for employees. In the center, the employee will go through 10 items of testing and all results would be analyzed by computer system which will rate the employee's fitness and give tailor suggestion on sports and nutrition. It also held physical fitness competition and archived all scores of every competitor.



II. Improve Employees' Career Development

Adhering to the concept that the enterprise should develop together with employees, SDIC has established employment mechanism featuring “taking full advantage of its employees and putting them to right positions” and created an open, fair and impartial environment, in order to set up a platform for talents’ development and ensure the talent supply for the corporate development.

1. Promote the Strategy of Strengthening the Corporation by Talents

In 2011, SDIC comprehensively advanced its talents work and formulated SDIC Talents Strategy and Blueprint for the Period 2011-2020. The mechanism of selecting people for managerial positions through fair competition was further improved.

Data of SDIC's employees

	2011	2010	2009
Total number of employees	85,204	76,527	72,043
Number of male employees	71,205	62,658	60,174
Number of female employees	13,999	13,869	11,869

SDIC's Strategy of Strengthening the Corporation by Talents was characterized as “3+2+1” strategy. While continuing to make innovation in and optimize talent management mechanism, this strategy took key talents project as the breakthrough point, so as to build a high-end and internationalized talent pool to support the corporate development strategy.

2. Optimize Employees' Career Management

SDIC has launched the optimization of employees' career development by building a system in which every employee's career is driven by “dual-wheels”, namely position responsibility and ability & qualification, to further stimulate employees' work enthusiasm. In addition, SDIC has strengthened the position transfer of employees and open competition among the entire Group to expand career development space for employees in invested-in enterprises.

SDIC employees' educational backgrounds

	2011	2010	2009
Graduate and above	1,871	1,686	1,372
Undergraduate	10,385	9,593	7,884
Junior college	11,589	10,730	10,161
Technical secondary school	18,479	14,489	13,815
Senior high school and below	42,880	40,029	38,811

2011 HIGHLIGHTS

Mr. Huang Shixin, General Manager of Xiamen Huaxia International Power Development Co., Ltd., was awarded China's May 1st Labor Medal.

Mr. Huang Shixin enforced the star-level management of health, safety and environmental protection. By the end of November, 2011, Xiamen Huaxia International Power Development Co., Ltd. achieved its highest historical record of maintaining work safety for 2,851 days.

3. Enhance Training on Employees

In order to improve employees' professional ability and comprehensive qualification, SDIC has further optimized training systems that meet the requirements from both the corporation's development and employees' growth, enriched training content, made innovation on training methods and conducted multi-layer and multi-channel trainings for employees.

In 2011, 23,290 SDIC's employees attended different trainings, with 60.65 training hours per person.

2011 HIGHLIGHTS

SDIC positively promoted institute-enterprise cooperation training.

Together with Chinese Academy of Governance, SDIC promoted institute-enterprise cooperation training. The training plan was co-designed by the two sides, containing both exquisite general courses and courses specially designed for SDIC. Moreover, arrangements have been made for senior executives from SDIC's invested-in enterprises to introduce their own enterprise's cases and for the trainees to take on-spot training in SDIC's invested-in enterprises. Through these trainings, the invested-in enterprises' senior executives enhanced their sense of belonging and responsibility to SDIC. Also, these trainings took the lead in fostering

SDIC leaders

Number of people 10

Total training hours 1,096

Average training hours per person 109.6

Management team of headquarters departments, subsidiaries and invested-in enterprises

Number of people 1,156

Total training hours 76,273

Average training hours per person 65.98

Other managerial people

Number of people 5,179

Total training hours 235,948

Average training hours per person 45.56

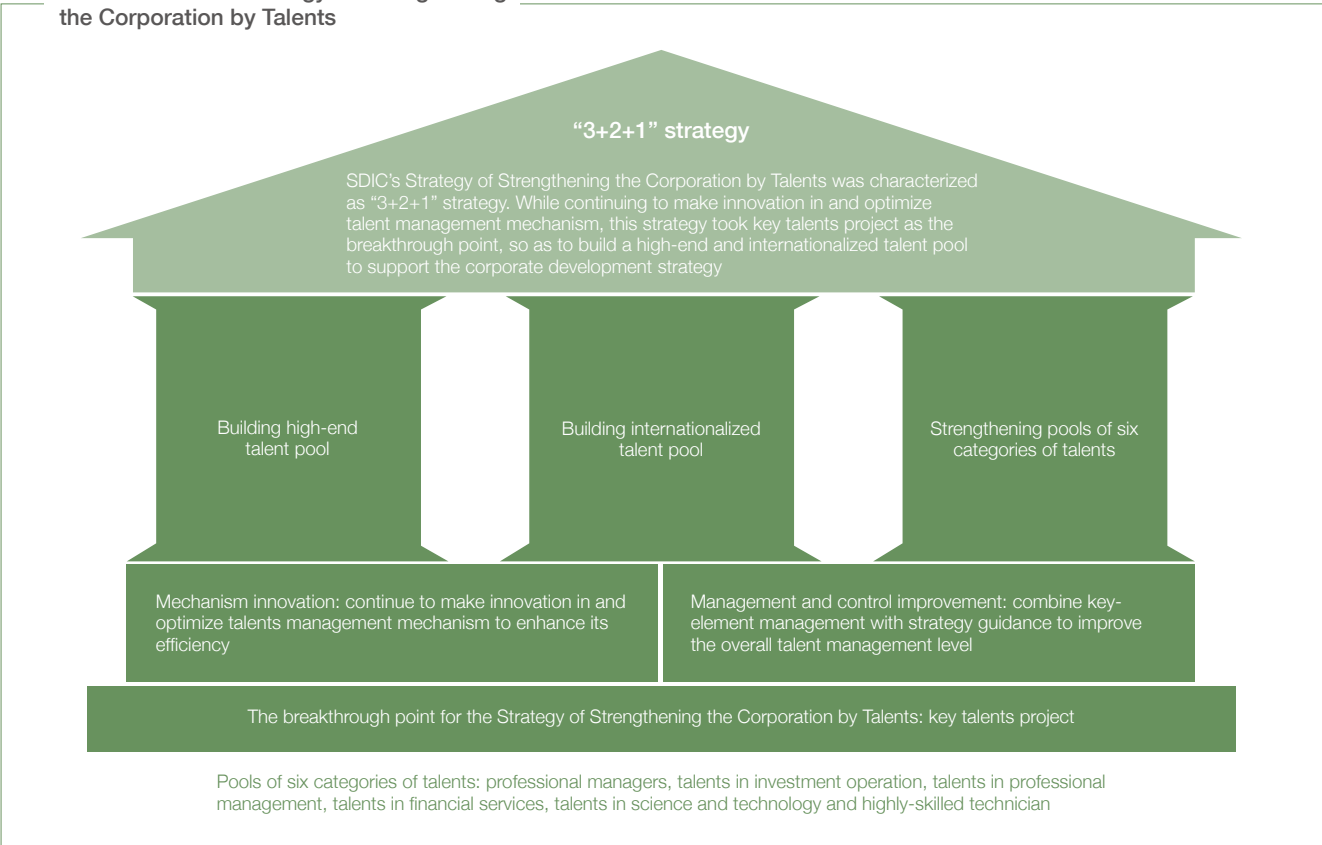
Professionals and technicians

Number of people 16,945

Total training hours 1,099,274

Average training hours per person 64.87

SDIC carried out Strategy of Strengthening the Corporation by Talents



a good win-win situation where the national-level training organization and central enterprise joined hands to complement each other with their respective advantages.

In 2011, SDIC conducted the 14-day "Training of Senior Executives from SDIC Group Members" four times in Chinese Academy of Governance. 240 senior executives from SDIC's invested-in enterprise participated.

Mr. Ma Kai, State Councilor, Secretary General of the State Council, and President of Chinese Academy of Governance, fully recognized the achievement of institute-enterprise cooperation. He encouraged both sides to keep exploring and make further practical outcomes.

The training was presented with modern methods, such as classroom lecturing, case study, outing, on-spot teaching, scenario simulation and seminar.

SDIC established five teaching bases, namely the base for teaching circular economy in Tianjin SDIC Jinneng Electric Power Co., Ltd., the base for teaching coal mine safety in SDIC Xinji Energy Co., Ltd., the base for teaching clean energy and cascade hydropower development in Ertan Hydropower Development Co., Ltd., the base for teaching synergy between coal mining, power generation, ports and shipping in SDIC Caofeidian Port Co., Ltd., and the base for teaching strategy of high-quality resources transformation in SDIC Xinjiang Luobupo Potash Co., Ltd..

2011 HIGHLIGHTS

SDIC helped new employees systematically and thoroughly understand SDIC's history, strategy, operation & management system, code of conduct and culture and raised their teamwork spirit, thus making them grow to be qualified SDIC people.

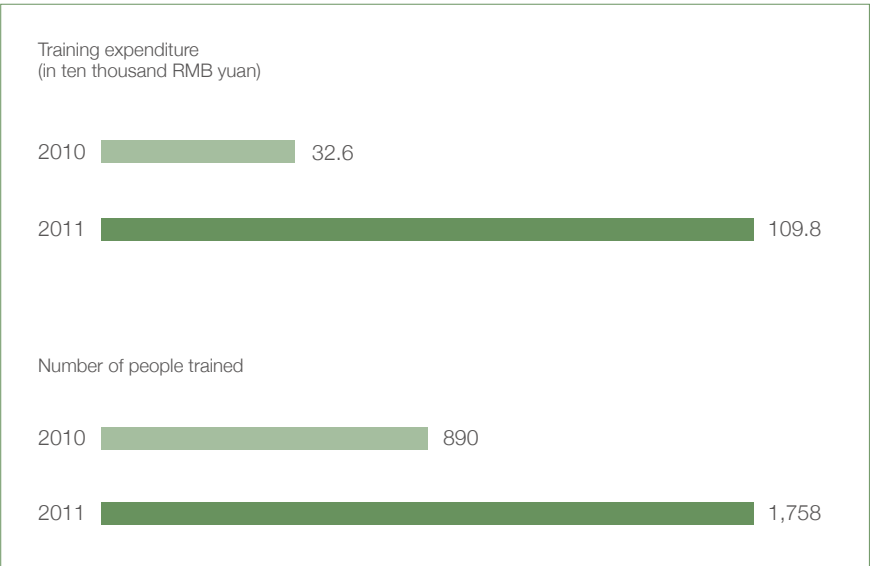
2011 HIGHLIGHTS

China National Complete Plant Import & Export Corporation (Group) provided skills training to its overseas employees.

Complant Madagascar Sugar Co., Ltd. Sugar Complex provided more than 120 local employees with training on driving skill, electro welding and oxygen welding technique and fire safety.

2011 HIGHLIGHTS

Yapp Automotive Parts Co., Ltd. regularly arranged the employees from its overseas subsidiaries to exchange management and technique experiences with their counterparts in YAPP's headquarters in China. So far, more than 40 overseas employees from India, Russia, Australia, Germany and Czech Republic have attended this exchange.



III. Promote Corporate Culture

According to the tenet of “working for the investor, for the society and for the employees”, SDIC actively promoted corporate culture. It organized diversified cultural activities with SDIC's characteristics through organizations such as trade unions at all levels and commissions for women, to enhance employees' sense of belonging and strengthen corporate cohesion.

SDIC built the Exhibition Hall as the carrier of corporate culture. After visiting, the employees strengthened their knowledge of SDIC's development path and glorious achievement, and raised their sense of pride and honor of being a member of SDIC.

2011 HIGHLIGHTS

“Voting of SDIC's Top 10 Events” Function with the theme “Inspire SDIC” has been conducted for 9 consecutive years and become an outstanding feature of SDIC's corporate culture. This is the picture of that function.

2011 HIGHLIGHTS

The Staff Festival held every two years in Yangquan Nanzhuang Coal Group Co., Ltd. has become an important platform to stimulate employees' growth, raise their qualities, cultivate teamwork spirit.

2011 HIGHLIGHTS

In August 2011, SDIC organized “Jingtanggang Cup” Male Basketball Tournament, which attracted more than 400 players from 27 member enterprises. The tournament last for more than 30 days with 64 games held in Beijing, Gansu, Shanxi and Hebei provinces. Finally, SDIC Xinjiang Luobupo Potash Co., Ltd., SDIC Zhongmei Tongmei Jingtang Port Co., Ltd., and SDIC Coal Zhengzhou Energy Development Co., Ltd. ranked won the gold, silver and bronze.

2011 HIGHLIGHTS

There is an old Chinese saying, “Gain new insights through reviewing old materials to inherit the history”. After visiting SDIC Exhibition Hall where SDIC's hard development was recorded, employees vowed to put on the pioneering spirit of “devoting every minute to hard work and making innovation pragmatically” to build SDIC into a world-class investment holding corporation.



In the process of “go global”, SDIC actively explored the way for effective culture integration. Now employees from different nations and regions have greater sense of belonging to SDIC.

2011 HIGHLIGHTS

Yapp Automotive Parts Co., Ltd. highly respected the culture of other countries or regions when expanding overseas business.

“I love Yapp,” said Brighi Pan Singh, CEO of Yapp Zoom Automotive Systems Pvt Ltd, “The corporate culture draw from Yapp China of employees' commitment and pioneering spirit, is the promise of the company and my career future as well.”

“For the culture differences between China and India, Yapp persists in ‘People as Priority’, and works on the basis of mutual understanding. During lunch time, when Chinese staff saw there are lacks of seats, they always let Indian employees have lunch first. The employees of Yapp-Zoom feel the respect for individuals, thanks to Yapp culture.”



Office for Caring Retired Employees in SDIC insisted on the concept “retired employees are the precious treasures of our corporation and also part of our human resources”, and “respecting retired employees is respecting SDIC's history”, cared about retired employees' spiritual needs and daily lives and in return won praise from the retired. In 2011, the Office for Caring Retired Employees in SDIC was given the honorable title “Nationwide Outstanding Unit in Veteran Cadre Work” by CPC Organization Department and Ministry of Human Resources and Social Security jointly.

2011 HIGHLIGHTS

Office for Caring Retired Employees actively arranged various cultural and sport activities for retired employees.

In July 2011, Office for Caring Retired Employees held the 3rd Photo, Painting and Calligraphy Exhibition of Retired Employees. Exhibited were 113 pieces of works which expressed their creators' sincere appreciation of China's beautiful land.



Office for Caring Retired Employees organized the retired staff to take part in outdoor photo shooting



Retired employee Mr. Gao Qinghe's photo “The Hummingbird's Love” won the first prize in the photographing contest

RESPONSIBILITY FOR CORPORATE CITIZENSHIP

SDIC endeavors to become an excellent corporate citizen by insisting on doing business with honesty, credibility and in compliance with regulations and laws. It advanced anti-corruption and business integrity for the sustainable development. With strengthened communications and cooperation, it established a win-win situation with its stakeholders. Furthermore, in order to contribute to the building of a harmonious society, SDIC actively participated in social welfare activities, such as supporting local communities' development, poverty alleviation, and donation for education.



I. Doing Business in Compliance with Rules and Laws

SDIC and its subsidiaries strengthened compliance management, observed the regulations and laws, and guaranteed lawful operation. The financial statements of all 248 enterprises in the range of SDIC's consolidated financial statement received standard audit reports which had unqualified opinion. SDIC strictly executed contracts and paid attention for good relationships with stakeholders such as governments, creditors and clients, resulting in a win-win situation.

SDIC launched a new round of five-year program to spread legal knowledge within the Group by strengthening legal awareness of its subsidiaries, formulating or revising regulations, and completing three-tier legal management system and risk prevention mechanism. SDIC exercised strict legal management on its key projects to make them fully in compliance with rules and laws. It promoted the mechanism of General Legal Councilor in its subsidiaries and the mechanisms for legal risk identification, supporting for overseas investment, informationization of legal management.

It also embedded legal examination into decision-making and management procedures, promoting its management ability.

II. Combat Corruption and Uphold Integrity

SDIC advanced its anti-corruption combat by strengthening institutional building to deter and prevent corruptions for its sustainable development.

SDIC took the institutional building as the key aspect of building the corruption prevention and penalty system. With eight regulations and standard operation procedures formulated or revised, the responsibilities and work plan for corruption combat were further clarified.

SDIC organized system supervision and efficiency inspection focused on the implementation of decision-making procedures for investment, issues in projects construction, overseas assets, cost control, private coffer and the standard operation in exit from assets. It formulated the Implementation Method for Building Anti-corruption Culture, strengthened discipline

and caution education in various forms. It also enhanced the team for discipline inspection and supervision by adding more professionals and improving their abilities.

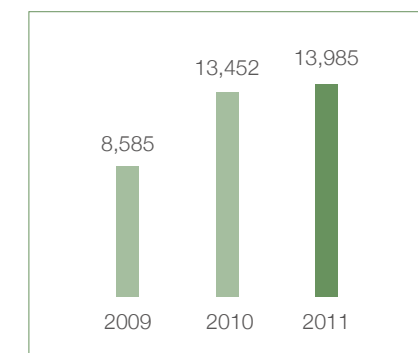
SDIC highly emphasized on Total Risk Management. It kept eyes on the risk indicators on its key subsidiaries, perfected risk monitoring and strengthened risk identification and warning system. It supervised its subsidiaries' compliance with key management rules to seek and correct those wrongdoings, thus improving the standard management of SDIC Group. In 2011, it completed internal audits of 73 projects with the risk control as the focus.

III. New Job Opportunities

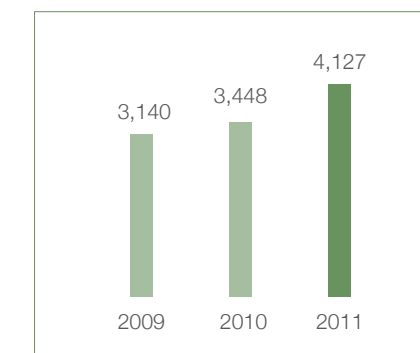
In 2011, SDIC provided 13,985 new job opportunities to the society and recruited 4,127 college graduates.

China Electronics Engineering Design Institute, China National Complete Plant Import & Export Corporation (Group) and Yapp Automotive Parts Co., Ltd. provided a number of job opportunities in their overseas projects.

New job opportunities



Recruited college graduates



Employment in Yapp Automotive Parts Co., Ltd.'s overseas factories in 2011

	Austrilia	India	Russia
Number of overseas employees	48	217	87
Number and proportion of overseas executives (%)	1;2.08%	1;0.46%	2;2.3%

IV. Strengthen Strategic Cooperation

SDIC and its subsidiaries continued to strengthen strategic cooperation with other enterprises to share resources and co-expand development space. In 2011, SDIC signed agreements with China State Construction Engineering Corporation, China National Travel Service (HK) Group Corporation, China Electronics Corporation and Genting Group to promote strategic cooperation based on each other's complimentary advantages.

V. Public Welfare Activities

SDIC has always actively participated in public welfare activities to fulfill its social responsibilities and share its development achievements with the public and the communities. In 2011, it donated RMB 28.73 million in total for charities for the development of the western interior areas, poverty-stricken areas, and ethnic minority regions in China. The Dept. of Party Building & Mass Work of SDIC was honored the title "Excellent National Organization in Poverty Alleviation", and SDIC was honored "Charity Award in 2011".

Donation
28.37
(million RMB yuan)

2011 HIGHLIGHTS

Yapp Automotive Parts Co., Ltd. was honored Cost Improvement Award by China FAW Group Corporation and Special Contribution Award by FAW Car Co., Ltd..

In 2011, to keep pace with China FAW Group Corporation's accelerated development, Yapp Automotive Parts Co., Ltd. performed significantly well in different aspects such as product development, production arrangement, cost improvement, quality assurance and Just-In-Time delivery. Moreover, YAPP made contributions to new product development and cost reduction of China FAW Group, which help FAW to meet the clients' demand in passenger car. Yapp Automotive Parts Co., Ltd.'s efforts led to its joint development with China FAW group. Thus, it was honored "Cost Improvement Award" by China FAW Group Corporation and "Special Contribution Award" by FAW Car Co. Ltd..

1. Social Help and Support

SDIC took the poverty alleviation as a long-term work in its fulfillment of social responsibilities. In 2011, it continued to support the infrastructure construction and economic development of Luodian and Pingtang County in Guizhou Province. These two counties are key places in SDIC's poverty-alleviation work.

Since 2007, SDIC have spent RMB 12 million in total in drinking water programs for 15 villages in Pingtang and Luodian County to satisfy drinking water demand of 29,809 villagers and 40,017 livestock. This improved the living conditions of local people and won the praise from local government and people.

2011 HIGHLIGHTS

SDIC Yunnan Dachaoshan Hydropower Co., Ltd. actively participated in local poverty alleviation.

SDIC Yunnan Dachaoshan Hydropower Co., Ltd. proactively shouldered its social responsibilities to establish sound relationships with the local community. It made donation to support Zhishanjing village to rebuild its drainage system for securing the water supply for field irrigation and household use of more than 300 families.



SDIC Yunnan Dachaoshan Hydropower Co., Ltd. provided educational finance aid to children from Bangxu Elementary School, in Xi Town, Yunnan province. The children were beaming with joy.

2011 HIGHLIGHTS

China National Complete Plant Import & Export Corporation (Group) invited Chinese medical team to offer free medical consultation for local people in Madagascar.



2. Financial Aid for Education

Since 2002, SDIC has been actively participating in a large social welfare program, "The New Great Wall Program-Helping Impoverished College Students", which is led by China Foundation for Poverty Alleviation. By the end of 2011, SDIC had donated RMB 4.418 million to help more than 2,200 college students, 80% of whom were ethnic minorities.

2011 HIGHLIGHTS

SDIC provided financial aid to impoverished excellent teachers in Western China.

As a vice chairman unit of Western China Human Resources Development Foundation, SDIC donated RMB 2 million in the year 2010 and 2011 to five major research programs closely related to the economic and social development in western China, and to the "Welfare Project for Impoverished Excellent Teachers in Rural Areas" which benefited 300 excellent teachers in Huining, Weiyuan, Guanghe, and Wuwei Counties in Gansu Province. These counties are among the most impoverished counties in China.



An impoverished teacher who received SDIC's aid was giving lessons.



In November 2011, Complant Benin Sugar Co., Ltd. donated 1,150 school bags, 1,150 notebooks and 2,300 pencils to nearby elementary schools.

2011 HIGHLIGHTS

Pan-Caribbean Sugar Co., Ltd. of China National Complete Plant Import & Export Corporation (Group) supported the educational development of the local community.

Since its founding in August 2011, Pan-Caribbean Sugar Co., Ltd. has donated 2 million Jamaican Dollars for supporting local soccer club, enriching extra-curriculum activities for local primary and middle schools, and organizing students to visit its factories regularly.

VI. Support the Development of Local Communities

SDIC and its subsidiaries have actively promoted the co-development with local communities by enhancing communications and cooperation with local government and organizations, helping local governments solve problems local residents faced.

2011 HIGHLIGHTS

Volunteers from Construction Administration Bureau for Jinping Project of Ertan Hydropower Development Co., Ltd. celebrated the Children's Day with the students and teachers of Jinping Hope School.

To give the children at Jinping Hope School a memorable Children's Day, Construction Administration Bureau for Jinping Project initiated the Children's Day charity activity-"Bind Us Together with Deep Emotion". It raised RMB 8,787.90 from its employees to buy school bags, stationeries, basketballs and ping-pang balls.



2011 HIGHLIGHTS

China Electronics Engineering Design Institute actively participated in the upgrading of the Signal System of Beijing No. 1 Subway.

Beijing No. 1 Subway Line is the busiest one among all in-service subway lines. Its average daily passenger flow is as large as 1.5 million, which makes it the underground line with the highest flow intensity in the world. Its signal system had been in service for about 20 years and was unable to cater to the requirement of high passenger flow operation. So its signal system covering 27 stations and 30.44-km subway rails needed upgrading. After accepting the order, C+E Center for Engineering Research Test and Appraisal, a wholly-owned subsidiary of China Electronics Engineering Design Institute, conducted a series of tests to the structure of signal upgrading rooms of every stations, which provided data base for the rooms safe use to signal upgrading project. This contributed to the improvement of Beijing No.1 subway line as well as the capital's transportation.

2011 HIGHLIGHTS

China Electronics Engineering Design Institute leveraged its advantages and actively participated in low-income housing projects.

Up to the end of 2011, China Electronics Engineering Design Institute had designed more than 3 million square meters of low-

income houses, among which over 2.38 million square meters were in construction in 2011. The projects were located in Beijing, Tianjing, Guangdong Province, Inner Mongolia Autonomous Region, etc., and made contribution to the improvement of low-income citizens' living conditions.

2011 HIGHLIGHTS

SDIC Jincheng Energy Investment Co., Ltd. improved local ecological environment.

SDIC Jincheng Energy Investment Co., Ltd. constructed Jincheng Weitan Hydropower Station. Its main tasks are supplying water to local communities and electricity generation. With the reservoirs capacity of 7.22 million cubic meters, it can supply 19.24 million cubic meters water annually and its total installed

capacity is 3×500KW. In the meantime, this hydropower station is also a social welfare project with a function of ecotourism. Joined by the surrounding scenic areas, Jincheng Weitan Hydropower Station is becoming a hydropower science education base and an eco-tourism area. With the above-mentioned functions, this project will contribute to the amelioration of local climate and local economic growth.

2011 HIGHLIGHTS

Complant Namakia Sugar Complex in Madagascar upgraded local power grid.

Complant Namakia Sugar Complex in Madagascar upgraded local power grid and provided electricity for lighting to local governments, schools, hospitals, main churches, employees' houses and nearby farms.

	2011	2010	2009
Expense (in US\$)	250,000	100,000	450,000
Total households connected with grid	600	436	403
Total hours of providing electricity (accumulated)	21,840	13,080	4,320
Power line length (in kilometer)	38	27	21
Area covered by grid (in square kilometer)	12	8.5	6.0

2011 HIGHLIGHTS

Complant Ambilobe Sugar Complex in Madagascar supported the development of local communities.

Complant Ambilobe Sugar Complex in Madagascar actively supported local farmers in sugarcane plantation, thus increased farmers' income. Its development also drove the growth of local transportation and packaging businesses. With the cooperation with this complex in the last five years, local transportation business increased revenue by US\$ 2.15 million.

	2011	2010	2009
Farmers' income (in US\$)	1,792,826	1,830,314	639,283
Famers' income (in RMB yuan)	11,649,090	12,345,468	4,366,303
Households planting sugarcane	70	287	443

OUTLOOK IN 2012

2012 is the last year of SDIC's "Second Pioneering" Campaign. Based on the scientific outlook on development, SDIC will advance its Six Transfer actively by adjusting investment's portfolio, strengthening management, stepping up innovation, and advancing steadily. With the strengthened main business and the enhanced ability for sustainable development, SDIC will quicken the pace of building a world-class investment holding company with strong competitive edge.

In 2012, SDIC will deepen its strategies' implementation, prioritize the development of key projects in major regions, cultivate and develop financial services, increase investment in burgeoning industries of strategic significance, accelerate the development of international business and

improve the international operation ability. With all these efforts, its development will be further strengthened.

In 2012, SDIC will carry on the management improvement, continue to leverage the advantages of the whole SDIC Group, strengthen business synergy and innovation, exercise strict cost control, and further enhance its "Collective Management, Professional Management and Management with Differentiation" to improve its invested-in enterprises' ability in value creation.

In 2012, SDIC will further adhere to the development concept featuring Low-carbon, Green and Environmental Protection, so as to save energy, reduce emission, boost the efficiency of resources, and

endeavor to become an energy-efficient and environmentally-friendly enterprise.

In 2012, SDIC will further implement the Strategy of Strengthening the Corporation by Talents, make innovation in the mode of talent management, formulate overall planning to advance the talent teams development, create a harmonious cultural atmosphere and promote the development of both the corporation and its employees.

In 2012, SDIC will propel the mutually-beneficial cooperation with its stakeholders, actively participate in the development of local communities and public welfare activities, and boost the harmonious development of SDIC, society and the nature.



THIRD PARTY EVALUATION

After reading the Corporate Social Responsibility Report 2011 released by SDIC, I came up with many thoughts. Whether or not an enterprise could fulfill its social responsibility, it by no means depends on the gorgeous words or empty slogans, but on its concrete activities for sustainable development and performance. This report of SDIC has many wonderful highlights.

Firstly, outstanding contribution to China's sustainable economic and social development. In order to contribute to China's sustainable economic development and people's long-term livelihood, SDIC takes it as its responsibility to provide safer, cleaner and more economical energy. It strengthens R&D for new energy technology and increases investment in clean energy. In 2011, SDIC invested RMB 10.96 billion in clean energy projects such as hydropower, wind power and photovoltaic power, accounting for 54% of its total investment.

Its installed capacity of clean energy projects was 5,840 MW, accounting for 31.72% of its total commissioned installed capacity. The performance of SDIC's sustainable development illuminates the sustainable future of our national economy.

Secondly, outstanding contribution to helping our national economy transforming and upgrading for better development. Our central government requires the state-owned economy should exert its influence to drive our economy with great vitality. SDIC, a large state-owned holding company, has followed this requirement. Giving full play of investment holding company's unique advantage, it has invested RMB 1.91 billion venture capital investment to support 44 high-tech and new-tech projects through securities fund and industrial funds. This drove China's much-needed burgeoning industries of strategic significance to develop.

Thirdly, outstanding performance of corporate social responsibility. SDIC energetically improved the utilization efficiency of resources, developed mineral associated resources actively, promoted pilot projects of national circular economy, gas-powered generation projects and coal-gangue brick projects. It carried out technique retrofit for energy conservation and completed the objectives on energy conservation and pollutant reduction. It also strengthened the communication with stakeholders. These demonstrated SDIC was responsible for our economy, environment, society and stakeholders. Therefore, its performance of social responsibility was significant.

I wish SDIC could better utilize its social responsibility tools to promote reform and development vigorously, so that it can take the lead in developing into a world-class enterprise with the international competitive edge.

Chu Xuping,
Deputy Director-General
Research Bureau, SASAC

楚序平

May 17, 2012

THIRD PARTY
EVALUATION

Firstly I wish to congratulate SDIC on its release of social responsibility report (the "Report") for the fourth consecutive year.

A thorough understanding of its social responsibility, constant advancing of practice in this regard, sincere communication with stakeholders and the conviction and perseverance in report preparation are all essential for continuous report release. After through reading of social responsibly report in 2011, we can find SDIC's deep understanding and active practice of its social responsibility. I wish to highlight some features of this report in light of its legacy and changes:

1. This report inherits some features of SDIC's previous reports on corporate social responsibility. The features included the following points: firstly, maintenance of the comprehensiveness. A corporate social responsibility report needs full reflection of the company's situation. SDIC's previous reports on social responsibility always emphasize on this. The Report this year also provides the relatively complete data such as economic, environmental and social data to enable stakeholders to understand the overall situation of SDIC's operation and its social responsibility activities, which also manifests the SDIC's attitude on information disclosure, namely "seek truth from facts". Secondly, key points highlighted. The society has various requests and demands to enterprises which

we should take them all into consideration. However some corporate responsibilities are given more attention. The enterprises should be more responsive to those issues. Besides general information, the report in this year highlights the responsibilities for economic development, environmental protection, work safety, employee development and enterprise citizens, which attend to the key concerns of the stakeholders more adequately. Thirdly, maintenance of the convenience for information retrieval. SDIC has been always focusing on the presentation of information, for example, many critical data was presented in bigger letters to attract readers attention; some key data were disclosed collectively; some specific issues were supported with additional case studies. All these efforts are very good. Furthermore, the report this year maintains its consistent simplicity, not only in wording, but also in layout design. This simply style highlights the solemn promise of SDIC for stakeholders.

2. Changes in the report. It is difficult for the report to not only fully reflect the situation in a certain fixed style but also enjoy certain features for the year. While maintaining features of previous reports, the report in this year strived to make notable some changes in its structure and contents. For example, SDIC's operation concept was adjusted from "staged share holding" to "combination of assets operation with capital operation", which demonstrated SDIC's position and

operation ideas more accurately. This is not a simple change in the way of expression, more importantly it enables readers to better understand SDIC's development and operation mode. In addition, Responsibility for work safety is introduced in an independent chapter, which clearly demonstrates SDIC, a central SOE with multi-industry business, has paid great attention to work safety, and employees' safety in particular. Another feature of this year's report is that it does not shy away from problems. It took half a page to introduce the issue about China Gaoxin Investment Group Corp. and Gaoxin Zhangtong, which had certain influence in the society. It is faire to say that it needs some courage and sincerity to do this in today's society where many corporate social responsibility reports tend to mainly speak only about the good.

After a detailed analysis on the changes in the report of this year, readers should be able to sense that its writers had tried to communicate with stakeholders with notable efforts and sincerity. I think the Report is of great success. At the same time, I suggest SDIC disclose more information in future reports on some issues which draw attention of the public, such as the climate change and ecological protection. I wish SDIC could become a model among central SOEs and other enterprises in promoting corporate social responsibility.

Zhang Junfeng,
Deputy Director-General
Institute for International Labor Studies
Ministry of Human Resources and Social Security P.R.China

张峻峰

May 16, 2012

APPENDIX

Financial Data

Consolidated Balance Sheet

Amounts in RMB yuan		
Item	As of December 31, 2011	As of December 31, 2010
Current assets		
Cash and cash equivalents	17,721,540,604.92	15,596,955,227.04
Deposit Reservation for Balance	-	-
Inter-bank lending	495,000,000.00	-
Tradable financial assets	195,473,674.61	143,344,852.14
Notes receivable	1,658,591,722.79	1,153,523,650.64
Accounts receivable	5,377,405,085.58	4,973,079,665.76
Advances to suppliers	7,594,052,857.10	8,835,423,090.11
Premiums receivable	-	-
Reinsurance accounts receivable	-	-
Reinsurance contract reserves receivable	-	-
Interests receivable	21,718,163.95	38,692,066.41
Dividends receivable	319,456,557.89	166,927,792.24
Other receivables	5,264,595,047.77	3,028,757,372.75
Buying back the sale of financial assets	57,700,077.00	-
Inventories	10,576,738,966.83	7,728,453,794.23
Including: Raw material	3,302,884,601.37	2,614,547,140.80
Finished goods	5,611,708,381.67	3,491,511,702.50
Non-current assets maturing within one year	177,294,398.59	233,765,365.01
Other current assets	1,885,221,980.77	2,038,618,445.67
Total current assets	51,344,789,137.80	43,937,541,322.00
Non-current assets		
Loans and advances issued	49,500,000.00	148,500,000.00
Financial assets available for sale	11,791,303,587.01	11,615,882,305.70
Held-to-maturity investment	137,588,620.16	-
Long-term accounts receivable	1,381,105,611.18	1,524,792,777.28
Long-term equity investment	21,213,939,842.34	18,489,625,281.65

Consolidated Balance Sheet (continued)

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
Investment property	947,362,063.24	863,117,895.64
Original value of fixed assets	136,950,012,079.54	129,715,337,450.89
Less: accumulated depreciation	45,766,645,108.04	40,198,317,860.84
Net fixed assets	91,183,366,971.50	89,517,019,590.05
Less: Fixed assets depreciation reserves	412,451,456.69	90,192,362.93
Net fixed assets	90,770,915,514.81	89,426,827,227.12
Construction in progress	83,735,986,715.16	62,963,092,828.66
Construction materials	1,248,017,554.14	738,850,042.31
Disposal of fixed assets	1,111,645.06	67,552.84
Productive biological assets	-	-
Oil-and-gas assets	-	-
Intangible assets	9,504,578,011.25	7,534,789,107.86
Development expenditures	1,563,930.16	5,443,256.45
Goodwill	589,856,255.30	589,856,255.30
Long-term prepaid expenses	375,462,592.56	1,765,254.16
Deferred income tax assets	961,682,429.73	718,270,850.40
Other non-current assets	2,585,328,240.59	2,224,852,480.10
Including: characted material reserve	-	-
Total non-current assets	225,295,302,612.69	197,245,733,115.47
Total assets	276,640,091,750.49	241,183,274,437.47
Current Liabilities		
Short-term loans	14,340,315,766.18	15,483,151,322.78
Borrowing from the Central Bank	-	-
Savings absorption & Interbank placement	27,942,682.31	50,533,725.21
Borrowing funds	-	-
Tradable financial liabilities	29,869,441.34	59,040,700.31
Notes payable	2,683,021,047.68	1,842,590,822.01
Accounts payable	9,864,178,217.12	7,513,486,385.34
Advances from customers	4,448,076,463.91	3,902,158,016.92
Financial assets sold for repurchase	-	-
Fee and commission payable	-	-

Consolidated Balance Sheet (continued)

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
Payroll payable	2,359,049,927.02	2,173,808,190.19
Including: Payroll payable	1,583,963,405.15	1,411,373,508.47
Welfare payable	48,736,145.91	15,254,887.75
Including: Bouns and welfares funds	48,736,145.91	15,254,887.75
Taxes and fees payable	22,839,120.27	598,303,003.91
Including: Taxes payable	-387,447,900.07	274,655,916.94
Interests payable	762,614,588.61	489,464,709.46
Dividends payable	734,976,645.22	333,419,250.14
Other payables	7,685,275,838.47	8,145,891,669.09
Dividend payable for reinsurance	-	-
Insurance contract reserves	-	-
Acting trading securities	-	-
Acting underwriting securities	-	-
Non-current liabilities due within one year	10,380,875,950.33	6,726,086,760.83
Other current liabilities	6,706,405,146.93	5,442,412,668.17
Total current liabilities	60,045,440,835.39	52,760,347,224.36
Non-current liabilities		
Long-term loans	103,306,124,957.06	95,123,751,747.85
Bonds payable	21,128,700,635.12	13,000,000,000.00
Long-term payables	4,604,997,471.89	2,601,006,752.81
Special payables	379,689,989.83	385,282,821.10
Projected liabilities	31,024,767.00	35,693,033.11
Deferred income tax liabilities	1,058,209,733.87	1,482,822,815.97
Other non-current liabilities	473,159,709.63	423,669,959.64
Including: characted material reserve	-	-
Total non-current liabilities	130,981,907,264.40	113,052,227,130.48
Total liabilities	191,027,348,099.79	165,812,574,354.84

Consolidated Balance Sheet (continued)

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
Owners' equity		
Paid-in capital	19,470,511,248.88	19,470,511,248.88
National capital	19,470,511,248.88	19,470,511,248.88
Collective capital	-	-
Legal person's capital	-	-
Including: State-owned legal person's capital	-	-
Collective legal person's capital	-	-
Personal capital	-	-
Foreign capital	-	-
Less: Investment returned	-	-
Net paid-in capital	19,470,511,248.88	19,470,511,248.88
Capital reserve	17,132,363,451.79	17,909,955,635.11
Less: Treasury stock	-	-
Special reserve	473,123,047.12	524,916,658.12
Surplus reserve	817,494,145.03	806,392,236.57
Including: Statutory accumulation funds	817,494,145.03	806,392,236.57
Optional accumulation funds	-	-
Reserve funds	-	-
Enterprise expansion funds	-	-
Investment returned with profit	-	-
General risk preparation	105,777,746.22	82,046,100.78
Undistributed profit	12,689,380,099.79	9,037,412,601.60
Foreign currency translation difference	-147,669,492.70	-58,364,180.74
Owners' equity attributed to parent company	50,540,980,246.13	47,772,870,300.32
Minority shareholders' equity	35,071,763,404.57	27,597,829,782.31
Total shareholders' equity	85,612,743,650.70	75,370,700,082.63
Total liabilities and owners' equity	276,640,091,750.49	241,183,274,437.47

Consolidated Profit Statement

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
1. Total operation revenue	77,381,022,983.67	62,109,523,024.11
Including: Operation revenue	76,477,145,779.56	61,373,831,308.39
Including: Main business revenue	74,896,602,152.07	60,361,630,320.37
Other business revenue	1,580,543,627.49	1,012,200,988.02
Interests revenue	219,780,223.82	154,389,133.28
Premium revenue	-	-
Fee and commission revenue	684,096,980.29	581,302,582.44
2. Total cost of operation	71,592,944,968.41	58,329,342,744.12
Including: Cost of operation	58,255,826,456.31	46,569,083,870.65
Including: Cost of main business	57,345,603,672.07	46,003,794,030.21
Cost of other business	910,222,784.24	565,289,840.44
Cost of interests	1,095,943.92	837,694.90
Fee and commission expenses	1,294,524.33	2,643,587.60
Premium refunds	-	-
Net compensation payout	-	-
Net reserves for insurance contracts	-	-
Bond insurance expense	-	-
Reinsurance costs	-	-
Business taxes and surcharges	1,107,093,005.06	814,536,099.51
Selling expenses	1,166,279,978.33	1,031,260,070.89
General & administration expenses	5,294,800,570.85	4,413,046,078.88
Including: Entertainment expenses	213,366,736.57	175,089,145.43
Research and development expense	110,108,799.07	123,656,574.56
Financial expenses	5,281,472,056.27	5,179,442,783.63
Including: Cost of interests	5,635,845,167.62	4,556,398,050.82
Interests revenue	253,281,258.83	202,433,862.88
Exchanges net losses (increase is marked with "-")	-53,304,118.13	-79,884,757.02
Loss on assets impairment	485,082,433.34	318,492,558.06
Other	-	-

Consolidated Profit Statement (continued)

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
Add: Income from changes in fair value(decrease is marked with "-")	-5,845,315.75	-17,283,055.36
Investment income(decrease is marked with "-")	3,026,238,133.48	3,062,219,314.09
Including: Income from investment in associated enterprises & joint ventures	737,041,656.83	727,704,116.60
Exchange gains(decrease is marked with "-")	-	-
3.Income from operation(decrease is marked with "-")	8,808,470,832.99	6,825,116,538.72
Add: Non-operating income	879,417,077.11	435,437,945.33
Including: Gains on disposal of non-current assets	27,192,988.12	20,218,471.88
Gains on exchange of non-monetary assets	-	-
Government subsidies	774,074,491.23	336,630,686.10
Income of debt reorganization	62,093.20	-
Less: Non-operating expenses	211,155,261.85	181,819,207.81
Including: Loss on disposal of non-current assets	36,029,578.65	50,218,296.81
Loss on exchange of non-monetary assets	-	-
Loss of debt reorganization	106,830,229.84	-
4.Earnings before tax(decrease is marked with "-")	9,476,732,648.25	7,078,735,276.24
Less: Tax	2,390,318,705.63	2,131,775,207.73
5.Net profit(decrease is marked with "-")	7,086,413,942.62	4,946,960,068.51
Net profit attributed to parent company	3,953,234,701.17	2,811,312,686.32
Net profit attributed to minority shareholders	3,133,179,241.45	2,135,647,382.19
6.Earnings per share		
(1) Basic earnings per share	-	-
(2) Diluted earnings per share	-	-
7.Other comprehensive income	-1,373,151,681.94	483,814,780.56
8.Total comprehensive income	5,713,262,260.68	5,430,774,849.07
Including: Total comprehensive income attributed to parent company	2,655,832,195.58	3,454,265,942.67
Total comprehensive income attributed to minority shareholders	3,057,430,065.10	1,976,508,906.40

Consolidated Cash Flow Statement

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
1.Cash flow from operating activities		
Cash received from sales of goods or rendering of services	83,654,494,244.39	68,099,104,625.75
Net increase in savings absorption & interbank placement	18,701,724.83	129,276,907.18
Net increase in borrowing from the central bank	165,340,889.06	-
Net increase in borrowing from other financial institutions	-	-
Premiums received from original insurance contracts	-	-
Net cash received from reinsurance business	-	-
Net increase of policy holder deposits and investment funds	-	-
Net increase from disposal of tradable financial assets	-	-
Cash received from interests, fees and commission	744,472,167.12	587,359,171.86
Net increase in inter-bank borrowing	-	-
Net increase in repurchase fund	-	-
Refund of taxes and fees	714,421,262.33	454,918,077.27
Cash received from other operating-related activities	2,746,336,365.84	2,753,014,271.47
Sub-total of cash inflow from operation activities	88,043,766,653.57	72,023,673,053.53
Cash paid for purchase of products or services	53,638,593,032.72	41,516,274,576.79
Net increase of loans and advances to customers	-	-
Net increase in deposits in central bank and other financial institutions	1,037,108,032.81	732,607,067.80
Cash paid for original insurance contract compensation	-	-
Cash paid for interests, fees and commission	723,015.09	2,802,066.41
Cash paid for policyholder dividend	-	-
Cash paid for staff salaries or expenditures	7,575,913,919.95	5,860,653,006.12
Cash paid for taxes and fees	8,832,109,396.04	7,080,243,443.91
Cash paid for other operating-related activities	5,453,884,061.56	4,579,192,181.94
Sub-total of cash outflow from operating activities	76,538,331,458.17	59,771,772,342.97
Net cash flow from operating activities	11,505,435,195.40	12,251,900,710.56
2.Cash flow from investment activities		
Cash received from disinvestments	22,368,131,422.76	17,722,610,908.41
Cash received from returns on investments	2,135,881,826.59	2,876,536,425.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	28,201,318.51	36,991,074.28

Consolidated Cash Flow Statement (continued)

Item	Amounts in RMB yuan	
	As of December 31, 2011	As of December 31, 2010
Net cash received from disposal of subsidiaries and other operating units	19,062,401.80	1,566,554.40
Cash received from other investment-related activities	149,248,557.45	760,251,817.92
Sub-total of cash inflow from investment activities	24,700,525,527.11	21,397,956,780.49
Cash paid to purchase fixed assets, intangible assets and other long-term assets	27,737,944,514.92	25,461,957,063.17
Cash paid for investment	24,992,174,052.91	18,473,903,441.97
Net increase in pledged loans	-	-
Net cash paid to acquire subsidiaries and other operating units	216,334,400.00	-
Cash paid for other investment-related activities	423,904,107.10	506,478,458.28
Sub-total of cash outflow from investment activities	53,370,357,074.93	44,442,338,963.42
Net cash flows from investment activities	-28,669,831,547.82	-23,044,382,182.93
3.Cash flows from financing activities		
Cash received from receiving investment	6,229,702,936.00	2,411,026,352.22
Including: cash received by subsidiaries from minority shareholders' investment	6,181,522,936.00	1,866,966,352.22
Cash received from borrowings	54,957,404,385.40	55,262,837,680.10
Cash received from bonds	-	-
Cash received from other financing-related activities	504,727,540.13	327,656,146.75
Sub-total of cash inflow from financing activities	61,691,834,861.53	58,001,520,179.07
Cash paid for amounts borrowed	33,466,500,099.75	41,446,428,945.20
Cash paid for dividend, profit or interests	9,592,912,078.33	7,795,828,206.31
Including: cash paid to minority shareholders for dividend and interests by subsidiaries	1,257,867,223.53	1,619,657,758.68
Cash paid for other financing-related activities	223,269,894.23	391,067,448.20
Sub-total of cash outflow from financing activities	43,282,682,072.31	49,633,324,599.71
Net cash flow from financing activities	18,409,152,789.22	8,368,195,579.36
4.Effect of foreign currencies exchange rate changes on cash and cash equivalents	-30,085,446.97	-43,577,706.80
5.Net increase in cash and cash equivalents	1,214,670,989.83	-2,467,863,599.81
Add: Balance of cash and cash equivalents as of the first day of the year	13,508,453,360.81	15,976,316,960.62
6.Balance of cash and cash equivalents as of the last day of the year	14,723,124,350.64	13,508,453,360.81

SDIC Main Holdings

SDIC Power Holding Co., Ltd.
SDIC Coal Co., Ltd.
SDIC Communications Co.
SDIC High-Tech Investment Co., Ltd.
SDIC Logistics Investment Co., Ltd.
SDIC Capital Holding Co., Ltd.
SDIC Assets Management Co.
China National Investment & Guaranty Co., Ltd.
China SDIC International Trade Co., Ltd.
China Electronics Engineering Design Institute
China National Complete Plant Import & Export Corporation (Group)
China Gaoxin Investment Group Corp.
SDIC Trust Co., Ltd.
SDIC Finance Co., Ltd.
SDIC CGOG Futures Co., Ltd.
SDIC Fund Management Co., Ltd.
SDIC Property Management Co., Ltd.
China National Investment Consulting Co., Ltd.
SDIC (Fujian) Development Co., Ltd.
Ertan Hydropower Development Co., Ltd.
Tianjin SDIC Jinneng Electric Power Co., Ltd.
SDIC Yunnan Dachaoshan Hydropower Co., Ltd.
Jingyuan Second Power Co., Ltd.
Xiamen Huaxia International Power Development Co., Ltd.
Beijing Sanjili Energy Co., Ltd.
SDIC Qujing Power Co., Ltd.
SDIC Qinzhou Electric Power Co., Ltd.
SDIC Gansu Xiaosanxia Power Co., Ltd.
SDIC Beibuwan Electric Power Co., Ltd.
SDIC Xuancheng Electric Power Co., Ltd.
SDIC Baiyin Wind Power Co., Ltd.
SDIC Zhangjiakou Wind Power Co., Ltd.
SDIC Yili Energy Co., Ltd.
SDIC Panjiang Power Co., Ltd.
SDIC Jiuquan First Wind Power Co., Ltd.
SDIC Jiuquan Second Wind Power Co., Ltd.
SDIC Xinji Energy Co., Ltd.
Yangquan Nanzhuang Coal Group Co., Ltd.

SDIC Main Holdings (continued)

SDIC Datong Energy Co., Ltd.
SDIC Coal Zhengzhou Energy Development Co., Ltd.
SDIC Henan Xinneng Development Co.,Ltd.
SDIC Xindeng Zhengzhou Coal Co., Ltd.
Shandong Tengzhou Caozhuang Coal Co., Ltd.
SDIC Xiyang Energy Co., Ltd.
SDIC Jincheng Energy Investment Co., Ltd.
SDIC Hami Energy Development Co., Ltd.
SDIC Qujing Coal Development Co., Ltd.
Henan Xinxing Coal Industry Co., Ltd.
Xinjiang SDIC Baodi Energy Development Co., Ltd.
SDIC Xindeng Zhengzhou Cement Co., Ltd.
SDIC Henan Coal Transportation & Sales Co., Ltd.
SDIC Central China Coal Logistics Co., Ltd.
SDIC Yangpu Port Co., Ltd.
SDIC Zhongmei Tongmei Jingtang Port Co., Ltd.
SDIC Caofeidian Port Co., Ltd.
Zhenjiang Port Group Co., Ltd.
SDIC Shandong Linyi Road & Bridge Development Co., Ltd.
SDIC Meizhou Bay Port Co., Ltd.
SDIC-Vopak Yangpu Tank Terminal Co., Ltd.
SDIC Qinzhou Port Co., Ltd.
SDIC Xinjiang Luobupo Potash Co., Ltd.
SDIC Zhonglu Fruit Juice Co., Ltd.
Yapp Automotive Parts Co., Ltd.
SDIC Far East Shipping Co., Ltd.
SDIC Coal Transportation & Sales Co., Ltd.
SDIC Jingmin(Fujian) Industry & Trade Co., Ltd.
Xiamen Jingmin Energy Industry Co., Ltd.
SDIC Shanxi Coal Transportation & Sales Co., Ltd.
SDIC Shipping Development Co., Ltd.
SDIC Meizhou Bay Industrial Park Development Co., Ltd.
Haixia Huifu Industrial Fund Management Co., Ltd.
SDIC Shanxi Coal Transportation & Sales Co., Ltd.
SDIC Shipping Development Co., Ltd.
SDIC Inner Mongolia Logistics Co., Ltd.
SDIC Meizhou Bay Industrial Park Development Co., Ltd.
Haixia Huifu Industrial Fund Management Co., Ltd.
SDIC CGOG Futures Co., Ltd.

Feedback on 2011 Corporate Social Responsibility Report of SDIC

Dear Readers,

Thank you very much for reading 2011 Corporate Social Responsibility Report of SDIC. Although as much efforts as possible was made in preparation, there still may be errors in the report, so any of your advice or suggestion will be highly appreciated. We will listen to you carefully.

Best wishes,

CSR Report Compiling Team
State Development & Investment Corporation
May, 2012

Your Information

Name _____ Telephone _____

Organization _____ Email address _____

Your Evaluation (Please Mark Corresponding Items)

Mark	Readability	Objectivity	Logic	Completeness
General evaluation				
Corporate social responsibility				
Responsibility for economic development				
Responsibility for environmental protection				
Responsibility for work safety				
Responsibility for employees development				
Responsibility for corporate citizenship				

* Please mark with the number 1-5, with 1 referring to the worst and 5 the best.

Your Requirements

Your advice or suggestions _____

Get free 2011 Corporate Social Responsibility Report of SDIC (please indicate the number and your mailing address)

Contact Us

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