



2014 Annual Report
CHINA THREE GORGES CORPORATION





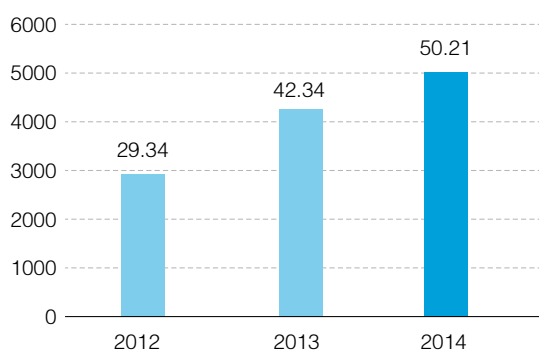
Build the Three Gorges Project and Develop the Yangtze River

Key Performance Indicators in 2014

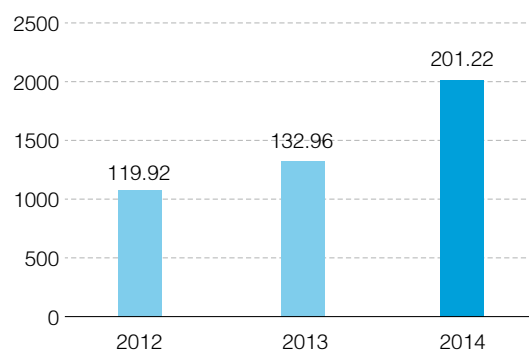
(From Corporate Consolidated Financial Statements)



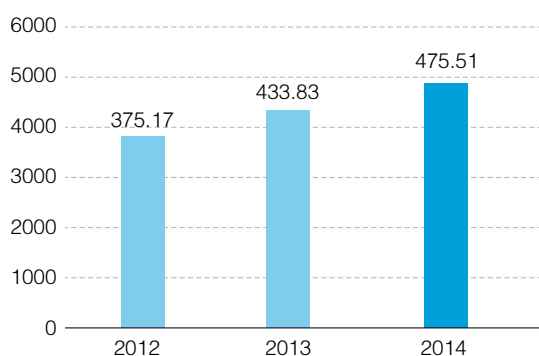
Installed capacity (in GW)



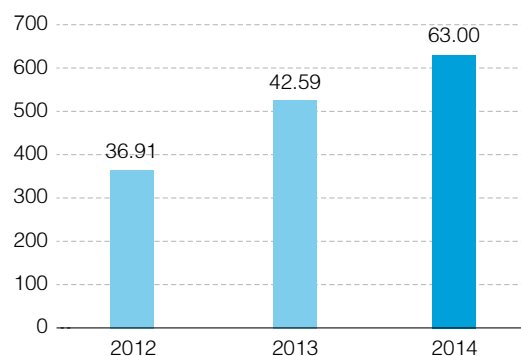
Electricity generated (in TWh)



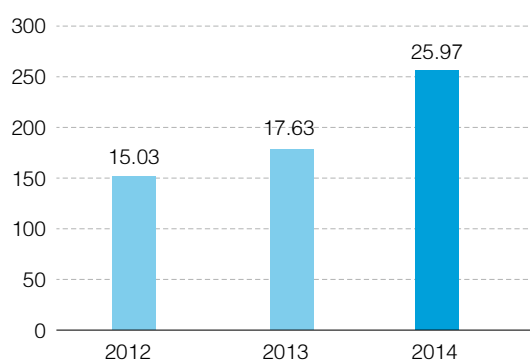
Total assets (in RMB billion)



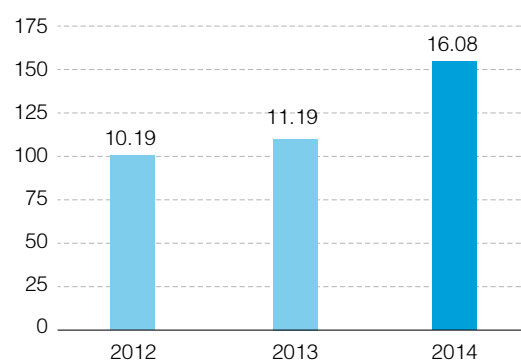
Operating revenue (in RMB billion)



Net profits (in RMB billion)



Total taxes paid (in RMB billion)



Basic Information

Chinese Name: 中国长江三峡集团公司

English Name: China Three Gorges Corporation

Abbreviation: CTG

Legal Representative: Lu Chun

Tel: 010-57081999

Fax: 010-57082000

Website: www.ctg.com.cn

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

Post Code: 100038

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Address from Board Chairman



China Three Gorges Corporation (“CTG”), is strategically positioned as a clean energy group focusing on large-scale hydropower development and operation, delivering on its commitments to “Building the Three Gorges Project and developing the Yangtze River, providing clean energy and building beautiful communities together” . Over the past year, under the leadership of the CPC Central Committee and the State Council, and bearing in mind the corporate vision of becoming a world-class clean energy group, CTG people worked together as a team, fought through difficulties and adversaries, made breakthroughs in terms of project construction, electricity production and operations, setting historic records in key performance indicators such as annual electricity production, operating revenues and total profits, which contributed significantly to the national energy restructuring and the steady growth of the national economy.

At present, Chinese economy has entered a state of new normal, where go-green movement and industry restructuring are advancing at an accelerated pace and capital-intensive, energy-consuming, highly-polluting and low-efficiency industrial sectors will phase out rapidly, along with the advent of a revolution of energy consumption, supply, technology and system, making the development of low-carbon, clean, safe and highly-efficient renewable resources the top priority of China's energy sector. As a major State Owned Enterprise (SOE), to proactively develop clean energy and serve the national energy development strategy is a call of duty for us.

The new year marks a fresh start. We will keep our responsibilities and mission in mind, implement the decisions made at the 18th national congress and the third and fourth plenary sessions of the 18th CPC Central Committee, the Central Economic Working Conference and the instructions from Chinese President Xi Jinping, proceed with reforming initiatives at the corporate level, carry out strategic priorities for this year under the guidance of the four-comprehensiveness strategy, and spare no efforts to fulfill our economic, political and social responsibilities as a major SOE in the efforts to build a well-off society. Meanwhile, we will follow the national strategy of “one-belt, one-road” , lead Chinese hydropower sector to go global and endeavor to make new, greater contribution to the realization of the corporate vision of CTG and the Chinese Dream of achieving revitalization of the Chinese nation.



Lu Chun



Address from President



The year 2014 is a period of milestones in the history of CTG. Under the guidance of CTG's leadership, CTG people faithfully implemented the decisions of the central government and the State Council and the instructions of State-owned Assets Supervision and Administration Commission, sparing no effort to maintain the growth momentum, carry out the mass line education initiative and three corrections as instructed by the inspectors of the central government and the national audit office, with a view to making CTG a world-class clean energy business group. As a result, CTG owned over 50 GW controlled installed capacity, generated 200 TWh in 2014 and achieved the target set fourth in the 12th five-year plan in terms of installed capacity, business income and total profits ahead of schedule and exceeded the goal of maintaining growth rate as set by SASAC, thus making significant contributions to the steady growth and restructuring of national economy and the improvement of people's livelihood.

In 2014, two world-class hydropower stations of Xiluodu and Xiangjiaba were put into operation one year ahead of schedule. The Three Gorges Project successfully achieved the trial impoundment target of 175 meters for the fifth consecutive time; Three Gorges Power Plant's annual electricity output set a new world record, ranking the first place in the world by overtaking Itaipu Hydropower Station. The Three Gorges ship lock's annual throughput reached 110 million tons, again setting a historic record. The Three Gorges Dam Scenic Area was opened to the Chinese public free of charge for the first time, gaining the recognition both at home and abroad. TGC made remarkable achievements in new energy business and international business development, including accumulated installed capacity of 4 GW for new energy business and successful commissioning of the first group of generating units at Murum Hydropower Plant in Malaysia and Jari Hydropower Plant in Brazil as well as the first phase of a Pakistani wind farm project.

The year 2015 is the last year of CTG's 12th five-year plan as well as a period of full implementation of all reforming initiatives, with daunting challenges to CTG's divine mission. We will follow the instructions of Chinese President Xi Jinping, adapt ourselves to the new normal, grasp new opportunities, endeavor to become a world-class clean energy business group and contribute to the steady growth of the national economy and the construction of a well-off society.

Wang Lin



Company Profile

As part of the initiative to build the Three Gorges Project and develop the Yangtze River, with the approval of the State Council, China Three Gorges Project Corporation was founded on September 27, 1993. On September 27, 2009, the Corporation changed its name to “China Three Gorges Corporation” (CTG). After more than two decades of continuous and rapid growth, CTG has become the largest clean energy business group in China and the largest hydropower developer in the world.

CTG is strategically positioned as a clean energy business group specialized in large-scaled hydropower development and operation with its main lines of business including large-scaled hydropower plant construction and operation, development of new energy such as wind and solar power, development of new energy abroad, electricity production and related technical services as well as integrated development and exploitation of water resources. CTG is now working hard to become a world-class clean energy business group. With the authorization of the Chinese government, CTG takes full responsibilities for the construction and operation of the Three Gorges Project, building four mega-size hydropower stations, which are the Xiluodu, Xiangjiaba, Wudongde and Baihetan projects on the lower reaches of the Jinsha River.

By the end of 2014, CTG had controlled installed capacity of 50.21 GW and equity-based installed capacity of 9.30 GW, holding approximately 15.4% of the total national hydropower installed capacity, with consolidated total assets of RMB 47.5 billion and asset-liability ratio 42%. In 2014, CTG realized electricity production of 201.2 TWh, operating revenues of RMB 63.0 billion and total profits of RMB 30.9 billion.





CTG owns 17 wholly-owned and majority-owned subsidiaries, such as China Yangtze Power Co., Ltd. (a majority-owned listed company), China Three Gorges New Energy Corporation and CWE Investment Corporation. As of the end of 2014, CTG had 18230 active employees, including 4577 technical specialists with medium or above professional titles, 4106 managers, 2 academicians and 104 employees enjoying government allowance from the State Council.





Business Portfolio



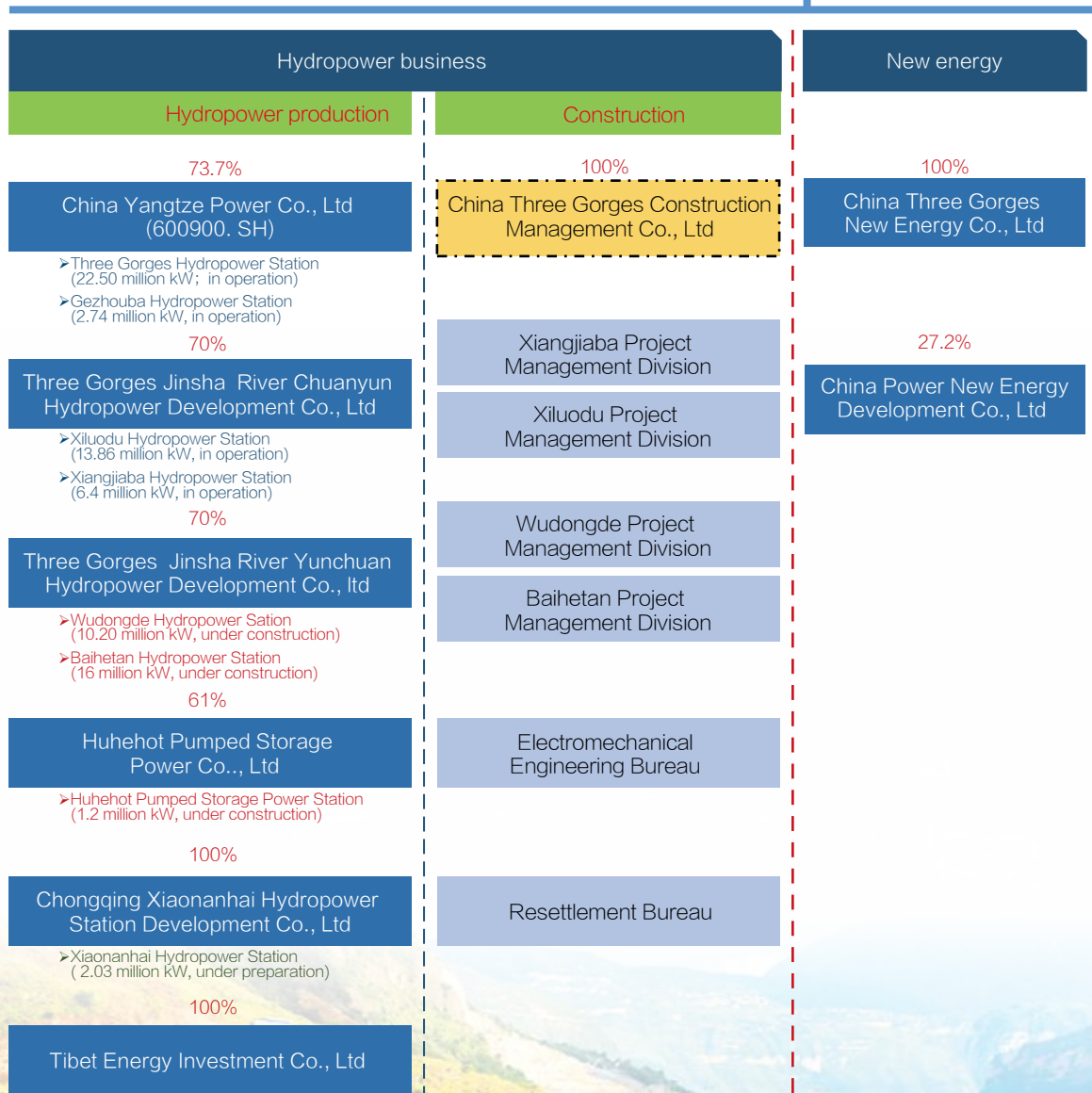
国务院国有资产监督管理委员会

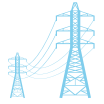
State-owned Assets Supervision and Administration Commission of the State Council

100%

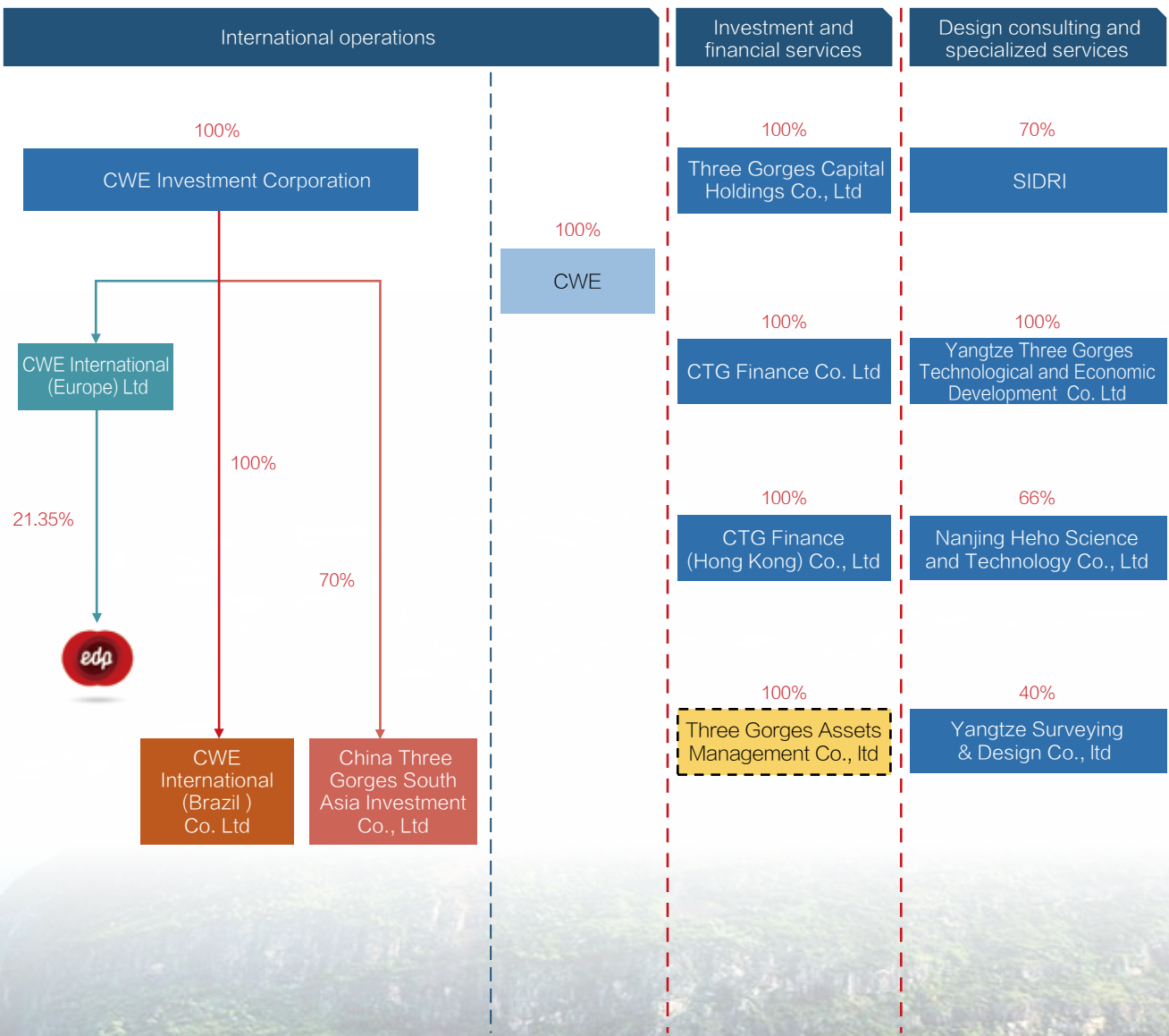


中国三峡
China Three Gorges Corporation





Board of supervisors designated by the State Council





Board of Directors



Lu Chun
Board Chairman



Wang Lin
President



Wang Zhisen
Outside Director



Shi Jinquan
Outside Director



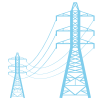
Li Xinhua
Outside Director



Wu Xiaogen
Outside Director



Yao Yuanjun
Employee Director



Management team



Lu Chun

Board Chairman, Secretary
of Party Committee



Wang Lin

Board Director, President,
General Manager and
Member of Party Committee



Lin Chuxue

Executive Vice President



Bi Yaxiong

Executive Vice President



Fan Qixiang

Executive Vice President



Sha Xianhua

Executive Vice President



Zhang Cheng

Executive Vice President



Yang Ya

Chief Accountant &
Financial Officer



Long Fei

Head of Discipline
Supervision



Core Concepts

Statement of Culture

We Are CTG

Mission

Build the Three Gorges Project and develop the Yangtze River, provide clean energy and build beautiful communities together

Vision

Build an international first-class clean energy group

CTG's Enterprise Spirit

Science and Democracy
Seeking Truth and Innovating
Solidarity and Cooperation
Courageous to Shoulder Responsibility

Hydropower Development Principles

"Four in one" concert

Build a hydropower station to stimulate the local economy, improve the local environment and benefit the resettled residents

Guidelines:

long term cooperation, local integration, equal consideration of all sides, mutual benefits and double-win

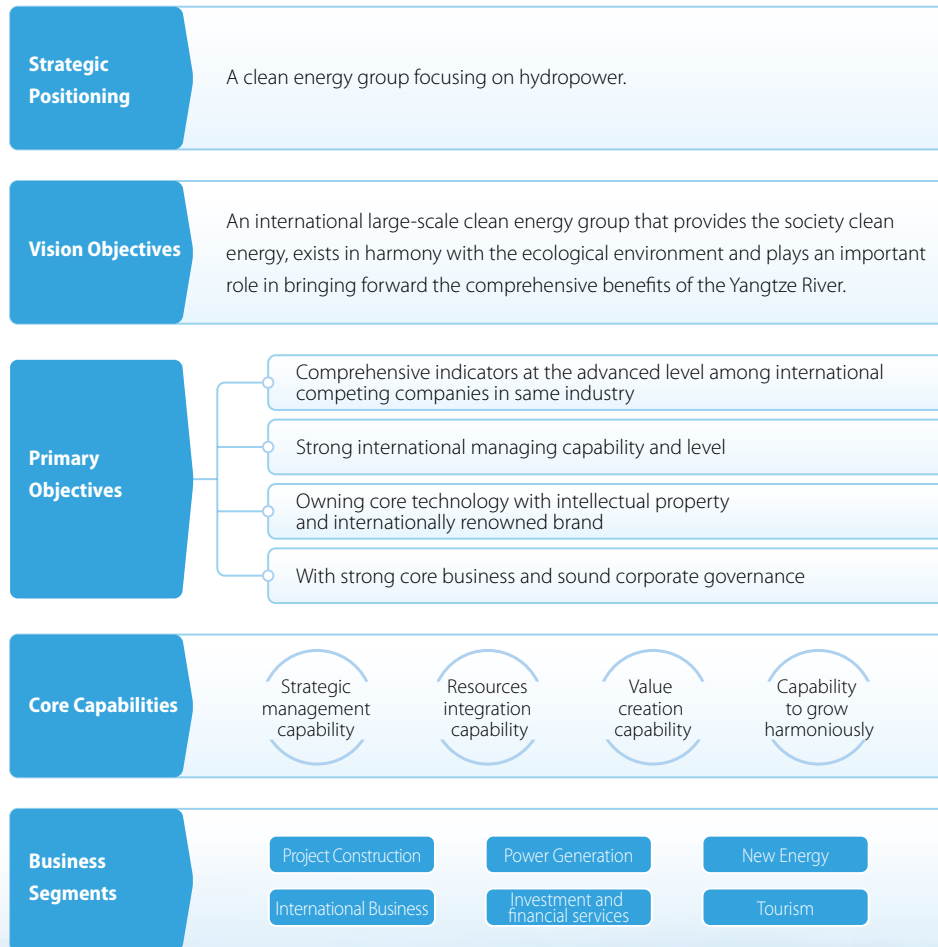
Core Values

Dedication, Responsibility, Innovation, Harmony





Business Strategy





Large-Scale Hydropower Development and Operation

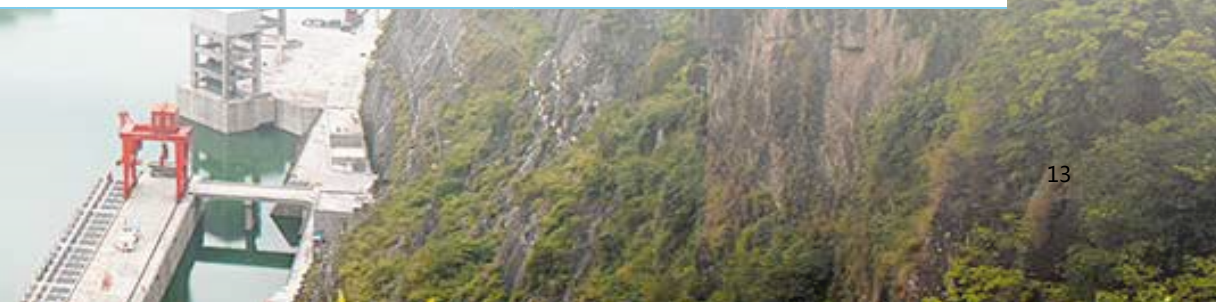


Normal Storage Level (meter)





No.	Hydropower Station	Installed Capacity (GW)	Annual Electricity Production (TWh)	Remarks
1	Gezhouba	2.735	16.24	Put into operation
2	Three Gorges	22.50	88.20	Put into operation
3	Xiangjiaba	6.40	30.75	Put into operation
4	Xiluodu	13.86	64.06	Put into operation
5	Baihetan	16.00	64.00	In preparation
6	Wudongde	10.20	38.93	In preparation





Comprehensive Benefits of Three Gorges Project

The Three Gorges Project is a key backbone project for the development of the Yangtze River and generates benefits in terms of food control, drought relief, water supply, navigation, ecological protection and power generation, making it a major water conservancy project that supports and improves people's livelihood. Under the guidance of Scientific Outlook on Development and with a view to maximizing its comprehensive benefits, CTG has been carefully coordinating the relations among flood control, drought relief, water supply, navigation, ecological protection and power generation, thus ensuring the Three Gorges Complex operate safely and efficiently as a major contributor to the social and economic sustainability in local areas.

Flood Control

Flood control on the Yangtze River is the primary purpose of the Three Gorges Project. During the flood season in 2014, the Three Gorges dam was regulated for flood control for eight times, with the maximum flood peak cutting amount of 26500 m³/s and cutting ratio of 54.1% ; the accumulated impounded total flood flow was 17.512 billion m³. Through flood retention and peak shifting with the help of the reservoir, the maximum outflow from the reservoir was kept under 45,000m³/s, thus ensuring the successful flood control along the middle and lower reaches of Yangtze River and ensuring the water level at Shashi Station and Chenglingji Station was kept under the alarm level. In addition, to evacuate the ships as soon as possible during the flood season, the Three Gorges Reservoir was regulated for ship evacuation. Through keeping the outflow flood, 116 ships waiting to pass the ship locks were evacuated during the flooding period in a timely manner.



Sentry post in front of the dam

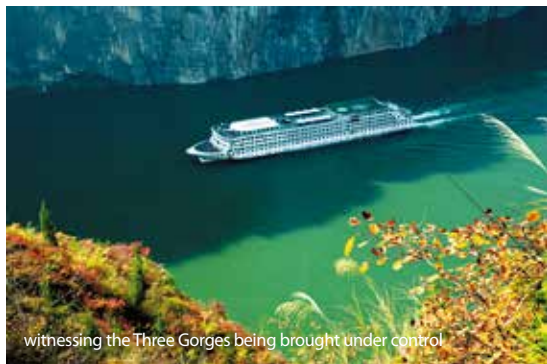


Dispatching hall of the cascade dispatching center at Three Gorges Dam



Serving to replenish water and fight against drought during drought periods

Over the past years, the Yangtze River watershed witnessed several droughts. CTG gives great attention to the Three Gorges Dam's role in drought relief and water replenishment. In 2014, in light of the water from the upstream of Yangtze River and water demand in the middle and lower reaches of the river, the Three Gorges Reservoir supplied a total of 24.4 billion cubic meters of water to the downstream for a 180-day replenishment operation, thus effectively addressing the water shortage for productive and ecological purposes along the middle and lower reaches of the river. On February 21, in order to address the saltwater intrusion at the fountainheads of estuary of Yangtze River in Shanghai, 11-day saltwater-reducing dispatching operation was conducted, with daily average outflow increased by 1020 m³/second and 960 million cubic meters of more water replenished than normal dispatching period, thus effectively addressing the water shortage affecting Shanghai.



witnessing the Three Gorges being brought under control



Construction of ship lifts at Three Gorges Dam well underway

Improving Navigation Conditions

After the Three Gorges Reservoir was built in place, the reservoir area reached Chongqing City and greatly improved the 660 km-long navigation course, while reducing the transportation costs and the average fuel consumption from 7.6 kg to 2.0 kg (thousand tons/Kilometer). The water depth of navigation channel was increased by about 1 meter on average, as the Three Gorges Reservoir replenishes water to the downstream during the dry season, thus improving the navigation standard and navigational safety for ships along the downstream navigation channel.



Ships are moving through five successive ship locks in an orderly manner

Three Gorges Reservoir ship locks are important navigational structures at the Three Gorges Complex. In 2014, these ship locks have been operating safely and efficiently for 11 consecutive years, and the cargo freight through these ship locks exceeded 100 million tons for three consecutive years, reaching 109 million

tons, the highest tonnage ever achieved since the commencement of navigation. All of the main operating equipment at the ship locks was 100% intact, thus ensuring the smooth and normal navigation of Yangtze River. By using floating bollards, conducting high-traffic navigational tests and adding more docking facilities, the through-lock efficiency was significantly improved, generating additional navigational benefits.



Ecological Protection

In October 2014, the conservation of Chinese sturgeon has made significant progress, as all-artificial reproduction of Chinese sturgeon succeeded the second time, producing 150,000 fertilized eggs in a single batch and hatching 60,000 fries. This breeding session is the full-artificial reproduction effort made successfully for the sixth time since 2009, with female fish species delivering eggs in an artificially regulated environment for the second time, marking the first time the artificially bred female Chinese sturgeons were continuously reproduced successfully. The campaign to reproduce and release Chinese sturgeon was well underway, as over 2,000 mature Chinese sturgeons were released into nature at one time, a significant contribution to improving the structure of wild Chinese sturgeon population. Meanwhile, in order to facilitate the natural reproduction of the four major common fish species, Three Gorges Reservoir launched a one-week ecological dispatching test since May 2014, creating the flood process of hydrologic and hydraulic conditions required for reproduction of these four fish species, thus effectively facilitating the large-scaled natural reproduction of four common fish species.



In 2014, rare and unique vegetative resources reproduction and domestication research project was well underway at Three Gorges, where a germplasm depository was improved and maintenance and management of over 8,000 stocks of over 70 varieties of rare and unique plants in Three Gorges germplasm depository was completed. Greater efforts were made to research further into traditional reproduction of many plants such as *Adiantum reniforme*, *Myricaria laxiflora* and *Taxus chinensis*. 4,200 seeds of woody plants were sowed, germinating 3,500 seedlings, a germinating rate of 83.3%, 16.6% higher than the last year's level. A total of 1,320 tissue culture experiments of rare plants unique to Three Gorges were conducted.





Providing Clean Energy

In 2014, the generating units have been running reliably due to precise regulation, careful maintenance and lean operation. As a result, 98.8 TWh of electricity was generated at the Three Gorges Power Station throughout the year, setting a world record of annual power output from a single hydropower plant, and equivalent to reduction of over 49 million tons in coal consumption and CO₂ emission reduction of nearly 100 million tons, thus playing an important role in energy saving and emission reduction. Through joint cascade reservoir dispatching, appropriate resource-based dispatching for small and medium-scale floods, improved water level management and timely removal of floating debris for improved water head for power generation, the Three Gorges-Gezhouba cascade power plant generated additional electricity of 6.33 TWh, including 5.11 TWh from Three Gorges power plant and 1.22 TWh from Gezhouba power plant.





Jinsha River Hydropower Development

The Jinsha River is the largest hydropower source in China, ranking top among “China's thirteen major hydropower sources plan” . Bearing in mind long-term partnership, community engagement, balanced approach and mutual benefit, CTG accelerated the construction of the four mega-size hydropower stations of Xiluodu, Xiangjiaba, Wudongde and Baihetang. The combined installed capacity of these four power stations totaled 46.46 GW, two times the installed capacity of the Three Gorges Project. With a combined annual electricity production of about 190 TWh, these four power stations will become the backbone of the “West-to-East Power Transmission Project” .



the second 380-meter impoundment operation at Xiangjiaba Power Plant completed

Xiluodu Power Plant and Xiangjiaba Power Plant put into operation one year ahead of schedule

Xiluodu Power Plant and Xiangjiaba Power Plant set a new historic record in the global hydropower sector in terms of speed and intensity of commissioning of generating units, achieving a leap-forward growth in China's turbine generating unit's capacity from 700,000 kWh to 800,000 kWh, the highest single-unit capacity in the global hydropower sector. In particular, Xiangjiaba Power Plant has installed capacity of 6.40 GW, comprising 8 generating units, of which the first group of generating units were put into operation in November 2012 and the last one in July 2014, thus putting the power plant into operation one year ahead of schedule.

Xiluodu Power Plant has installed capacity of 13.86 GW, comprising 18 generating units, of which the first group of generating units were put into operation in July 2013 and the last two in June 2014, thus putting the power plant into operation half a year ahead of schedule. All operating units at the two power plants were successfully started up and passed the 72-hour trial run and 30-day operational performance appraisal at the first trial, as well as achieved the target of first one hundred days of stable operation in succession.

In 2014, Xiluodu and Xiangjiaba power plants generated a total of 78.259 TWh and business income of RMB 22.86 billion and paid a total of VAT tax of RMB 2.788 billion to Sichuan and Yunnan provincial governments. The on-grid power output from these two power plants accounted for 22.94% of total on-grid hydropower output in China and 19.65% of on-grid energy in China Southern Power Grid's west-to-east power transmission project, with tremendous clean energy output transmitted to East, South and Central China and Sichuan and Yunnan provinces in support of the economic development, energy saving and emission reduction efforts in the receiving areas, contributing clean energy to the steady growth and restructuring of local economy and improved livelihood of people.

Xiluodu Power Plant achieved impoundment level of 600 meters for the first time



Preparation Work of the Wudongde and Baihetan Hydropower Stations well underway

Wudongde and Baihetan Hydropower Stations are part of the phase 2 project of the cascade development of downstream Jinsha River. The feasibility study reports on these two stations were approved by National Development and Reform Commission in 2010, giving a green light to the commencement of construction of these two power stations. These two hydropower stations are key projects of exploitation of the upper reaches of Yangtze River under the Comprehensive Plan for Yangtze River Watershed (2012-2030), landmark projects under the Go-West Program, over 10,000MW hydropower stations to be built after the Three Gorges Hydropower Station and Xiluodu Hydropower Station, as the central power source under the “West-to-East Power Transmission Project” , an important part of the flood control system along Yangtze River, the key hydropower development projects under the national 12th five-year plan for renewable energy sources as well as a major contributor to China's target of increasing the percentage of non-fossil-source energy in primary energy consumption to about 15% in 2020.



Banks of the downstream of Wudongde Hydropower Station's dam site



A bird's eye view of Baihetan Hydropower Station's dam site

In 2014, the administrative permitting process of the two power plants was well underway. The National Administration of Energy held a meeting to review and approve the construction activities of these two power plants, defining the project approval objectives for these two power plants to achieve in 2015 and establishing a task force to deal with resettlement, navigation, power transmission and benefit sharing matters. Coordination meetings at all levels and on a wide range of subject matters were organized, and an approved information disclosure policy was established to deal with and approve related significant matters and issues. The engineering design, environmental impact assessment and resettlement plan of the these two power plants were well underway and the preparatory works at the project site progressed in an orderly manner, making the two power plants meet the conditions for commencement of construction.

The dam engineering design was further improved, and the feasibility study reports (dam projects) met the conditions for administrative review. The resettlement plans of these two power plants made significant breakthrough, while ad-hoc report review (approval) activities unfolded across the board. The resettlement plan of Wudongde Hydropower Station has been approved by Sichuan and Yunnan provincial governments, with resettlement planning report and ad-hoc reports completed and review process underway. The resettlement planning activities for Baihetan Hydropower Station took place as scheduled, with significant progress made in environmental impact assessment activities. The EIA reports of these two power plants have been received by the Ministry of Environmental Protection, while EIA report of Baihetan Hydropower Station passed the technical review into the approval process. The administrative permitting (registration) process was underway. 15 administrative licensing applications of these power plants including land requisition preliminary review, siting opinion letter, water and soil conservation, water administrative permitting (water resource demonstration, flood control impact assessment, planning consent and approval of water acquisition), seismic safety assessment, geological hazard assessment and work safety preliminary assessment have been approved (registered) by the related commissions and ministries under the State Council and by Sichuan and Yunnan provincial governments. The power transmission planning reports were completed, and other administrative licensing activities are being conducted as scheduled.



New Energy Development

In 2014, with a view to building on the scenic beauty of the Three Gorges, increasing the scale of power generation business, ensuring profitability and improving management practices, CTG increased its installed capacity by nearly 1 GW, made its projects the most profitable ones among hydropower plant projects in China, constantly improved its internal controls, achieved rapid growth in both size and profitability and brought its new energy business to the next level. In 2014, CTG put into operation additional 935,000 kW, increased its installed capacity to 3.9 GW and generated electricity of about 5.5 TWh, with total profits of RMB 1 billion.

Progress made in resource reserve and project approval

In 2014, CTG had additional 1.64 GW installed capacity approved (registered) and secured additional 7.8 GW.

CTG intensified its efforts to acquire terrestrial wind power resources in Inner Mongolia and Xinjiang, especially the areas surrounding the transmission passageway, while conducting offshore wind power development activities in Liaoning and Fujian provinces, as a result of which additional 1.1 GW installed capacity was approved and additional 3 GW wind power resources were secured.

By launching many new initiatives such as eco-solar and solar power for facility agriculture, CTG secured actively photovoltaic resources in Qinghai and Ningxia and in such tariff-favorable provinces as Hebei and Liaoning by having additional 21 projects registered, securing over 500,000 kW of solar power and increasing its resource reserve by 5 GW.





Project implementation succeeded

In 2014, CTG put additional 935,000 kW into operation and secured additional installed capacity of 3.9 GW. In particular, Siziwangqi 400,000 kW wind farm (the largest single wind farm ever built in China) and Zhenglanqi 100,000 kW solar power plant were successfully connected with the grid, marking the initial formation of the first 1 GW-level clean energy production complex of CTG. An offshore 200,000 kW wind farm at Xiangshui of Jiangsu province, the first offshore wind farm ever built by CTG, began construction, marking a new phase of CTG's offshore wind power development activities.



A wind farm of CTG New Energy Corporation



Wind tower assembly being hoisted into place

Power Generation and Marketing Efforts Achieved Success

At the end of 2014, CTG had 57 wind farms and photovoltaic power stations in operation in 16 Chinese provinces, staffed with about 800 operators. CTG prepared a template for power station operation and maintenance protocol, conducted power generation inspection activities covering all power plants and involving key technologies, with focus on review of operational protocol of new projects and pre-operation power generation inspection and guidance. CTG adopted a troubleshooting management model involving regional regulation and focusing on self examination. Marketing activities were intensified in such power-deficit areas as Inner Mongolia, Xinjiang, Northeast China and north of Hebei province, with a 130 million kWh reduction in limited power supply and a power limiting ratio lower than the average level in the local areas.



CTG New Energy Corporation's photovoltaic project in Quyang of Hebei province





Go-global Strategy

CTG has been actively implementing its "go-global" strategy in response to the Chinese government's call, by engaging in international business steadily while growing its clean energy business in China.

The international strategy of CTG involves making full use of its technical, managerial, brand and financial strengths resulting from development and implementation of Three Gorges project, leveraging the specialized integration capabilities in terms of investment, construction, operation and consulting in large scale hydropower stations, seeking international investment and contracting opportunities and establishing four international business units for overseas investment, construction, operation and consultancy, providing total solutions to overseas customers and achieving global allocation of resources, with a view of becoming an international first-class clean energy group through international operations.

The international business strategy of CTG focuses on power industry and three markets (i.e., neighboring countries that allow for repatriation of power supply, water-rich Latin, African and Southeast Asian countries and new energy markets in developed western countries) under the guidance of tracking resources, power grids, foreign affairs and foreign assistance to achieve the globalization of international business.



A view of Nam-Lik 1-2 Hydropower Project in Laos



The first phase of a wind farm project in Pakistan passed the 168-hour trial run at the first trial

Overseas Business Portfolio

As of the end of 2014, CTG had business in 40 countries and regions, with 89 ongoing international construction and investment projects. CTG had over RMB 40 billion total assets abroad and over RMB 20 billion net assets. In 2014, CTG generated RMB 9.5 billion business income and RMB 2.1 billion from its international operations.

The international investment markets that CTG has explored or is currently exploring include Burma, Pakistan, Laos, Nepal, Russia and Indonesia etc.; new energy markets in developed countries such as Portugal, Greece, the US and Australia; Brazil and Democratic Republic of Congo, with world famous rivers; markets in Mozambique, Equator and Peru are also being developed.



International Investment

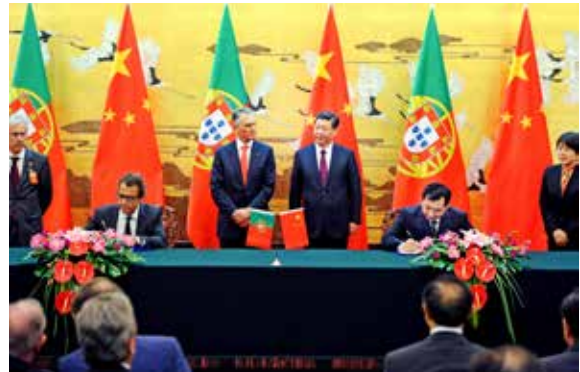
In 2014, CTG continuously refined its overseas investment business portfolio, focused its international operations on in-depth development of exiting markets with significant achievements made in its key projects.

EDP, a company in which CTG holds a stake of 21.35%, operated steadily and achieved its preset profitability target for three years in a row, with annual ROI of 8.7% calculated using equity method; CTG earned cash dividends of € 144 million each year for three years in a row and a dividend yield of 5.64% since 2012. CTG makes full use of the strategic value of its stake in EDP and joins hands with EDP to develop clean energy markets in Europe, South America and Africa using EDP's global network, resources, technical and managerial expertise. Currently, CTG has made its way into European new energy market and Brazilian hydropower market, setting an example of overcoming market barrier and going global for Chinese companies.

The first phase of a Pakistani wind farm project (49,500 kW) in which CTG invested was put into commercial operation on November 25, 2014, 54 days earlier than scheduled by Pakistani national power grid. A demonstration Greek photovoltaic project (18,000 kW) and Nam Lik 1-2 hydropower plant project (100,000 kW) in which CTG invested have been operating steadily, hitting the annual business objectives. In 2014, CTG acquired 50% equities in Jari (373,400 kW) hydropower plant project, 50% equities in CC (219,000 kW) hydropower plant project, 33.33% equities in Sao Manoel (700,000 kW) hydropower plant project, as well as signed an agreement to acquire 49% equities in a 321,000 kW wind farm project of EDP (Brazil) on December 29. After acquisition of stakes in Jari hydropower plant, the hydropower plant was put into operation ahead of schedule, achieving the investment objectives set for the year. The successful acquisition of equities in Brazilian hydropower and wind farm projects marked the first investment deal ever achieved by CTG in Brazilian market.

In 2014, Nam Ngiep II hydropower station (180,000 kW) in Laos and Saint Marty Hydropower Station (25,000 kW) in Nepal were well underway. Pakistani Karot Hydropower Plant project (720,000 kW) has entered the stage of preparation, while the preparations for Pakistani Kohala hydropower station (1.1 GW), the second phase of a Pakistani wind farm project (100,000 kW), Mongton hydropower station project (7 GW) in Burma and Pakistani Mahl hydropower station project (590,000 kW) progressed as scheduled.

As of the end of 2014, CTG owned equity-based installed capacity of 5.3 GW abroad.



CTG signed a strategic partnership agreement with EDP in the presence of leadership of Chinese and Portuguese governments



CTG's chief accountant Yang Ya talks to CEO and CFO of EDP and head of the Portuguese central bank



Uganda Vice President inspects Isimba Hydropower Plant project

International project contracting

As of the end of 2014, CTG's international project contracting business was distributed in 28 countries and regions, with 83 projects under construction. In 2014, CTG had 1.401 billion dollars of revenue from international contracting business and signed 11 international construction contracts, with a total contract price of 2.042 billion USD. In 2014, CTG emphasized its international contracting projects on large-sized EPC projects, government's economic aid, preferential loan and preferential buyer's credit and export credit. CTG's international project contracting business went well. With successful market development

efforts, CTG signed a 322 million USD-worth EPC contract on renewable energy project with Fulton in State of Mississippi, thus successfully making its way into medium and high-end markets. With intensified efforts to control its scale and highlight its strengths in hydropower business, CTG signed two 500kV power transmission and transformation project contracts (EPC) in Laos in 2014, involving a total contract price of 1.024 billion dollars. CTG signed an EPC contract for a hydropower station project in Ghana, involving a total price of 308 million dollars, as another high-value hydropower project in Ghana after the electrification, roadway and municipal water supply projects in the country.

International construction projects and investment projects under construction: Upper Atbara

Dam project in Sudan, Kaleta Dam project in Guinea and Kenier Flood Control project in Ecuador have been well underway since their commencement, strictly complying with the local HSE laws and regulations.



The first generating unit of Kaleta Hydropower Plant moves into the project site



Power plant operation abroad

CTG's overseas power plant operation and management business is still at the early stage and consists of the following types: first, three projects operated and managed by CTG people, i.e., Nam Lik 1-2 hydropower station in Laos, the first phase of a Greek photovoltaic power plant and the first phase of a Pakistani wind farm. In 2014, the Lao project generated about 528 million kWh, the Greek project generated about 24.65 million kWh while and Pakistani project was put into operation on November 25, 2014 and generated about 9.39 million kWh in the same year. Second, provision of advice on power plant operation and management. As of the end of 2014, China Yangtze Power International Co., Ltd signed power plant O&M consulting service contracts with the owner of Murum Hydropower Station project in Malaysia and the owner of Merowe Hydropower Plant project in Sudan. Now, CYPI is assisting the owner of Merowe hydropower station training its O&M personnel.



Murum hydropower station is ready for delivery



Ecuador President inspects TP hydropower station project

International consulting services

CTG actively explores international consulting markets using its advantages. So far, CTG has completed a number of international consultancy projects including cooperative planning of power industry in Southern Africa, planning of power transmission and distribution lines in Burma and feasibility study of wind power generation projects in four coastal provinces of Burma. Meanwhile, CTG joined hands with Germany-based Ramer Consulting GmbH to bid for the management consulting services for Pasha Hydropower Station project in Pakistan (with installed capacity of 4.5 GW) and is now making arrangements for planning and study of major rivers in Pakistan and actively

following up on and hopefully participating in the feasibility study of Congo River Inga 3 hydropower station. CTG is now providing supervision services for Saint Marty Hydropower Station in Nepal. Shanghai Investigation, Design & Research Institute has undertaken the feasibility study of Mahl hydropower plant in Pakistan, management of Karot Hydropower Station project in Pakistan and Azad Pattan Hydropower Station in Pakistan, surveying and design of Isimba Hydropower Plant project, Saint Marty Hydropower Station project in Nepal, Nasuwakari hydropower station and TP hydropower station in Ecuador as well as power market research in Nepal in collaboration with CWE.

Construction site of Nam Lik 2 hydropower station's dam



International Exchange and Cooperation

Exchange and Cooperation with International Financial Institutions

IFC is a member of World Bank that is highly influential in the global investment community. After one year of efforts, CTG signed a share purchase agreement with IFC on November 22, 2014 whereby IFC acquires shares in CTG South Asia Co., Ltd. The introduction of IFC into CTG is the first case of cooperation between a major Chinese SOE and international financial institution, setting a good go-global example for major SOEs.



Exchange and cooperation with foreign companies

After becoming a shareholder of EDP, CTG worked with EDP on international business operations as one of its business priorities, with new achievements made in cooperation, including successful exploitation of Brazilian market, successful acquisition of Brazilian hydropower and wind farm projects on an EDP basis, preparation of competitive bidding for TAPAJOS hydropower plant; TCG set up Global Small and Medium-Sized Hydropower Company in Hong Kong with EDP on a 50%-50% basis to undertake investment in small and medium-sized hydropower plant projects worldwide.





A Spring Festival gala staged on the African soil



The powerhouse of Upper Atbara hydropower station

Cooperation with FURNAS, an operating arm of ELETROBRAS and a financially powerful SOE in Brazilian power sector, is very important to CTG's efforts to exploit Brazilian market. In 2014, CTG deepened its cooperation with FURNAS, as CTG board chairman Lu Chun signed a tripartite strategic partnership agreement with the president of ELETROBRAS and the president of FURNAS on July 17 in the presence of Chinese President Xi Jinping and Brazilian President. CTG worked with EDP and FURNAS on investing in and building Sao Manoel hydropower station while preparing a competitive bid for TAPAJOS hydropower plant project.

Water and Power Development Authority (WAPDA) is a state-owned power company in Pakistan as well as a quasi-government department in Pakistan responsible for planning, design, investment, construction, operation and management of Pakistani hydropower sector, a heavyweight player in Pakistani hydropower sector as it owns and manages all medium and large-sized hydropower plants belonging to Pakistani government. CTG has been working closely with WAPDA and both sides agree to sign a new strategic partnership agreement soon, providing for deeper technical exchange between the two sides and joint development of about 20 GW hydropower resources along the upper reaches of India River.

Exchange and cooperation with international organizations

While going global, CTG engages in international communication and cooperation and successfully built up the good image of the Three Gorges project and gained a greater influence on the international arena through extensive exchange and cooperation with related international industry associations, watershed authorities, peer organizations and environmental organizations including International Commission on Large Dams, International Hydropower Association, UNESCO, the Nature Conservancy and World Wildlife Fund.



Key Financial Data

Item	2012	2013	2014
Total assets (RMB billion)	375.17	433.83	475.51
Ownership interest attributable to the parent company (RMB billion)	203.72	216.75	236.87
Operating revenue (RMB billion)	36.91	42.59	63.00
Net profits (RMB billion)	15.03	17.60	25.97
Gross profit margin of main business (%)	48.7	49.8	52.9
EBITDA (RMB billion)	26.83	32.10	49.22
Return on equity (%)	6.9	7.5	9.9
Total interest-bearing liabilities (RMB billion)	132.4	145.62	148.8
EBITDA interest coverage (X)	4.8	4.9	6.8
Total interest-bearing liabilities / EBITDA (X)	4.9	4.5	3.0
Total interest-bearing liabilities / (total interest-bearing liabilities + net assets)(%)	37.0	37.1	35.1
Asset liability ratio (%)	40.0	43.0	42.1



INDEPENDENT AUDITOR'S REPORT

DHSZ [2015] No. 005189

To China Three Gorges Corporation

We have audited the accompanying financial statements of China Three Gorges Corporation (the "Company"), which comprise the consolidated balance sheet as of December 31, 2014, December 31, 2013 and December 31, 2012, and the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for each of the years then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements that give a true and fair view in accordance with the Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Those standards require that we comply with Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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大华会计师事务所
Da Hua Certified Public Accountants

DHSZ[2015] No. 005189 Independent Auditor's Report

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2014, December 31, 2013 and December 31, 2012, and the consolidated financial performance and the consolidated cash flows for each of the three years then ended in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Da Hua Certified Public Accountants
(Special General Partnership)

Beijing, the People's Republic of China

April 30, 2015



CICPA:

CICPA:





CHINA THREE GORGES CORPORATION
 CONSOLIDATED BALANCE SHEET
 AS OF DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

	Notes	December 31,	December 31,	December 31,
		2014	2013	2012
		RMB'000	RMB'000	RMB'000
Assets				
Current assets:				
Cash at bank and on hand	1	18,293,639	18,738,057	10,951,267
Financial assets at fair value through profit or loss	2	267,104	128,959	534,950
Notes receivable	3	461,577	405,444	321,091
Accounts receivable	4	6,002,764	5,060,490	3,391,388
Advances to suppliers	5	2,168,826	3,040,320	2,598,793
Interests receivable	6	49,349	29,612	8,383
Dividends receivable	7		78,568	6,435
Other receivables	8	3,463,778	3,093,559	2,733,469
Inventories	9	1,720,764	2,199,703	1,904,622
Non-current assets due within one year		416,700	217,189	226,156
Other current assets	10	544,625	18,570	153,200
Total current assets		33,389,126	33,010,471	22,829,754
Non-current assets:				
Loans and advances	11	1,019,200	612,800	862,400
Available-for-sale financial assets	12	32,747,619	14,271,509	18,098,257
Held-to-maturity investments	13	10,000	10,000	10,000
Long-term receivables	14	2,199,291	2,274,875	1,752,116
Long-term equity investments	15	41,574,352	42,453,883	41,278,713
Investment properties	16	521,482	277,487	286,227
Fixed assets	17	293,641,158	227,594,340	165,983,577
Construction in progress	18	52,027,411	95,379,221	111,840,522
Construction materials		305,634	393,414	289,980
Intangible assets	19	3,316,227	2,403,874	1,900,937
Development expenditure		8,203	8,968	5,182
Goodwill	20	2,610,029	2,671,927	2,569,703
Long-term deferred expenses		47,627	105,877	90,307
Deferred tax assets	21	11,915,627	11,547,760	7,025,965
Other non-current assets	22	173,284	817,737	342,112
Total non-current assets		442,117,144	400,823,667	352,335,998
Total assets		475,506,270	433,834,138	375,165,752

The accompanying notes form part of these financial statements.



CHINA THREE GORGES CORPORATION
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

	Notes	December 31, 2014	December 31, 2013	December 31, 2012
		RMB'000	RMB'000	RMB'000
Liabilities & owners' equity				
Current liabilities:				
Short-term borrowings	23	1,073,780	634,215	369,918
Deposits from customers, banks and other financial institutions	24	442,270	370,900	196,590
Placements from banks and other financial institutions			2,400,000	2,400,000
Notes payable	25	1,756,741	2,463,561	236,885
Accounts payable	26	5,949,387	4,986,939	2,589,729
Advances from customers	27	2,364,901	2,532,788	2,012,401
Employee benefits payable	28	548,704	519,898	509,986
Taxes payable	29	(100,659)	(1,458,674)	(742,051)
Interests payable	30	2,549,439	2,598,741	2,347,043
Dividends payable	31	4,672	156,694	7,863
Other payables	32	30,908,815	19,741,714	5,210,957
Non-current liabilities due within one year	33	11,288,081	21,549,708	1,322,207
Other current liabilities	34	18,969,538	19,966,426	30,457,112
Total current liabilities		75,755,669	76,462,910	46,918,640
Non-current liabilities:				
Long-term borrowings	35	35,869,469	38,764,779	32,175,305
Bonds payable	36	81,563,348	64,713,825	68,121,970
Long-term payables	37	4,400	32,984	30,984
Special payables	38	39,787	42,741	49,490
Provisions	39	88,622	93,298	100,209
Deferred income	40	1,340,361	1,363,860	1,326,425
Deferred tax liabilities	21	5,695,671	4,945,979	1,205,468
Other non-current liabilities	41	8,581	10,791	
Total non-current liabilities		124,610,239	109,968,257	103,009,851
Total liabilities		200,365,908	186,431,167	149,928,491
Owners' equity:				
Paid-in capital	42	188,336,711	187,536,711	149,536,711
Capital reserves	43	6,064,970	5,952,492	5,654,120
Other comprehensive income		3,574,864	2,311,417	2,350,185
Special reserves	44	1,424	995	792
Surplus reserves	45	9,399,351	8,433,390	44,191,951
Undistributed profit	46	29,490,514	12,512,857	1,988,094
Total owners' equity attributable to the Company		236,867,834	216,747,862	203,721,853
Non-controlling interests		38,272,528	30,655,109	21,515,408
Total owners' equity		275,140,362	247,402,971	225,237,261
Total liabilities and owners' equity		475,506,270	433,834,138	375,165,752

The accompanying notes form part of these financial statements.



CHINA THREE GORGES CORPORATION
 CONSOLIDATED INCOME STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

Items	Notes	Year Ended December 31		
		2014	2013	2012
		RMB'000	RMB'000	RMB'000
Operating revenue	47	62,995,571	42,584,758	36,904,915
Less: Operating costs	47	(29,131,884)	(21,120,671)	(18,314,725)
Business taxes and surcharges		(1,383,169)	(1,024,668)	(781,442)
Selling and distribution expenses	48	(92,030)	(66,969)	(62,089)
General and administrative expenses	49	(3,112,065)	(2,395,639)	(1,949,773)
Financial expenses	50	(4,354,874)	(4,152,748)	(3,602,560)
Impairment losses	51	(2,449,177)	(187,626)	(646,138)
Add: Gain/(loss) from changes in fair value	52	1,593	795	633
Investment income	53	4,191,262	4,479,951	4,123,569
Operating profit		26,665,227	18,117,183	15,672,390
Add: Non-operating income	54	4,473,957	3,697,215	3,904,592
Less: Non-operating expenses	55	(205,453)	(148,085)	(89,965)
Profit before income taxes		30,933,731	21,666,313	19,487,017
Less: Income tax expenses	56	(4,962,072)	(4,036,448)	(4,353,937)
Net profit		25,971,659	17,629,865	15,133,080
Attributable to owners of the Company		20,559,129	14,435,692	12,305,156
Attributable to non-controlling interests		5,412,530	3,194,173	2,827,924
Other comprehensive income	57	1,465,635	(117,929)	504,785
Other comprehensive incomes that will not be reclassified to profit or loss		(231,288)	(197,220)	(190,993)
Other comprehensive incomes that will be reclassified to profit or loss		1,696,923	79,291	695,778
Total comprehensive income		27,437,294	17,511,936	15,637,865
Attributable to owners of the Company		21,822,577	14,396,924	12,638,124
Attributable to non-controlling interests		5,614,717	3,115,012	2,999,741

The accompanying notes form part of these financial statements.



**CHINA THREE GORGES CORPORATION
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012**

Items	Notes	Year Ended December 31		
		2014	2013	2012
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Proceeds from sale of goods and rendering of services		69,765,973	45,136,108	39,269,208
Net increase in deposits from customers, banks and other financial institutions		71,370	174,310	(15,668)
Net increase in placements from other financial institutions		(2,400,000)		
Proceeds from interest, fees and commissions		353,734	459,231	473,747
Refund of taxes		3,020,604	2,092,875	2,250,351
Proceeds from other operating activities		3,616,173	2,143,033	1,520,900
Sub-total of cash inflow from operating activities		74,427,854	50,005,557	43,498,538
Payments for goods and services		(12,356,749)	(10,731,808)	(9,035,392)
Net increase in loans and advances to customers		(420,000)	260,000	1,035,297
Payments for interest, fees and commissions		(24,540)	(45,437)	(26,613)
Payments to and for employees		(3,048,557)	(2,595,564)	(2,069,391)
Payments of taxes		(13,851,286)	(10,631,592)	(9,692,184)
Payments for other operating activities		(1,660,101)	(2,103,732)	(1,599,919)
Sub-total of cash outflow from operating activities		(31,361,233)	(25,848,133)	(21,388,202)
Net cash inflow from operating activities		43,066,621	24,157,424	22,110,336
Cash flows from investing activities:				
Proceeds from disposal of investments		97,193,294	31,947,431	42,229,813
Proceeds from return of investments		2,505,019	2,651,659	1,501,826
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		74,730	31,897	8,883
Net proceeds from disposal of subsidiaries and other business units		81,377	6,073	
Proceeds from other investing activities		14,071	108,646	1,162
Sub-total of cash inflow from investing activities		99,868,491	34,745,706	43,741,684
Payments for acquisition and construction of fixed assets, intangible assets and other long-term assets		(28,463,001)	(34,792,891)	(44,126,915)
Payments for acquisition of investments		(110,156,644)	(27,568,597)	(65,038,129)
Net payments for acquisition of investment in subsidiaries and other business units		(15,838)	(145,768)	(119,470)
Payments for other investing activities		(34,319)	(20,638)	
Sub-total of cash outflow from investing activities		(138,669,802)	(62,527,894)	(109,284,514)
Net Cash outflows from investing activities		(38,801,311)	(27,782,188)	(65,542,830)
Cash flows from financing activities:				
Proceeds from investors		5,045,200	7,579,760	70,569
Including: Proceeds from non-controlling interests of subsidiaries		4,245,200	7,579,760	70,569
Proceeds from borrowings		62,452,176	53,237,060	83,484,850
Proceeds from other financing activities		140,134		30,910
Sub-total of cash inflow from financing activities		67,637,510	60,816,820	83,586,329
Repayments of borrowings		(59,046,667)	(39,877,499)	(34,551,507)
Payment for dividends, profit distribution or interest		(12,292,143)	(9,289,788)	(7,281,594)
Including: distribution of dividends, profit to non-controlling interests of subsidiaries		(2,203,877)	(1,644,146)	(1,161,422)
Payments for other financing activities		(438,816)	(438,671)	(897,054)
Sub-total of cash outflow from financing activities		(71,777,626)	(49,605,958)	(42,730,155)
Net cash inflow/(outflow) from financing activities		(4,140,116)	11,210,862	40,856,174
Effect of exchange rate changes on cash and cash equivalents		(359,665)	(95,235)	(263,194)
Net increase/(decrease) in cash and cash equivalents		(234,471)	7,490,863	(2,839,514)
Add: cash and cash equivalents at the beginning of the year		18,359,162	10,868,299	13,707,813
Cash and cash equivalents at the end of the year		18,124,691	18,359,162	10,868,299

The accompanying notes form part of these financial statements.





CHINA THREE GORGES CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

Items	Owners' equity attributable to the Company							Total owners' equity RMB'000	
	Paid-in capital RMB'000	Capital reserves RMB'000	Other comprehensive income RMB'000	Special reserves RMB'000	Surplus reserves RMB'000	Undistributed profit RMB'000	Other RMB'000		Non-controlling interests RMB'000
Balance at December 31, 2013	187,536,711	5,952,492	2,311,417	995	8,433,390	12,512,857		30,655,109	247,402,971
Add: changes in accounting policies									
Others									
Balance at January 1, 2014	187,536,711	5,952,492	2,311,417	995	8,433,390	12,512,857		30,655,109	247,402,971
Changes for the year of 2014	800,000	112,478	1,263,447	429	965,961	16,977,657		7,617,419	27,737,391
Total comprehensive income			1,263,447			20,559,129		5,614,717	27,437,293
Owners' contribution and withdrawal	800,000	112,478			(1,072)	(25,986)		4,207,261	5,092,681
Inc. : Capital contributions	800,000	7,134						4,204,576	5,011,710
Others		105,344			(1,072)	(25,986)		2,685	80,971
Special reserves				429				555	984
Inc. : Current year accrued				3,706				2,671	6,377
Current year utilised				(3,277)				(2,116)	(5,393)
Profit distribution					967,033	(3,555,486)		(2,205,114)	(4,793,567)
Inc. : Appropriation for surplus reserves					967,033	(967,033)			
Profit distributed to equity owners						(2,588,453)		(2,205,114)	(4,793,567)
Transfer within owner's equity									
Inc. : Surplus reserve transferred to paid-in capital									
Balance at December 31, 2014	188,336,711	6,064,970	3,574,864	1,424	9,399,351	29,490,514		38,272,528	275,140,362

The accompanying notes form part of these financial statements.



CHINA THREE GORGES CORPORATION
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

Items	Owners' equity attributable to the Company							Total owners' equity RMB'000	
	Paid-in capital RMB'000	Capital reserves RMB'000	Other comprehensive income RMB'000	Special reserves RMB'000	Surplus reserves RMB'000	Undistributed profit RMB'000	Other RMB'000		Non-controlling interests RMB'000
Balance at December 31, 2012	149,536,711	5,654,120	2,350,185	792	44,191,951	1,988,094	1,988,094	21,515,408	225,237,261
Add: changes for accounting policies									
Others									
Balance at January 1, 2013	149,536,711	5,654,120	2,350,185	792	44,191,951	1,988,094	1,988,094	21,515,408	225,237,261
Changes in the year of 2013	38,000,000	298,372	(38,768)	203	(35,758,561)	10,524,763	10,524,763	9,139,701	22,165,710
Total comprehensive income			(38,768)			14,435,692	14,435,692	3,115,012	17,511,936
Owners' contribution and withdrawal		298,372			(2,560)		(23,045)	7,822,466	8,095,233
Inc. : Capital contributions								7,677,422	7,677,422
Others		298,372			(2,560)	(23,045)	(23,045)	145,044	417,811
Special reserves				203				492	695
Inc. : Current year accrued				3,233				2,687	5,920
Current year utilised				(3,030)				(2,195)	(5,225)
Profit distribution									
Inc. : Appropriation for surplus reserves					2,243,999	(3,887,884)	(3,887,884)	(1,798,269)	(3,442,154)
Profit distributed to equity owners					2,243,999	(2,243,999)	(2,243,999)		
Transfer within owner's equity	38,000,000				(38,000,000)				
Inc. : Surplus reserve transferred to paid-in capital	38,000,000				(38,000,000)				
Balance at December 31, 2013	187,536,711	5,952,492	2,311,417	995	8,433,390	12,512,857	12,512,857	30,655,109	247,402,971

The accompanying notes form part of these financial statements.



CHINA THREE GORGES CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012

	Owners' equity attributable to the Company							Total owners' equity RMB'000	
	Paid-in capital RMB'000	Capital reserves RMB'000	Other comprehensive income RMB'000	Special reserves RMB'000	Surplus reserves RMB'000	Undistributed profit RMB'000	Other RMB'000		Non-controlling interests RMB'000
Balance at December 31, 2011	149,536,711	7,254,550	2,017,217		27,551,667	8,205,328	(33,431)	19,984,100	212,498,925
Add: changes for accounting policies		(1,551,712)	2,017,217			(498,936)	33,431		50,161
Others					5,016	45,145			
Balance at January 1, 2012	149,536,711	5,702,838	2,017,217		27,556,683	7,751,537		19,984,100	212,549,086
Changes in the year of 2012		(48,718)	332,968	792	16,635,268	(5,763,443)		1,531,308	12,688,175
Total comprehensive income			332,968			12,305,156		2,999,741	15,637,865
Owners' contribution and withdrawal		(48,718)			(10,493)	(94,438)		(310,741)	(464,390)
Inc. : Capital contributions								64,035	64,035
Others		(48,718)			(10,493)	(94,438)		(374,776)	(528,425)
Special reserves				792				1,192	1,984
Inc. : Current year accrued				2,136				2,331	4,467
Current year utilised				(1,344)				(1,139)	(2,483)
Profit distribution					16,645,761	(17,974,161)		(1,158,884)	(2,487,284)
Inc. : Appropriation for surplus reserves					16,645,761	(16,645,761)			
Profit distributed to equity owners						(1,328,400)		(1,158,884)	(2,487,284)
Transfer within owner's equity									
Inc. : Surplus reserve transferred to paid-in capital									
Balance at December 31, 2012	149,536,711	5,654,120	2,350,185	792	44,191,951	1,988,094		21,515,408	225,237,261

The accompanying notes form part of the financial statements.



Corporate culture

In 2014, CTG continued with its companywide campaign to identify the model teams in terms of corporate culture. A number of role models were identified and recognized as a result, including Zhang Chaoran, Zhang Runshi, Zhang Yu, Ren Guifeng, Shi Huiliang, Zhang Rujun, Yang Zongli, Liu Zhonghui, Huang Guiyun and the dam project management division of Xiluodu Project Management Office. Organizations and teams engaged in characteristic culture building initiatives by holding workshops, delivering iterant lectures, telling success stories about CTG people, carrying forward the spirit of CTG people and inspiring CTG managers and employees towards the new dream of CTG.

In 2014, as part of its efforts to build up its corporate culture, CTG profiled and analyzed the corporate culture of Shanghai Investigation, Design and Research Institute to identify measures of deepening cultural integration at the level of CTG and SIDRI. The ninth annual leader-recommended book reading session was conducted to inspire managers and employees to create a learning party organization.





In 2014, CTG intensified its efforts to create spiritual civilization by applying for the designation of nationally recognized role model of civilization, among others. Three Gorges Scenic Area and CTG Finance Corporation were named nationally recognized role model in 2014. Ren Guifeng, an employee with Yangtze Three Gorges Hydroelectric Engineering Co., Ltd, was recognized by State-owned Assets Supervision and Administration Commission as an outstanding volunteer employee with major SOE.

CTG acts responsibly and endeavors to make its volunteer service activities systemized, institutionalized and regularized. In 2014, CTG established a youth volunteer association, with chapters set up in Beijing, Hubei and Jinshajiang watershed. Currently, CTG's volunteer efforts cover left-behind children, senior citizens, charitable causes and financial and intellectual assistance to school students. There are 31 volunteer service teams at all levels (Guo Mingyi teams of care), 163 volunteer service centers and 4796 registered volunteers. In 2014, CTG volunteer employees completed a total of 120000 hours of volunteer services.





Technological innovation

Construction of a platform for technological innovation

In 2014, CTG advanced its efforts to restructure Shanghai Investigation, Design and Research Institute, intensified the coordination and exchange between SIDRI and other functions of CTG and involved SIDRI in provision of technical services and support for CTG's hydropower, wind power, local water resources and overseas business operations, making SIDRI a new fountainhead of technological innovation at CTG.

CTG built up the National Engineering Research Center of Water Resources Efficient Utilization and Engineering Safety. In response to new situations and new normal, the research center refined its priorities and core technology mix, had its third technical committee elected and is now preparing the performance assessment package 2013-2014 as commissioned by the National Development and Reform Commission. The directors and supervisors of Hohai Technology Co., Ltd (the legal person of the research center) were reappointed in order to facilitate the management and operations of the research center.

The newly-established hydroelectric environmental research institute prepared a development plan and related rules and regulations. At present, the institute has been operating, with teambuilding efforts well underway. Many technology and policy-related research projects were conducted, including post assessment of Gezhouba Dam and the research of hydropower project ecological base flow indicators and red-line constraint zoning.

CTG is now building aquatic and terrestrial ecological research and protection institution through Chinese Sturgeon Research Institute and Three Gorges Nursery Center.



Board chairman Lu Chun and Vice Mayor of Shanghai Zhou Bo jointly inaugurated SIDRI

Major Technological Innovations

In 2014, CTG intensified its IP protection efforts by filing 289 patent applications and received 230 patents, including 34 patents of invention, winning 15 technology advancement awards at the provincial and ministerial levels, with 57 software copyright registered. CTG filed more than 100 patent applications and secured over 100 patents for three years in a row, with rapid growth in number of patents of invention and further improvement in quality of patents.

In 2014, CTG published over 10 research articles as a result of Three Gorges Reservoir Sediment Regulation and Multi-target Optimized Dispatching, a key technology development project under its 12 five-year plan, with some of research findings applied in annual optimized dispatching plan of Three Gorges Reservoir, impoundment plan and real-time flood regulation plan. The preparation of MgO expansion agent and low-shrinkage magnesia cement and its application in large-size electrical installations, a national key technology development project undertaken by TCG under the 12th five-year plan, was completed according to the statement of work approved by the Ministry of Science and Technology and are ready for acceptance check. CTG published 14 research papers as a result of implementation of Early Warning and Emergency Response Mechanism for Cascaded Reservoirs, a research project undertaken by CTG under the national 973 program, including 5 papers retrievable from SCI and EI. CTG



published 6 research papers as a result of implementation of Risk Incubation Mechanism and Dynamic Risk Assessment for Cascaded Reservoirs, a research project undertaken by CTG under the national 973 program, including 3 papers retrievable from SCI and EI, with two patent applications filed and research findings paving the way for development of a database of risk source associated with cascaded reservoirs in Daduhe watershed. As a result of implementation of the research and demonstration of key technologies for structural and functional refinement of ecosystem in Three Gorges Reservoir and middle reaches of Yangtze River, a national key technology development project undertaken by CTG under the 12th five-year plan, CTG published 1 SCI-retrievable research paper and filed an application for patent of invention and two patents of utility model. The project team marked and tracked young Chinese sturgeons, looked into the tentative eco-dispatching of Three Gorges Reservoir for natural reproduction of three native fish species and monitored the natural reproduction of Chinese sturgeons.

Adoption of scientific payoffs

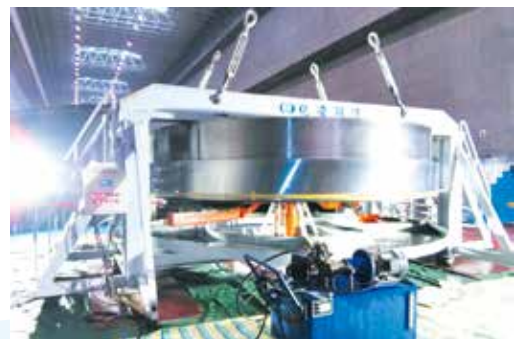
Xiluodu Arch Dam is the world's only ultrahigh arch dam comprised coarse aggregate extracted from basalt in underground caves, with relatively weak crack resistance of concrete, thus making the temperature-controlled crack-resistant surface of the dam highly vulnerable. In response, CTG worked with Tsinghua University and Institute of Water Conservancy and Hydroelectric Power Research to develop key technology for intelligent construction of 300m-level Xiluodu Arch Dam, with a series of internally generated technological achievements. These achievements enabled the hydropower sector to go modernized and intelligent and were successfully applied in construction of the ultrahigh arch dam at Xiluodu. Xiluodu Arch Dam has been in operation for three years and the prototype monitoring results indicate that all indicators are within the design limits and no temperature-caused cracks of concrete have been found so far, thus achieving the objective of seamless dam and building the first intelligent arch dam. This project earned CTG a technological advancement award 2014 from Chinese Society of Hydroelectric Engineering. This research result has been used in many projects such as Xiangjiaba, Zangmu, Baihetan and Wudongde.



The inventor of stator repair platform for generating units at Three Gorges dam is examining the purified water device at Three Gorges Power Station with repairmen



A group of highly-educated and research-driven people gather in the innovation studio at Three Gorges Power Station



A new-type mirror plate grinding device developed by workers in the repair shop is used in major repair of #5 generating unit at Three Gorges Power Station



Maintaining Natural and Ecological Balance

CTG has always been following an all-watershed approach to environmental protection, established an ecological and environmental protection monitoring system covering pollution sources, aquatic environment, terrestrial, wetland and aquatic ecologies, atmospheric environment, geological disasters, earthquakes and population health and conducted ongoing monitoring, protection and scientific research on the impact of hydropower plant projects and new energy development on ecology, intensified efforts to protect rare animals and plants and worked hard on soil and water conservation and ecological restoration. CTG endeavors to achieve harmonious coexistence between people and nature, comprehensive development and continuous prosperity of people and nature. In 2014, CTG reduced 164.2571 million tons of CO2 emissions, 1.9704 million tons of SO2 emissions and 548900 tons of fume emissions and invested RMB 976 million in environmental protection.



Three Gorges floating debris remover #2, the world's largest floating debris remover, is working in front of Three Gorges Dam

Biodiversity Conservation

Biodiversity conservation is an important part of the efforts to advance ecological civilization and has become a shared responsibility of the general public. In the process of project implementation and operation, CTG upholds the principle of respecting, adapting to and protecting the nature and works towards the coordination and harmony between works preservation and natural stewardship on the basis of ecological protection and takes a variety of effective measures to actively preserve the terrestrial and aquatic ecology and aquatic environment, in an effort to establish its corporate image as a promoter of biodiversity conservation.



Staff members at Three Gorges Nursery Research Center are observing the growth of rare plant species in the tissue culture lab

In terms of terrestrial ecological protection, CTG made efforts to research, introduce and acclimatize unique and rare native plant species, build on a germplasm depository and completed the maintenance and management of over 29500 plants in over 224 varieties of unique and rare native plants, intensified research into traditional reproduction of many plants such as *Adiantum reniforme*, *Myricaria laxiflora* and *Taxus chinensis*

and achieved successful tissue culture of such rare plant species as *emmenopterys henryi* and *crataegus cuneata*.

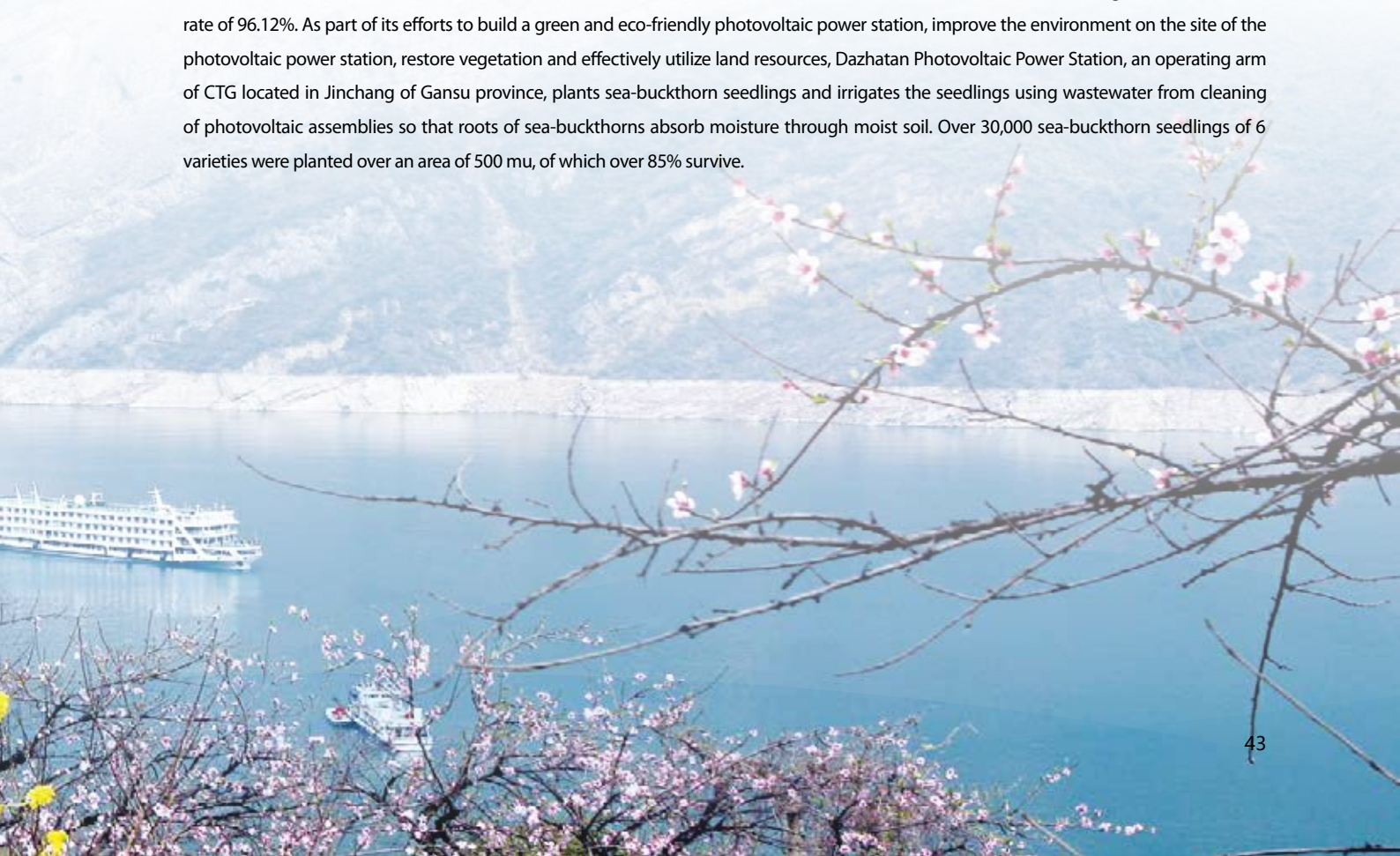


In terms of aquatic ecological protection, CTG launched an initiative to protect Chinese sturgeons along Yichang Section of Yangtze River by building a nature reserve and reproduction and releasing facilities for rare and unique fish species in the upper reaches of Yangtze River, where Chinese sturgeons, mullets and Dabry's sturgeons are reproduced and released in order to preserve the pool of rare and cash fish species in Yangtze River. In 2011-2014, Three Gorges Reservoir implemented ecological regulation tests for three years in a row, promoting the natural reproduction of four major native fish species downstream of Gezhouba Dam by means of artificial flood peak regulation for four to seven days involving continuously increased discharge flow. In 2014, CTG achieved artificial reproduction of *Coreius guichenoti* and *Rhinogobio ventralis*, of which the artificial reproduction of *Rhinogobio ventralis* was the first of its kind ever made in China and the size of reproduction of *Coreius guichenoti* is domestically leading. Two fish species were released tentatively for the first time as part of the 12th rare and unique fish releasing campaign held at the rare and unique fish species reproduction and releasing station at Xiangjiaba Hydropower Station. So far, CTG has the capabilities to release ten rare and unique fish species, i.e., Chinese sturgeon, Dabry's sturgeon, *Procypris rabaudi*, mullet, *Leptobotia elongate*, *Coreius guichenoti*, *Rhinogobio ventralis*, *Megalobrama pellegrini*, *Spinibarbus sinensis* and *Onychostoma simum*. In particular, CTG has released 5.016 million Chinese sturgeons and over 890,000 fries of other rare and unique fish species.

In terms of aquatic environmental control, CTG has established a comprehensive aquatic environmental monitoring system for real-time, all-watershed, all-round and end-to-end monitoring to keep track of temporal and spatial dynamics of water quality. CTG takes environmental measures in a timely manner to mitigate adverse environmental impact and protect the regional/watershed aquatic ecological environment.

Actively implementing soil conservation measures

CTG actively implemented soil conservation measures to ensure the ecological environment affected by construction activities is restored and improved, prevent soil erosion and beautify the landscape and ecological environment. As of the end of 2014, Xiluodu Hydropower Station invested a total of RMB 84.970 million in soil conservation, with total soil erosion control rate of 94.41% and vegetation restoration rate of 96.12%. As part of its efforts to build a green and eco-friendly photovoltaic power station, improve the environment on the site of the photovoltaic power station, restore vegetation and effectively utilize land resources, Dazhatan Photovoltaic Power Station, an operating arm of CTG located in Jinchang of Gansu province, plants sea-buckthorn seedlings and irrigates the seedlings using wastewater from cleaning of photovoltaic assemblies so that roots of sea-buckthorns absorb moisture through moist soil. Over 30,000 sea-buckthorn seedlings of 6 varieties were planted over an area of 500 mu, of which over 85% survive.





Promoting the Sustainability of Resettlement

CTG builds and operates hydropower stations while giving sufficient consideration to economic sustainability of the areas where it operates, bearing in mind the need to benefit local residents through hydropower development. A resettlement bureau was set up to deal with resettlement matters and establish a multilevel, multiform, day-to-day and ongoing means of communication. CTG established a resettlement policy, pays much attention to resettled people in need, helps resettled people become more employable and assists with local industry development, with a view to enabling resettled people to live better lives after resettlement.



Three Gorges Building of Eshan Huanian Primary School built with the financial assistance of CTG

Helping resettled people

The resettlement area is mainly an agricultural area with weak industrial infrastructure, where resettled people are in urgent need to improve livelihood. CTG has been working to help resettled people living a better life, with focus on professional development of women, taking care of children in reservoir areas and making resettled people more employable. In July 2011, CTG established a foundation for development of resettled women in collaboration with All-China Women's Federation, which is intended to provide financial assistance to college

students and seriously sick people, vocational training to resettled women, construction of women's homes and healthcare services for mothers in areas affected by hydropower stations downstream of Jinsha River. In 2014, 2230 high school students and 293 seriously sick people and two women's homes received financial assistance from the foundation.

Promoting sustainability of reservoir areas

Successful completion of resettlement is just the beginning of new life for resettled people, whose daily and work lives need to be supported by comfortable, healthy and convenient infrastructure and especially by the regional economic and industrial development in the reservoir areas. CTG contributes to sustainability of resettlement areas by helping develop new-type characteristic agriculture and assisting with infrastructure development.

Promoting the characteristic sectors in the reservoir areas and accelerating the construction of modern agriculture is the fundamental way to facilitate the economic development in the reservoir areas. CTG provides seed money to migrants and helps build agricultural infrastructure in the reservoir areas and provides a platform for agricultural development in the surrounding areas. In 2012, CTG donated RMB 1 million seed money, which was allocated equally to ten villages in Yibin City of Sichuan province for poor



Agricultural Science Bureau of Leibo County in Sichuan distributes books on planting and aquaculture to villagers.



A family of four generations celebrate the Spring Festival

migrants to borrow in order to increase their income through production activities. As of September 2014, 272 households out of the poor resettled households in the ten villages received the seed money, each household generating more than 4515 Yuan on average. 98 households at 8 resettlement villages in Pingshan County received the seed money. Farmers in reservoir areas became well off thanks to the help of seed money.

CTG endeavors to help resettlement communities build on their infrastructure. In 2014, completion of many livelihood improvement initiatives effectively improved the productive and living environment for people in reservoir areas. On October 17, 2014, the first poverty relief day established by

Chinese government, CTG donated RMB 5.5 million to poverty-stricken areas in Sichuan for use in development of reservoir areas of Xiajiaba, Xiluodu, Wudongde and Baihetan hydropower stations downstream of Jinsha River. This donation will be used in renovation of dilapidated houses at Lantian Village, Qingping Town of Pingshan County, construction of supporting facilities for new village habitat, industrial support for migrants in Pingshan County and cultural ancestral home of Pingshan County, reconstruction of Leibo County People's Hospital in Xiluodu Reservoir Area as a second-class hospital, hardening of industrial roads at Dalongtan Village and Ganbazi Village in Renhe District of Panzhihua City in Wudongde Reservoir Areas and construction of a 500 m³ impoundment pond. These financial assistances will benefit 1615 people and 425 farmer households.



An artwork show in Pingshan County on the eve of Spring Festival





Giving back to the society

As a central SOE, CTG is expected to play an important role in implementing the Chinese government policy, facilitating the economic and social restructuring, improving people's livelihood and contributing to social harmony. Bearing in mind its core values of dedication, corporate citizenship, innovation and harmony, CTG recognizes and values public benefits from a strategic perspective and endeavors to give back to the society while seeking business excellence and place equal emphasis on public-benefit priorities and social development, in a bid to replay an irreplaceable role in critical areas.

In 2014, CTG donated a total of RMB 161 million in terms of poverty alleviation, financial assistance to designated poverty-stricken areas, charitable undertakings, public-private partnership and social donations. After the Three Gorges Dam was opened to tourists free of charge, CTG gave up about RMB 189 million box office each year. The installed capacity of a photovoltaic power station to be built with the assistance of CTG in Tibet totaled 210,000 kW, and over 20000 people benefit from the electrification project undertaken by CTG in underserved areas of Qinghai Province.

The Three Gorges Dam reopened to tourists free of charge

On September 25, 2014, CTG reopened Three Gorges Dam to tourists free of charge at the expense of tremendous box office revenue, in response to Chinese President Xi Jinping's call for promotion of tourism at the Three Gorges and fulfillment of social responsibility of central SOEs. This move generated tremendous social benefits, promoted the regional economic development and was well received by the general public, allowing more tourists to know more about Three Gorges project, witness the achievements made in China's hydropower industry since the reform and opening-up, gain a deeper understanding of the tremendous comprehensive benefits of Three Gorges project and become more confident and proud of national development and revitalization of Chinese nation, as well as generated tremendous spillover effects for tourism sector in Yichang. According to the statistics released by Yichang Municipal Bureau of Tourism, over 4.66 million tourists visited Yichang during the National Day holiday, a YOY rise of about 30%, bringing total tourism revenue of RMB 2.74 billion, a YOY rise of about 33%, both figures setting a historic record.



A Tibetan family is installing a solar panel gifted by CTG

Charitable undertakings in Xinjiang and Qinghai

CTG makes full use of its technical, financial and human resources and rich experience in the field of photovoltaic power generation to contribute to the electrification in Qinghai and industrial growth in Xinjiang in response to the governmental call for photovoltaic power generation in underserved remote areas.

In Xinjiang, CTG formulated a plan for provision of clean energy using the rich photovoltaic and thermal resources in Hetian area of Xinjiang, helped power companies in Xinjiang export electricity to the rest of the country at an accelerated pace and contributed to the leap-forward economic and social development in Xinjiang. CTG secured installed capacities of 380000 kW in Xinjiang, thus significantly improving the productive and living conditions of farmers and herdsmen. Meanwhile, CTG recruited 32 local people in 2014, giving more job opportunities to ethnic minority residents in Xinjiang.

In 2014, CTG distributed and installed photovoltaic power generation systems for 7152 households in Quanhaixi Prefecture free of charge, providing power supply to over 20,000 local people.



Supporting cultural and educational undertakings

Education and culture are an important part of sustainability of Chinese society. CTG has been regarding culture and education as important part of its strategic approach to corporate citizenship, contributing to cultural and educational undertakings by setting up scholarship, improving educational facilities and sponsoring cultural events.

In September 2014, CTG signed a tripartite agreement with Tibetan Autonomous Government and Three Gorges University whereby CTG will engage Three Gorges University to educate 30 or 50 Tibetan high school graduates each year. These students will be enrolled to such related specialties as hydropower, power, water resources, harassing and tourism. After graduation, they will be assigned to CTG companies in Tibet. In September 2014, the first group of 28 Tibetan students arrived in Yichang for their higher education at Three Gorges University. This move reflects how CTG provides assistance to Tibet in the form of educational and employment opportunities, and beneficiary college students will work towards the economic and social development in Tibet after graduation.



Rescue efforts in the wake of Ludian Earthquake

Faced with catastrophic natural disasters, CTG acts proactively and endeavors to help affected people back to normal life by fulfilling its social responsibility as a central SOE. On August 3, 2014, when a serious earthquake hit Ludian of Yunnan, CTG invested RMB 15 million in disaster relief efforts and dispatched volunteer employees, technicians and equipment to the disaster area. On August 8, CTG's floating debris removal team arrived at the earthquake relief headquarters in Ludian and lost no time to clean debris on the surface of barrier lake at Hongshiyuan under the instructions of the disaster relief headquarters, making contributions to the disaster relief efforts.



The earthquake resulted in massive landslide that blocked the passageway to the disaster area. In order to clear the blockage and deliver the rescue within 72 hours of occurrence of the earthquake, CTG shipped 400 detonators to the disaster area on 10:00 AM, August 5, into the hands of the rescue team for use in blasting open the blocked road. On August 6, CTG shipped much-needed 600 detonators and 840 kg explosives from its civil explosive warehouse at Baihetan to the blasting site at Hongshanyan Barrier Lake for immediate use, thus contributing to the disaster relief efforts.



Three gorges project , a century-long dream



In 1918

Mr. Sun Yat-sen made a proposal in his Nation-Building Strategy II -Industrialization Plan to “improve this upstream section of Yangtze River” , suggesting “water gates be built to block the river and enable ships to sail upstream and utilize hydraulic power” .

May 1944

World-famous US expert on high dam Dr. J.L Savage surveyed the Three Gorges and presented the Preliminary Report on the Plan of the Three Gorges on the Yangtze River.

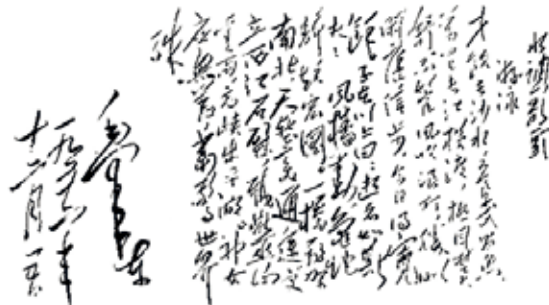


February 1950

Yangtze River Water Resources Commission was founded.

1955

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



In 1956, Mao Zedong, Chairman of the CPC Central Committee, swam in the Yangtze River nearby Wuhan and wrote Ode to the River-Swimming, envisaging an ambitious blueprint for the Three Gorges project.

December 26, 1970

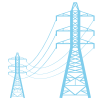
The plan for construction of the Gezhouba Hydro Plant on the Yangtze River was approved. The plant started producing electricity in 1981 and was completed in 1989.

February 27-March 7, 1989

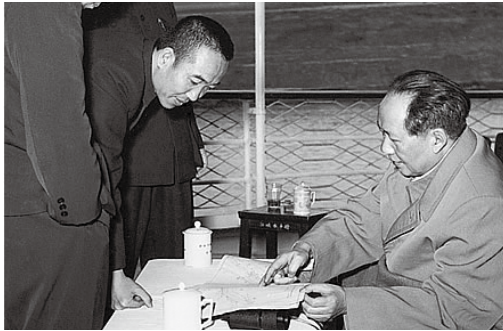
The 10th Conference of the Three Gorges Project Feasibility Study Leadership Group of Ministry of Water Resources and Electric Power discussed and adopted the Feasibility Study Report on the Three Gorges Hydropower Project on the Yangtze River.

April 3, 1992

The 5th Session of the 7th National People's Congress adopted the Resolution to Build the Three Gorges Hydropower Complex, marking the end of permitting process and the commencement of the implementation phase.



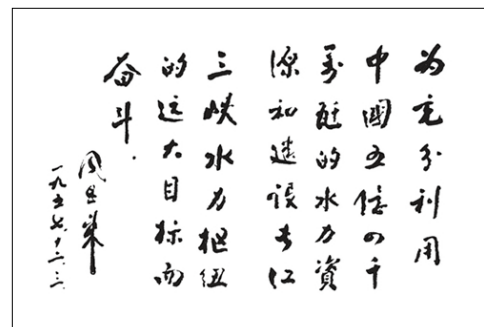
Support from several generations of Chinese leaders



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



In March 1958, Premier Zhou Enlai embarked on Zhongbao Islet, Sandouping and reviewed the dam site options of Three Gorges Project together with the accompanying experts.



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



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

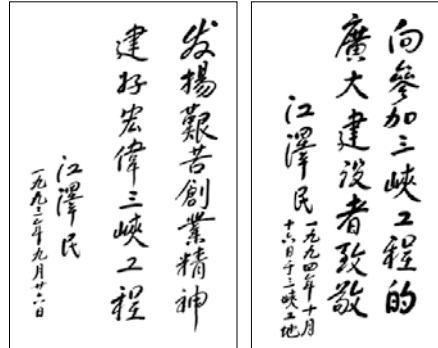


In July 1980, Deng Xiaoping, Vice-Chairman of the CPC Central Committee and Vice Premier of the State Council, went by ship towards the east from Chongqing to examine the dam site of the Three Gorges and Gezhouba as well as Jingjiang Levee and received a briefing on the project progress.

On November 24, 1982, Vice Premier of the State Council Deng Xiaoping heard out a report by the State Development Planning Commission. When he heard that "it is necessary to build the Three Gorges Dam to support the industrial and agricultural development in the next two decades", he said, "I agree with the low dam plan. Do it if you think it is a right choice."



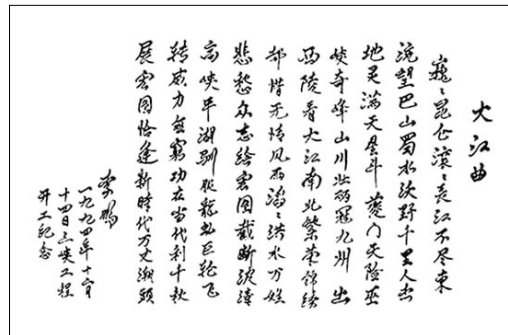
In October 1994, Jiang Zemin, Secretary General of the CPC Central Committee, inspected the Three Gorges Dam.



Jiang Zemin made an epigraph for the Three Gorges Project



On December 14, 1994, Premier Li Peng delivered a speech at the commencement ceremony of the Three Gorges Project.



In December 1994, on the way to the TGP dam site for the commencement ceremony by ship, Premier Li Peng wrote the "Ode to Yangtze River" in celebration of the Three Gorges Project.



In 1992, Qiao Shi, member of the Standing Committee of the Political Bureau of CCCPC and Chairman of the Standing Committee of the NPC, inspected the dam site of Three Gorges Project.



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



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



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



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



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



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



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



On October 30, 2010, Li Changchun, member of the Standing Committee of the Political Bureau of the CPC Central Committee, inspected the Three Gorges Project site.



On August 2, 2012, Premier Wen Jiabao inspected the Three Gorges Project site to learn about the flood control performance and operation of the dam.



Three Gorges Chronology

Phase I (1993-1997)	
July 29, 1993	The 2nd Conference of the Three Gorges Project Commission of the State Council was held to review and approve the Preliminary Design Report on the Three Gorges Project, ushering in the phase of project preparation.
September 27, 1993	China Three Gorges Development Corporation was established.
December 14, 1994	Official commencement of the Three Gorges Project.
November 8, 1997	River closure was successfully completed for the Three Gorges Project, completing the Phase One of the project.
Phase II (1997-2003)	
2000	A total of 5.4817 million m ³ of concrete was poured, setting a new world record in the global hydropower industry.
June 1, 2003	The TGP Reservoir started impounding. The water level reached an elevation of 135m on June 10.
June 16, 2003	Trial navigation of the dual-line five-stage ship lock was successfully completed. On June 18, the ship locks were formally opened to traffic.
July 10, 2003	The first generating unit in the left-bank powerhouse of TGP was officially integrated into the power grid.
Phase III (2004-2009)	
September 2005	14 generating units in the left-bank powerhouse became fully operational one year ahead of schedule.
May 2006	The TGP Dam was completely topped out.
October 2006	The TGP Reservoir's water level reached 156m one year ahead of schedule.
May 2007	The dual-line five-stage ship lock was completed, significantly boosting the navigational efficiency and benefits of the prime waterway of the Yangtze River.
June 2007	The first generating unit in the right-bank powerhouse of TGP became operational. The powerhouse set a world record by putting an installed capacity of 5 GW into operation the same year.
October 2008	12 generating units in the left-bank powerhouse became fully operational one year ahead of schedule.
September 27, 2009	The normal impoundment level of 175 meters at Three Gorges Complex passed the acceptance check, marking the completion of preliminary design of the Three Gorges Project except for the construction of ship lift that was approved to be postponed.
Oct 26, 2010	A trial water impoundment reached a 175m, beginning to generate benefits in terms of flood control, drought-relief, power-generation, shipping and water replenishment.
Nov. 26, 2010	The contract on procurement of ship-lifting equipment of the Three Gorges was signed.
Dec. 31, 2010	The contract on ship-lifting equipment of the Three Gorges was signed.
May 24, 2011	Annual power generation by the Three Gorges - Gezhouba cascade complex hit 100.61 TWh.
Sep. 21, 2011	The first group of power generating units in the Three Gorges underground power station became operational and passed the acceptance check.
August 29, 2012	The last unit No. 27 to be put into operation at Three Gorges Underground Power Station passed the acceptance check, meaning all power generating units in the underground station became operational.



Major Subsidiaries

China Yangtze Power Co., Ltd.

China Yangtze Power Co., Ltd. (CYPC) is a joint-stock limited-liability company incorporated on September 29, 2002 by China Three Gorges Corporation with the approval of the State Council upon the request from the former State Economic and Trade Commission.

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CYPC is China's largest listed hydropower company specializing in hydropower generation and committed to becoming the global leader in hydropower industry. CYPC owned all of the power generating units at Gezhouba Hydropower Station and the Three Gorges Hydropower Station and has been commissioned to operate and manage Xiluodu and Xiangjiaba hydropower stations, two of the world's ten largest hydropower stations. As of December 31, 2014, China Yangtze Power Co., Ltd owned installed capacities of 25.28 GW and managed installed capacities of 20.26 GW on behalf of its customers.

Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.

Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd (the "Company") is a limited liability company established jointly by CTG, Sichuan Energy Investment Group Co., Ltd and Yunnan Energy Investment Group Co., Ltd according to the Framework Agreement on Joint Establishment of Jinsha River Downstream Hydropower Development Company, each holding 70%, 15% and 15% of the total equities respectively.

The company was incorporated in Chengdu of Sichuan Province on January 29, 2013, with total registered capital of RMB 32 billion as of December 31, 2014, and deals with hydropower station development, construction, investment, operation and management, specialized technical services and clean energy development and investment. The company is responsible for development, construction, operation and management of Xiluodu and Xiangjiaba hydropower stations downstream of Jinsha River.

As of December 31, 2014, a total of RMB 151.233 billion was invested in these two hydropower stations and a total of 26 generating units were put into operation at these two power stations, generating 31.13 TWh in total to the date. As of December 31, 2014, the company generated business income of RMB 22.860 billion, total profits of RMB 7.331 billion and net profits of RMB 7.331 billion (subject to the preferential business income tax policy of exemption from business income tax for the first three years of operation and 50% of business income tax for the following three years of operation as well as the preferential VAT policy), with total assets of RMB 169.631 billion, total liabilities of RMB 132.065 billion and total ownership interest of RMB 37.566 billion.



According to the applicable provisions of the Company Law of the People's Republic of China and the modern enterprise system as well as the provisions of the tripartite framework agreement, the company established and implements policies on shareholders' meeting, board of directors and board of supervisors. The company focuses on investment and assets management and has its business decisions made by its general meeting and board of directors according to the provisions of its corporate bylaws. To leverage the strengths of CTG in engineering construction and the strengths of China Yangtze Power Co., Ltd in power station operation and management, the company entrusted its engineering construction, resettlement and compensation activities to the care of CTG and its power generation and operations to the care of China Yangtze Power Co., Ltd in light of the existing resources and strengths of its shareholders and according to the marketization principle, subject to performance appraisal and examination by the company according to the contractual provisions.

Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.

Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd (the “company”) is a limited liability company established jointly by CTG, Sichuan Energy Investment Group Co., Ltd and Yunnan Energy Investment Group Co., Ltd according to the Framework Agreement on Joint Establishment of Jinsha River Downstream Hydropower Development Company, each holding 70%, 15% and 15% of the total equities respectively.

The company was incorporated in Kunming City of Yunnan Province on January 29, 2013, with total registered capital of RMB 7 billion as of December 31, 2014, and deals with hydropower station development, construction, investment, operation and management, specialized technical services and clean energy development and investment. The company is responsible for development, construction, operation and management of Wudongde and Baihetan hydropower stations downstream of Jinsha River.

As of December 31, 2014, a total of RMB 35.318 billion was invested in these two hydropower stations. The company had total assets of RMB 36.011 billion, total liabilities of RMB 29.011 billion and total ownership interest of RMB 7 billion.

According to the applicable provisions of the Company Law of the People's Republic of China and the modern enterprise system as well as the provisions of the tripartite framework agreement, the company established and implements policies on shareholders' meeting, board of directors and board of supervisors. The company focuses on investment and assets management and has its business decisions made by its general meeting and board of directors according to the provisions of its corporate bylaws. To leverage the strengths of CTG in engineering construction and the strengths of China Yangtze Power Co., Ltd in power station operation and management, the company entrusted its engineering construction, resettlement and compensation activities to the care of CTG and its power generation and operations to the care of China Yangtze Power Co., Ltd in light of the existing resources and strengths of its shareholders and according to the marketization principle, subject to performance appraisal and examination by the company according to the contractual provisions.



China Three Gorges New Energy Co., Ltd.

China Three Gorges New Energy Co., Ltd. (“TGNE”) is a wholly-owned subsidiary of CTG established to develop new energy and build the secondary line of business of CTG, formerly known as China Water Investment Group Corporation. With the approval of the State Council in October 2008, China Water Investment Group Corporation was merged into CTG and renamed TGNE in June 2010. In April 2011, Yangtze New Energy Development Co., Ltd was merged into TGNE with the approval of CTG.

As one of the first central SOEs to operate in wind power industry in China, TGNE responds proactively to the governmental call for development of new energy, accelerates its pace of wind farm development and endeavors to build a complete value chain in wind energy sector, securing a solid competitive foundation and advantage in wind farm development and wind power equipment manufacturing. As of the end of 2014, the company's new energy business covered 30 Chinese provinces, autonomous regions and municipalities, with nearly 5 GW installed capacities in operation or under construction for such new energy sources as wind energy, solar energy and small-sized hydropower stations, as well as holding total assets of over RMB 33 billion. In particular, a 0.4 GW wind farm located at Siwangziqi, Inner Mongolia, the largest wind farm ever built in China, was put into operation. An offshore 0.2 GW wind farm located at Xiangshui of Jiangsu Province, the first offshore wind farm ever built by CTG, began construction.

As the operating arm of CTG in new energy business, TGNE focuses on investment, development and operation in such clean and renewable energy sectors as wind and solar energy, adopts a differentiation strategy and cost-leadership strategy focused on profitability, works on developing a value chain of wind energy focused on development of wind farms, explores a business portfolio comprising wind and photovoltaic energy, hydropower and pumped storage, keeps track of the advancements in solar energy technology and market dynamics, optimizes and scales up photovoltaic power stations and develops small and medium-sized hydropower stations, with a view to establishing CTC's presence in new energy sector and becoming a first-rate new energy company.

CWE Investment Corporation

CWE Investment Corporation, a wholly-owned subsidiary of CTG, was established on August 30, 2011 with a registered capital of RMB 15.146 billion. Formerly known as CTG International Investment Co., Ltd, the company got its present name on July 5, 2012. As of the end of December 2014, the company had total assets of RMB 29.393 billion and net assets of RMB 15.686 billion. The company is co-located with CTG's international business unit and oversees the international operations of CTG.

CWE Investment Corporation was established to implement the go-global strategy of CTG and works towards building a world-class clean energy business group, dealing with investment, construction, operation and management of overseas investment projects. As of the end of 2014, the company generated total profits of RMB 1.658 billion as it continued implementing CTG's go-global strategy.



The company runs 19 subsidiaries abroad and owns three tier-2 subsidiaries, i.e., China Gangyuan Investment Co., Ltd, CWE (Hong Kong) Co., Ltd and Three Gorges Development (Malaysia) Co., Ltd, the former two of which are used as the overseas investment platform to establish CWE (Europe) Co., Ltd, China Three Gorges (South Asia) Investment Co., Ltd and CWE (Brazil) Co., Ltd. Through the investment made by CWE (Europe) Co., Ltd, CTG became the largest shareholder of EDP by holding 21.35% stake in the Portuguese power producer.

The current business of CWE Investment Corporation covers investment in and development of overseas hydropower stations, wind farms and solar power projects in South Asia, Southeast Asia, Europe, Americas and Africa. As of the end of 2014, CWE Investment Corporation secured 5.2 GW of equity-based installed capacity and 14.36 GW more (including 1.04 GW under construction), and kept track of additional 25.30 GW installation capacity, which contributed to the achievement of the objectives of CTG's 12th five-year plan one year ahead of schedule and laid a solid foundation for the long-term growth of CTG.

Backed by CTG, CWE Investment Corporation possesses a large wealth of experience and technical and managerial expertise in planning, design, construction and operation of large-scale hydropower stations and wind farms, as well as strong capabilities in integrated operation of large-scale hydropower complexes and cascaded hydropower stations. In addition, the company enjoys abundant human resources, solid financial strength and strong international financing capabilities in the field of investment in overseas clean energy sector.

China International Water & Electric Corp.

China International Water & Electric Corp. (“CWE”), a wholly-owned subsidiary of CTG and one of the first SOEs in China's hydropower industry to engage in international economic cooperation, got its present name in 1983, whose predecessor was International Engineering Co., Ltd under the former Ministry of Water Resources and Power established about five decades ago.

Nowadays, CWE has become a name brand in the fields of international project contracting and investment in small and medium-sized hydropower plants. Many of projects undertaken and developed by the company are landmarks in the world history of hydropower sector, including dams that symbolize international friendship, hydropower plants reputed for comparable quality to Three Gorges project, as well as large-sized hydropower complexes recognized as benchmarks of international cooperation.

CWE is best known for its strengths in hydropower business, enjoys a large wealth of experience in power transformation and transmission, road and bridge construction and harbor dredging. CWE seeks high-value EPC projects and implements investment projects in a prudent manner, setting historic record for nine years in a row in terms of KPIs. In 2014, CWE secured over 2 billion dollar-worth international construction contracts and generated business income of over RMB 9 billion.



CWE operates in over 70 countries and regions in Asia, Africa, Europe and Americas and maintains representative offices in 37 countries and regions. In 2014, CWE had nearly 20,000 employees on payroll, 75% of whom are foreign employees.

CWE has the first-class qualification as a general contractor of hydropower plant, international project contracting rights, foreign trade rights and AAA-class credit ratings. It has been accredited to quality management, environmental management and occupational health and safety standards. It has the highest-level contractor license covering all types of construction projects in Hong Kong. CWE stays on the ENR list of global top 250 project contractors for 25 years in a row and on the ENR list of global top 225 engineering designers for 14 years in a row.

In the future, CWE will endeavor to become an international clean energy developer and investor that deals with investment, construction, management and operation by delivering on its commitments to business sustainability. CWE will fulfill its social responsibility, drive the economic development in areas where it operates, benefit the local communities and contribute to a harmonious and friendly environment with highest engineering quality and remarkable environmental performance.

Three Gorges Finance Co., Ltd.

Three Gorges Finance Co., Ltd. (“TGFC”), incorporated in November 1997 with the approval of the People's Bank of China, is a non-bank financial institution established to finance the business operations of CTG and its member companies with a registered capital of RMB 2.4 billion. Headquartered in Beijing, the company set up a branch in Yichang of Hubei Province in 2011.

The company has a full range of business license specified in the Regulation on Finance Company of Business Groups except for insurance agency and consumer credit business, dealing mainly with deposits, loans, payment and securities investment, asset management and financial consultancy. In 1998, TGFC obtained an exclusive trading seat on Shanghai Stock Exchange and Shenzhen Stock Exchange; a year later, it became one of the first finance companies in the country to join the national inter-bank lending market and bond market; in 2005, it obtained the license to answer inquiries about IPO, followed by a license for trading of blocks of shares in 2008. At the end of 2011, the company acquired the license to deal with foreign exchange. One year later, it established Three Gorges Insurance Brokering Co., Ltd.

Bearing in mind its mission to serve CTG with best financial practice and innovation, TGFC is charged with providing centralized fund management, financing, financial consulting, financial industry development and research, financial strategy implementation and financial talent development and gradually established distinctive lines of business such as third-party bond issue, electronic clearing service and syndicated loan, playing an important role in helping CTG increase fund utilization efficiency, facilitating in-house financing and reducing the overall debt level and financing costs of CTG.



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

Yangtze Three Gorges Technology and Economy Development Co., Ltd. (“TGDC”), a wholly-owned subsidiary of CTG, was registered with the State Administration of Industry and Commerce on October 30, 1998, with its principal place of business at #1, Yuyuantan South Road, Haidian District, Beijing.

TGDC specializes in provision of supervision services and international and domestic engineering consulting services, project management and general contracting. TGDC operates with Class A engineering consultancy license from the National Development and Reform Commission, Class A construction supervision license for hydropower projects, Class A construction supervision license for road pavement projects, Class A construction supervision license for housing projects and Class B port navigation channel construction license from the Ministry of Housing and Urban-Rural Development, and Class A manufacture supervision license for electromechanical and metallic equipment and supervision license for environmental protection of hydraulic projects from the Ministry of Water Resources, general contracting license from Beijing Municipal Commission of Commerce, Class A engineering survey license from the State Bureau of Surveying and Mapping and the laboratory accreditation and metrology certification and test accreditation certificate from the Certification and Accreditation Administration of PRC and CNAS. The company has established quality management system, occupational health and safety management system and environmental management system according to ISO9000, ISO14001 and OHS18001 respectively. It is recognized by China Electricity Council as the most-trusted company. The company accumulated a large wealth of experience in supervision of manufacture and installation of large-scale water turbine generating units, supervision of roller-compacted concrete placement and dam concrete placement and construction supervision of large-sized underground caves.

TGDC has provided construction supervision and engineering consultancy for various high-profile projects, including National Aquatics Center (more commonly known as Water Cube), Changlongshan Pumped Storage Power Station, management of a public rental housing project in Haidian District of Beijing, Shisanling Pumped Storage Power Station, Three Gorges Hydropower Complex, Xiluodu Hydropower Station, Xiangjiaba Hydropower Station, Baihetan Hydropower Station, Wudongde Hydropower Station, Jin'anqiao Hydropower Station, Huhehot Pumped Storage Power Plant, Baoxinghe Hydropower Station and Huoxihe Hydropower Station in Sichuan Province, Xiangshui Wind Farm of Jiangsu Province and Huade Wind Farm in Inner Mongolia, Manwan, Jinghong and Xiaowan Hydropower Stations along the Lancang River, Shweli River Hydropower Station in Burma, Tatay Hydropower Station in Cambodia, as well as construction supervision of Lingwu photovoltaic power station in Ningxia and Jiuquan photovoltaic power station in Gansu.

Following CTG's go-global strategy, the company undertook Karot hydropower station project in Pakistan and Murum Hydropower Station project on EPC basis and the supervision of Saint Marty hydropower station in Nepal. The EPC project of Karot Hydropower Station undertaken in Pakistan has been included in the China-Pakistan joint declaration as one of the top-priority energy projects along China-Pakistan economic corridor, as well as the first investment project under the Silk Road Foundation established for the “one-belt, one-road” strategy.



Shanghai Investigation, Design and Research Institute

Shanghai Investigation, Design and Research Institute (“SIDRI”), founded in 1954, is a large-sized first-rate integrated surveying and design institute dealing with hydropower, water resources, new energy and environmental engineering. In June 2014, SIDRI was restructured into a limited liability company held by CTG with participation of Shenergy (Group) Ltd and China Renewable Energy Engineering Institute.

Over the past six decades, SIDRI has been operating across the country and in over 20 countries and regions, responsible for engineering design of Zhejiang Xin'an Hydropower Station, Fujian Mianhuatan Hydropower Station, Shanghai Qingcaosha Reservoir and water intake and outtake pump sluices and offshore wind farm at Donghai Bridge in Shanghai, bearing in mind an innovative design approach. SIDRI enjoys industry leadership in China in terms of watershed planning, urban water conservancy, ecological and environmental protection and wind power generation, creating a string of engineering miracles. It received many honorary titles including a national role model of professional excellence, nationally recognized surveying and design institute, China's best water conservancy company, a corporate model in Shanghai, high-tech enterprise in Shanghai, innovation-driven enterprise in Shanghai and a pilot company of patent in Shanghai.

Looking ahead, SIDRI will focus on consultancy and design supported by technical innovation and endeavor to improve its core competitiveness in the fields of water conservancy, hydropower, new energy and environmental engineering, working towards becoming a domestically leading design institute within the next five years and the international first-rate consultancy in the next ten years.



Build an international first-class Clean Energy Group



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