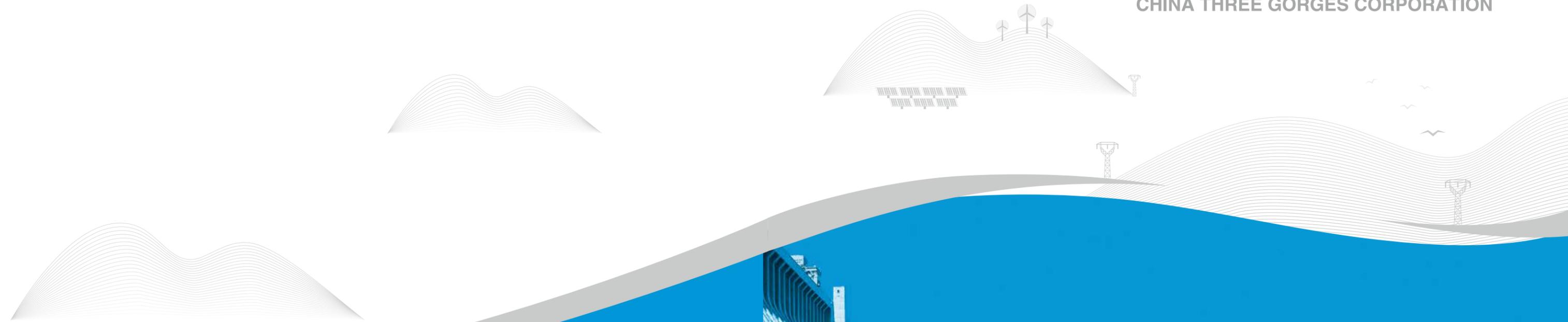


# 2015 Annual Report

CHINA THREE GORGES CORPORATION



## China Three Gorges Corporation

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Post Code: 100038  
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# 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

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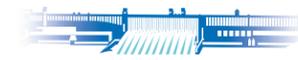


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Building a World-class  
Clean Energy Group



## Board Chairman's Address



China Three Gorges Corporation (CTG) is dedicated to delivering on its commitment to 'Build the Three Gorges Project and develop the Yangtze River, provide clean energy and build beautiful communities together'. In 2015, under the leadership of the CPC Central Committee and the State Council, CTG grasped and implemented the spirit of the series of important speeches by Chinese President Xi Jinping and steadfastly carried out a series of major decisions and deployments from the Central Committee on the reform and development of State-owned enterprises, faithfully performing the political, economic and social responsibilities of a central enterprise and going all out to contribute to the stability of the national economy. CTG has made a number of key achievements with significant improvements in quality and benefits, as well as in overall strength and competitive edge, making a perfect ending to the '12<sup>th</sup> Five-Year Plan' period.

At present, the Chinese economy has entered a new normal state which features a decelerated growth rate, optimal restructuring and transformation of economic drivers, along with the advent of a revolution in energy consumption, supply, technologies and systems, making the development of low-carbon, clean, safe and highly-efficient renewable resources the top priority of China's energy sector. Looking ahead to the '13<sup>th</sup> Five-Year Plan', CTG remains in a period of major strategic opportunities for reform and development. With great potential in large-scale hydropower development, construction and operation, and such new energy fields as wind power and solar energy, and international business, CTG is capable, confident and ready to ride the tide and take the lead in the new round of major changes in the energy industry.

In 2016, we will further implement the decisions made at the 18th National Congress and the third, fourth and fifth plenary sessions of the 18th CPC Central Committee, the Central Economic Working Conference and the instructions of President Xi. Bearing in mind the corporate vision of building a world-class clean energy group, we will implement the 'Five Major Concepts' of innovation, coordination, environmental friendliness, openness and sharing. We will take the initiative to contribute to the 'Three Major Strategies', namely the Yangtze River Economic Belt, 'One Belt and One Road' and the coordinated development of the Beijing-Tianjin-Hebei region. We will continue to focus on our main business, cultivate a core competitive edge and create an industry leader out of CTG, thereby making new and greater contribution to the realization of the Chinese Dream of achieving the rejuvenation of the Chinese nation.

卢焱

## President's Address



The year 2015 was a period of milestones in the history of CTG. Bearing in mind the corporate vision of building a world-class clean energy group, CTG places equal importance on 'maintaining stable growth and promoting reform', and is taking the initiative to adapt to the new normal of economic development. Thanks to our unified efforts, all indicators of production and operation have reached record highs, with a installed capacity (including equity ownership based) of 59.54 GW and an annual electricity generation of 201 TWh, a perfect wrap-up for the '12<sup>th</sup> Five-Year Plan'.

In 2015, the Three Gorges Project successfully achieved the trial impoundment target of 175 meters for the 6th consecutive year, with prominent overall benefits for the cascade power stations. Hydropower development in Jinsha River marked new milestones: the Wudongde Hydropower Station passed national examination and approval, and large-scale construction of the main project was commenced; the environmental evaluation of Baihetan Hydropower Station was approved by the Ministry of Environmental Protection while preparations continued smoothly; and the Xiluodu and Xiangjiaba stations went into sound operation after a smooth construction process. The new energy business developed rapidly, with its size and benefits placing it in China's first tier. The 'Going Global' strategy was steadily implemented, and CTG's international business now covers Asia, Africa, Europe and South America. The strategic restructuring with Hubei Energy was a success, making it a new paradigm of strategic cooperation between central and local state owned enterprises. In addition, CTG gained a sovereign rating and simultaneously issued quanto international bonds worldwide, supporting the capital operation of the group. In short, CTG has made comprehensive new progress in various ways, greatly enhancing its overall strength and management and entering a new stage of better and more powerful development.

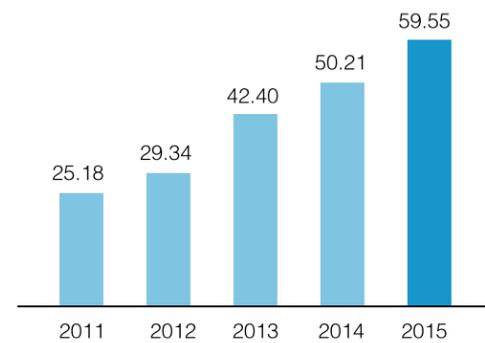
The year 2016 marks the beginning of the '13<sup>th</sup> Five-Year Plan' period. Facing complicated situations and arduous tasks, we should take the initiative to adapt to the new normal with equal emphasis on reform and development. We should push forward the planning and implementation of the '13<sup>th</sup> Five-Year Plan' and spare no efforts to improve quality and efficiency and promote reform, striving for a good start to the '13<sup>th</sup> Five-Year Plan' period, achieving the 'New Three Gorges Dream' and contributing to building the all-round well off society.

卢焱

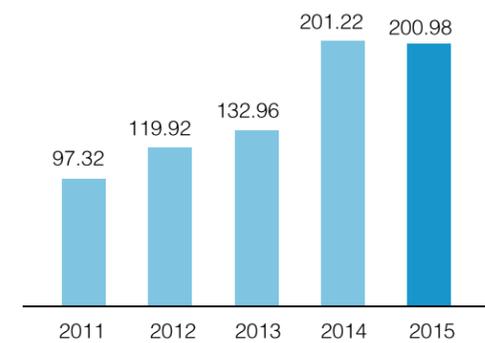


## Key Performance Indicators in 2015 and the '12<sup>th</sup> Five-Year Plan' Period

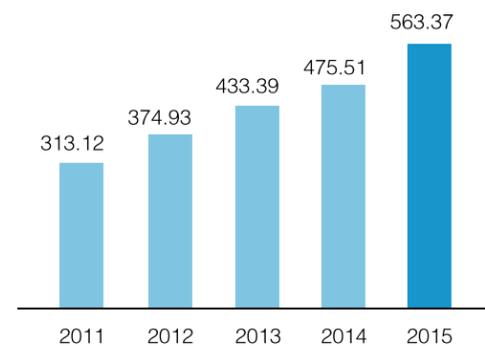
Installed capacity (in GW)



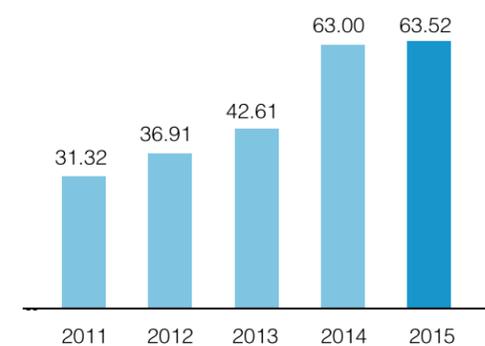
Electricity generation (in TWh)



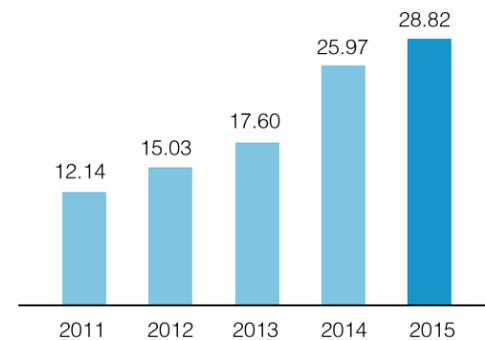
Total assets (in RMB billion)



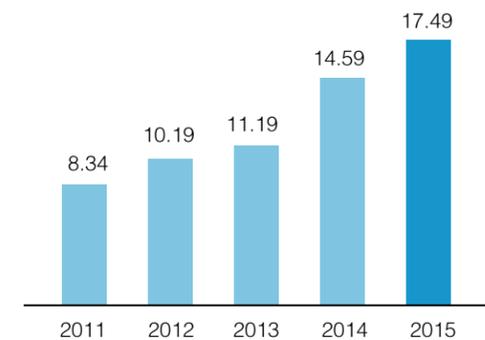
Operating revenue (in RMB billion)



Net profits (in RMB billion)



Total taxes paid (in RMB billion)



## Company Profile

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

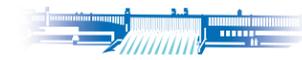
CTG is strategically positioned as a clean energy group specializing in large-scale hydropower development and operation, with its main lines of business including the construction and operation of large-scale hydropower plants, the development of such new energies as wind and solar power, the development of new energy abroad, electricity production and related technical services, as well as the integrated development and utilization 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 has taken full responsibility for the construction and operation of the Three Gorges Project, building the four mega-size hydropower stations of Xiluodu, Xiangjiaba, Wudongde and Baihetan in the lower reaches of the Jinsha River.

During hydropower development and construction, CTG further implements the five major development concepts of innovation, coordination, environmental friendliness, openness and sharing, and sincerely puts into practice the principles of 'Building a hydropower station to stimulate the local economy, improve the local environment and benefit the resettled local residents', fulfilling the social responsibilities of a central enterprise. In addition to giving full play to the ecological benefits of a cascade complexes, including flood prevention, disaster relief, water resource preservation, energy saving and emissions reduction, CTG strives to combine the ecological, social and economic benefits of hydropower development through engineering measures, technical means and scientific regulation. CTG also actively participates in precision poverty alleviation, fixed-point poverty alleviation, matched support, joint development between enterprises and local governments, assistance to Xinjiang and Tibet, etc. In this way, CTG continues to promote a mutual balance between hydropower development and resettlement, ecological and environmental protection, and local economic and social development, striving to allow more of the Company's benefits from its reform and development achievements to be shared with more people.

By the end of 2015, CTG possessed a total installed capacity of 59,545 GW (including equity ownership based), holding approximately 15.8% of the total national installed hydropower capacity, with total assets of RMB 563.37 billion and an asset-liability ratio of 45.1%. In 2015, CTG realized electricity production of 200.98 TWh, operating revenues of RMB 63.52 billion, and total profits of RMB 34.47 billion. CTG ranks first among central enterprises in such indicators as total profits, net profits of the parent company, ratio of profit to cost, labor productivity, per capita profit, and paid taxes per capita.

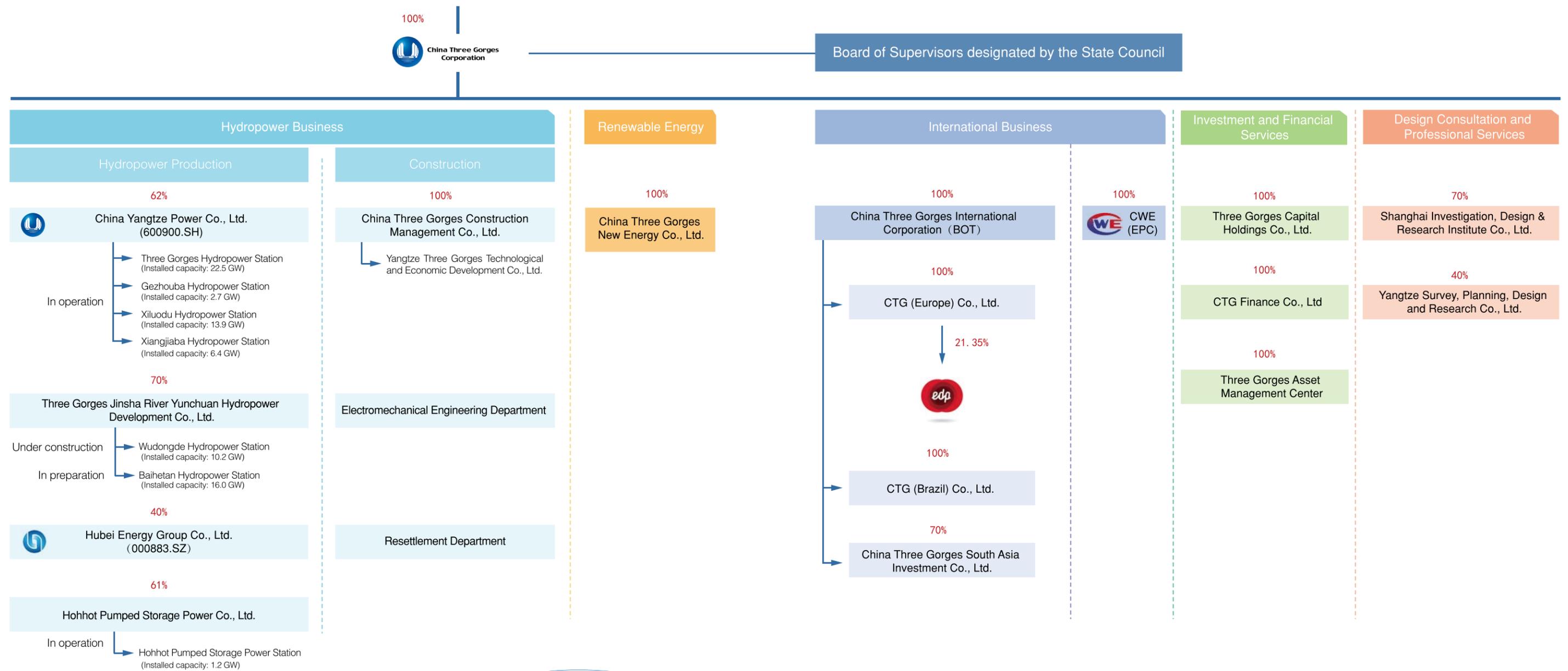
CTG has a number of wholly-owned and majority-owned subsidiaries including China Three Gorges Construction Management Co., Ltd., China Yangtze Power Co., Ltd. (a majority-owned listed company), China Three Gorges International Corporation, China Three Gorges New Energy Co., Ltd. and Hubei Energy Group Co., Ltd. (a majority-owned listed company), China International Water & Electric Corp., Three Gorges Capital Holdings Co., Ltd..

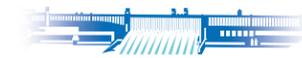




# Business Segments

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





## Board of Directors



**Lu Chun**  
Board Chairman



**Wang Lin**  
Director



**Wang Zhisen**  
Outside Director



**Shi Jinqun**  
Outside Director



**Li Xinhua**  
Outside Director



**Wu Xiaogen**  
Outside Director

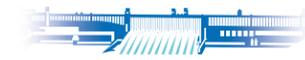


**Yao Yuanjun**  
Employee Director

## Management Team



- Board Chairman and Party Committee Secretary Lu Chun (5th from right)
- Board Director, President and Party Committee Member Wang Lin (4th from right)
- Executive Vice President and Party Committee Vice Secretary Lin Chuxue (4th from left)
- Executive Vice President and Party Committee Member Bi Yaxiong (3rd from right)
- Executive Vice President and Party Committee Member Fan Qixiang (3rd from left)
- Executive Vice President and Party Committee Member Sha Xianhua (2nd from right)
- Executive Vice President and Party Committee Member Zhang Cheng (2nd from left)
- Chief Accountant and Party Committee Member Yang Ya (1st from right)
- Head of Discipline Supervision Department and Party Committee Member Long Fei (1st from left)



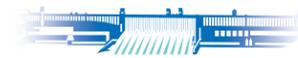
## Core Concepts

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	To build an international first-class clean energy group	
CTG's Enterprise Spirit	Science and Democracy Shouldering Responsibilities of the Nation Solidarity and Cooperation	Seeking Truth and Innovating Honesty and Contribution Seeking Excellence
Hydropower Development Principles	Build a hydropower station to stimulate the local economy, improve the local environment and benefit the resettled local residents	Long term cooperation, local integration, equal consideration of all sides, and mutual benefits
Core Values	Dedication, Responsibility, Innovation, Harmony	

## Business Strategy

Strategic Positioning	A clean energy group focusing on hydropower			
Vision Objectives	An international first class large scale clean energy group that provides society with clean energy, exists in harmony with the ecological environment, and plays an important role in bringing out the comprehensive benefits of the Yangtze River			
Primary Objectives	Comprehensive indicators at an advanced level among international competitors in the same industry			
	Strong international management capability and level			
	Possessing core technology with intellectual property and an internationally renowned brand			
Core Capabilities	Building a strong core business and sound corporate governance			
	Strategic management capability	Resource integration capability	Value creation capability	Harmonious growth capability
	Project Construction	Power Generation	New Energy	
Business Segments	International Business	Investment and Financial Services	Design Consultation and Professional Services	





# Business Development

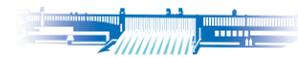
# Large-Scale Hydropower Development and Operation





# Domestic New Energy Business Distribution Diagram





# International Operation

## CTG in Brazil



The Brazilian market is the world's second largest hydropower market. The market is mature and the country features rich resources. CTG has invested c.USD 5bn for c.6GW capacity (most are operational assets), making it the second largest private power generation company in Brazil

- In 2014, CTG jointly invested with EDP in three hydropower stations, i.e. Jari, Cachoeira and Sao Manoel; acquired 49% stake in Brazilian wind projects (11 wind farms in total)
- In 2015, CTG acquired 100% stake in Garibaldi and Salto hydropower stations
- In 2015, CTG won the bid for 30-year concession of Jupia and Ilha Solteira hydropower stations

- CTG's hydro projects
- Hydro projects cooperating with EDP
- Wind projects cooperating with EDP

CTG's international contracting business covers Asia, Africa, Europe and The Americas, involving Guinea, Ghana, Sudan, Malaysia, Philippines, Ecuador, etc.

- International project contracting business

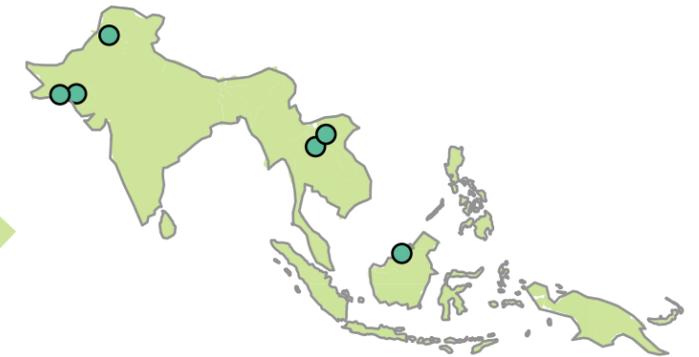


## CTG in Europe



The European market is the key region for CTG to develop overseas clean energy projects

- In 2012, CTG acquired a 21.35% stake in EDP, becoming its single largest shareholder
- Established strategic partnership with EDP to co-invest in onshore and offshore wind projects in Europe, such as France and UK; combined the professional expertise and competitiveness of both CTG and EDP to jointly develop hydro projects in the world, for example, the setting up of HydroGlobal JV in 2015

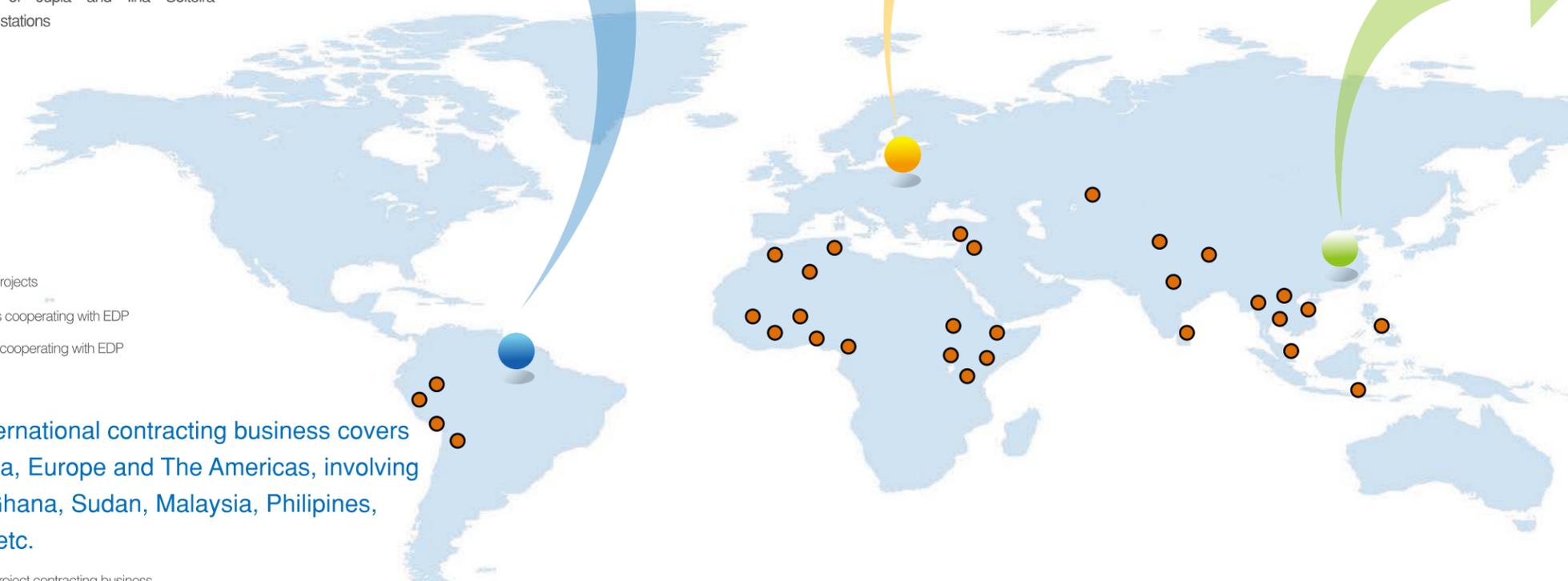


## CTG in South Asia



Develop clean energy in neighboring countries with good geopolitics and the capacity to transmit electricity back to China

- In 2015, Murum hydropower station in Malaysia commenced operation
- Laos Nam Lik 1-2 and the Laos Nam Ngier 2 hydropower stations commenced operation on schedule in 2010 and 2015, respectively
- In 2014, Three Gorges First Wind Power Project in Pakistan commenced operation; in 2015, CTG acquired rights to operate the Second / Third Wind Power Project
- In 2016, Karot hydropower station (written into the joint statement between China and Pakistan governments) in Pakistan commenced construction





## Large-scale Hydropower Project in Operation

### Three Gorges Project

The Three Gorges Project (TGP) was put into sound operation in 2015 and has achieved the trial impoundment target of 175 meters for the 6th consecutive year. With prominent overall benefits, TGP has enjoyed an ever more important position and played an increasingly key role in the development of the Yangtze Economic Belt.

### Flood Control and Water Replenishment

In 2015, TGP reservoir was 16.3% lower than the average for multiple years. TGP has replenished water downstream for 189 days accumulatively with a total amount of 29.1 billion m<sup>3</sup> and an average daily replenishment of 1,780m<sup>3</sup>/s, effectively relieving the water shortage for living, production and ecological protection in the midstream and downstream areas.

Even if the incoming water was insufficient, the average water level of TGP still reaches 150.4m in flood season. While ensuring flood control safety in the middle and lower reaches of the Yangtze River, the Three Georges Hydropower Station has been launching cascade power station regulation to jointly optimize regulation and medium and small flood utilization. It gives overall consideration to maintenance and repair of generating units and reservoir impoundment, featuring 100% water utilization with no surplus water for the first time. This sets a new record in safe production and water utilization rate improvement.

### Improvement of Shipping Conditions

In 2015, the ship locks had been running safely and efficiently for 12 consecutive years, and the loaded shipment passing the locks exceeded 50 million tons. The total shipment hit a record of 111 million tons. Boasting a 100% rate of good condition of the main equipment, the ship locks have realized the 'double zero' goals in quality inspection and safety of largest ship locks three times in a row in China's inland waterways, ensuring smooth transportation on the Yangtze River.

TGP will come to its finale with the launch of the ship lift, featuring the world's largest size, most difficult construction and most complicated technical conditions. In 2015, this joint commissioning made great progress, and ship navigation testing was carried out for the first time after the civil construction of the ship lift and the installation of the metal-structure and equipment were completed. When the ship lift is put into operation, a new channel where 3,000 to 4,000 tonnage ships can pass will be formed, providing new energy for the 'golden waterway' of the Yangtze River.



TGP dam in sunset



TGP ship lift

### Protection of the Ecological Environment

In April 2015, the 57th Chinese sturgeon Release made a breakthrough: 3,000 second-generation Chinese sturgeon were released, and 21 of the 61 sturgeon marked with sonar reached the Yangtze River estuary, accounting for 35% of the total. This proportion is significantly higher than the reported survival rate of released sturgeon. During the spring and summer of 2015, a large amount of wild Chinese sturgeon appeared in the Yangtze River estuary in Shanghai, ranking as the largest number of the last 10 years.

Two ecological regulations were launched from June to July in 2015 during which four major Chinese carp varieties showed natural propagation, reaching good effect.

In 2015, TGP's Key Fish Stock Protection Laboratory in Hubei Province was approved by experts, laying a foundation for the construction of a world-class and comprehensive ecological river testing base, fish germplasm bank and ecological protection agency for hydropower.

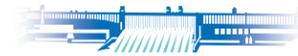
In 2015, achievements were made in the study of distinct and rare plants. The cultivation of the national top-level rare plants *Adiantum reniforme* var. *sinense* and *Bretschneidera sinensis* saw major technical breakthroughs.

### Providing Clean Energy

In 2015, the Three Georges Hydropower Station generated 87.007 TWh of electricity in total through accurate regulation, careful maintenance and lean operation, which equals a consumption reduction of 27,407,200 tons of standard coal and 70,354,300 tons of CO<sub>2</sub> emissions. The Three Georges-Gezhouba cascade hydropower stations have generated further benefits by means of joint cascade reservoir regulation, optimized medium and small flood regulation, and flotsam elimination, thereby maintaining a good generating water head and strengthening grid output coordination. Overall, the Three Gorges-Gezhouba stations have increased the electricity output by 6.582 TWh, of which the Three Georges Hydropower Station contributed 5.016 TWh and Gezhouba 1.566 TWh.



Power transmission of the Three Georges Hydropower Station



## Gezhouba Hydropower Station

Gezhouba Hydropower Station is located 2.3 km downstream from Nanjinguan at the outlet of the Three Gorges in Yichang, Hubei Province, and 38 km upstream from the Three Gorges Hydropower Station. As the shipping cascade of the Three Gorges Hydropower Project, it counter-regulates unsteady flow in the Three Gorges Hydropower Station and generates power via the stream segment's declining gradient. It is the first large hydropower project established in the stem stream of the Yangtze River, and it is the world largest run-off hydropower station with low water head and large flow.

Construction of Gezhouba Hydropower Station began in May 1971 and was completed in December 1988.

In 2015, Gezhouba Hydropower Station completed its annual power generation target 42 days ahead of schedule, with an annual amount of 17.972 TWh, a record high.



Gezhouba Hydropower Complex plants



Gezhouba Hydropower Complex

## Xiluodu Hydropower Station

Constructed after the Three Gorges Project, Xiluodu Hydropower Station is the second largest hydropower station in China and one of the backbone power suppliers in China's West-east Power Transmission Project. With power generation as its core, Xiluodu Hydropower Station also brings benefits in flood control, sediment retention, and downstream shipping.

Xiluodu Hydropower Station is equipped with 18 generating units of 770 MW each, a total installed capacity of 13.86 GW and an annual electricity production of 61.62 TWh. Its reservoir capacity at normal impoundment level is 11.57 billion m<sup>3</sup>, 4.65 billion m<sup>3</sup> of which is used for the purposes of power generation and flood control.

Construction of Xiluodu Hydropower Station started in 2005, river closure was completed in 2007, the first batch of generating sets

were commissioned in July 2013 and the last generating set was commissioned on June 30, 2014.

In 2015, the electromechanical metal structure installation of the Xiluodu Hydropower Station's dam and operation preparation was completed before flooding. On September 29, 2015, it was successfully impounded to a 600m normal level and realized its impoundment objective after flooding; the construction of its main work was completed in October.

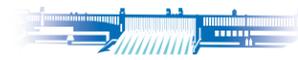
The annual electricity production of the Xiluodu Hydropower Station was 55.17 TWh in 2015.

By the end of 2015, its electricity production totaled 115.85 TWh.



Xiluodu Hydropower Station





## Xiangjiaba Hydropower Station

The Xiangjiaba Hydropower Station is located in the lower reaches of the Jinsha River, bordering both Sichuan and Yunnan provinces. As the third largest hydropower station in China following the Three Gorges Project and Xiluodu Hydropower Station, it is the last cascade station in the downstream cascade development of Jinsha River, as well as the backbone power supply source of China's West-east Power Transmission Project. It focuses on power generation supported by other benefits of flood control, improvement of shipping conditions, irrigation and sediment retention. It also counter-regulates Xiluodu Hydropower Station.

The Xiangjiaba Hydropower Station is equipped with 8 generating units with 800 MW each, with a total installed capacity of 6.4 GW and an annual electricity production of 30.88 TWh. Its reservoir capacity at normal impoundment level is 4.977 billion m<sup>3</sup>, 0.903 billion m<sup>3</sup> for regulation.

Construction of the Xiangjiaba Hydropower Station was started in 2006, river closure was completed in 2008, and impoundment was started on October 10, 2012. On November 5, the first generating set was commissioned, and the last generating unit was commissioned on July 10, 2014.

On September 20, 2015, the Xiangjiaba Hydropower Station completed its annual impoundment task; on December 30, its ship lift chamber was first filled with water, thus officially starting the commissioning test on site. It accomplished its goal of 'zero accident shutoff' for safe production throughout 2015 and reached an annual electricity production of 30.75 TWh, indicating that the station completed its designed output in its first full operating year.

2015 was also the first full operating year for the Xiluodu – Xiangjiaba cascade stations after their generating units were all commissioned. The annual electricity production increased by 4.78 TWh through water saving.



Xiangjiaba Hydropower Station



Plants on the left bank behind the dam

## Large Hydropower Projects Under Construction and in Preparation

### Wudongde Hydropower Station

Wudongde Hydropower Station is located on the lower reaches of the Jinsha River, bordering both Sichuan and Yunnan provinces. As the 4th largest hydropower station in China and the 7th largest globally, it is the backbone power supply point of China's central power sources under the West-east Power Transmission Project, the key project of China's 'West China Development', a good start to the '13<sup>th</sup> Five Year Plan' and a significant supporting and landmark construction project during the '13<sup>th</sup> Five Year Plan' period. It has great value in facilitating national energy structure adjustment, energy conservation and emissions reduction, and in advancing a western economic rise and regional economic and social development. It focuses on power generation and brings benefits in flood control, shipping improvement and regional economic and social development.

Wudongde Hydropower Station is planned to be equipped with 12 generating units with 850 MW each, with a total installed capacity of 10.2 GW and an annual electricity production of 38.91 TWh.

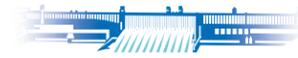
Wudongde Hydropower Station was prepared for construction in 2011, is planned to start power generation with its first generating unit in August 2020, and is predicted to be put into full operation with all its generating units in December 2021.

With 13 years of R&D, survey and design, and more than 5 years of painstaking preparation, Wudongde Hydropower Station was officially approved in executive meeting of the State Council on December 16, 2015. This is another major milestone for CTG in hydroelectric development in the downstream reaches of the Jinsha River after the construction and operation of Xiluodu and Xiangjiaba hydropower stations, indicating that the third of the 'Three Gorges' constructed by CTG in China has officially entered the main construction phase. On December 24, 2015, CTG held a mobilization meeting for the construction of Wudongde Hydropower Station, ushering in the startup of its main construction work.



Mobilization of the Wudongde Hydropower Station project construction





Baihetan Hydropower Station Concept Art

## Baihetan Hydropower Station

Baihetan Hydropower Station is the second of four hydroelectric cascade stations in the downstream reaches of the Jinsha River, as well as the fourth hydropower station in China which exceeds 10 GW following the Three Gorges Project, Xiluodu Hydropower Station and Wudongde Hydropower Station. It is also one of the central power sources under the West-east Power Transmission Project. It focuses on power generation and also brings benefits in flood control, promotion of local economic and social development, helping the relocated population to overcome poverty and accumulate wealth, sediment retention, development of shipping in the reservoir and improvement of downstream shipping conditions.

Baihetan Hydropower Station has a planned installed capacity of 16 GW with a guaranteed output of 5.5 GW and a predicted annual electricity production of 62.52 TWh; its normal impoundment level is 825m and its total reservoir capacity is 20.6 billion m<sup>3</sup> (including 10.4 billion m<sup>3</sup> for regulation and 7.5 billion m<sup>3</sup> for flood control).

Construction preparation for Baihetan Hydropower Station yielded significant progress in 2015. On November 17, 2015, the Ministry of Environmental Protection of the People's Republic of China printed and released the *Approval of the Environmental Impact Report of Baihetan Hydropower Station on the Jinsha River*, indicating that its environmental impact assessment had been approved by the State.



Environmental evaluation of Baihetan Hydropower Station is approved

## Changlongshan Pumped Storage Power Station

Changlongshan Pumped Storage Power Station is located in Tianhuangping Town of Anji County, Huzhou City, Zhejiang Province. As a daily-regulated pure pumped storage power station, it is the second pumped storage power station invested and constructed by CTG, with a total investment exceeding RMB 10 billion. Situated in the load center of the East China Power System, it will help to optimize the power source structure in east China, improve the economic efficiency, stability and safety of the power system, stimulate regional economic development, in-

crease the employment rate and guarantee 'stable growth, structure adjustment and the livelihood improvement'.

Changlongshan Pumped Storage Power Station is planned to be equipped with 6 reversible pump-turbine generating units with 350 MW each, with a total installed capacity of 2.1 GW. Its installed capacity is one of the top 3 among pumped storage power stations in China which are being operated or currently under construction, and its rated water-head is as high as 710m, ranking No. 2 globally and No. 1 domestically.

On October 29, 2015, upon the verification and approval of the Zhejiang Development and Reform Commission, Changlongshan Pumped Storage Power Station officially entered the construction phase. On November 27, its construction officially commenced.

The development and construction of Changlongshan Pumped Storage Power Station marks a new stage for China in design, construction and manufacturing of equipment for pumped storage power stations.



Bird's eye view of Changlongshan Pumped Storage Power Station

## New Energy Development

In 2015, the new energy business of CTG witnessed new development, which consisted of completion and commission for generation of nearly 40 projects in wind power, photovoltaic power and medium to small-scale hydropower stations in 13 areas including Inner Mongolia, Xinjiang, Yunnan and Jiangsu. 2.305 GW was newly commissioned for generation in 2015. The installed capacity, operating revenue and total profits all made records. CTG's accumulated installed capacity of new energy now stands at approximately 6 GW, ranking one of the biggest in China.



### Frequent New Highlights in Offshore Wind Power Development

On December 15, 2015, Phase II of CTG's Yunnan Shizong Xiyangshan Shiliangshan 40 MW Wind Farm Project was successfully connected to the grid. On the same day, Phase II of the Yunnan Mile Jidanshan 48 MW Wind Farm, Phase III of the Cike 48 MW Wind Farm and Phase IV of the Duimentshan 48 MW Wind Farm were connected to the grid simultaneously.

On December 16, 2015, CTG's Inner Mongolia Lutuo Taizi 300 MW Wind Farm Project was successfully connected to the grid.

On December 22, 2015, the Taiyangshan 100 MW Wind Farm Project, CTG's first wind farm project, was successfully connected to the grid.

In 2015, CTG completed and commissioned 11 wind farm projects and locked a high electricity price in advance. Its wind farm projects in Sichuan, Chongqing, Hunan, Guangdong and Shaanxi were also approved for the first time in those places.



Phases II to IV of the Yunnan Mile 144 MW Wind Farm Project

### Facilitating the Overall Arrangement of Offshore Wind Farms

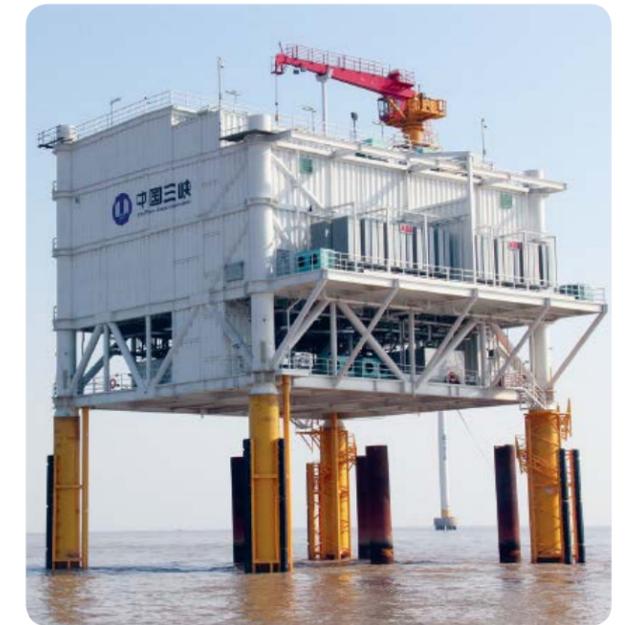
In 2015, CTG facilitated its offshore layout, strengthened strategic cooperation with Fujian Province, successfully obtained 3 GW of high-quality offshore wind resources, established the Fujian Branch and four large platform companies, and started the early-stage work of 3 offshore wind farm projects (totaling 1 GW). The construction of the Offshore Wind Farm Industrial Park and National Offshore Wind Farm R&D Center led by CTG was officially commenced, and the first-class wind turbine manufacturers in China and abroad, including GoldWind, Siemens, Alston and Vestas, competed with each other, facilitating overall improvement in core offshore wind farm technology and laying a solid foundation for CTG's ambition of being the leader in the offshore wind sector.

In 2015, 8 generating units of the Jiangsu Xiangshui 200 MW Offshore Wind Farm Project, CTG's first offshore project, were completed and commissioned for operation, making it the first offshore wind farm project put into operation in China, and filling in the country's gap in several offshore wind farm technologies.

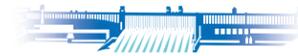
During President Xi Jinping's visit to Britain in October 2015, CTG signed an agreement with EDP for the 1.16 GW Offshore Wind Farm Project in Scotland, making CTG the first Chinese enterprise to enter the globally leading offshore wind farm market.



Hoisting of offshore wind turbine for the Jiangsu Xiangshui 200 MW Offshore Wind Farm



Booster station of Jiangsu Xiangshui 200 MW Offshore Wind Farm



30 thousand kW Photovoltaic Project in Xintai, Shandong

## ‘PV+’ Mode Forming a Demonstration Effect

In 2015, CTG’s PV projects in Shandong Xintai, Shandong Mengyin and Liaoning Zhangwu Wangjia were successfully connected to the grid, and the Corporation won the bidding for the first ‘Top Runner Program’ in China, i.e. the development rights for the Shanxi Datong 100 MW PV Project.

In 2015, CTG’s Hebei Quyang 200 MW PV Project, the largest mountainous area PV program in China, further formed demonstration effects, and the ‘PV+’ development mode was comprehensively promoted.

Insisting on the philosophy of ‘Green Energy and Environmentally Friendly Development’, the Quyang PV Project balances project development, environmental protection and cultivated land (forest land) protection, makes full use of barren mountains and slopes for developing PV, minimizes or limits the use of cultivated land or forest land and saves limited land resources. Moreover, the Quyang PV Project takes full advantage of spiral support and minimizes or limits the use of cement in order to protect the land from chemical pollution.

Combining new energy development with poverty relief, ecological plantation,

sightseeing agriculture and science education, the Quyang PV Project has integrated PV development with ‘Four 10,000 and One 1,000’ (namely, the 10,000 mu of PV base, 10,000 mu of red date base, 10,000 mu of walnut forest land, 10,000 mu of sloping fields transformed into fertile terraced farmland, and 1,000 mu of fishponds) poverty relief campaign in Quyang County, helping farmers eliminate poverty and become better off. ‘PV+’ is finally created, a new energy development mode which benefits both the enterprise and the local government, and realizes economic and social benefits.



200 MW Photovoltaic Project in Quyang, Hebei

## Seizing Opportunities in Marine Energy

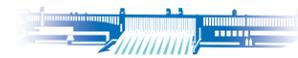
Ocean energy resources are an important development orientation for clean and renewable resources in China, and it is of great importance for CTG’s strategic development to carry out research of ocean energy resources.

In 2015, CTG took part in and won the bidding for the Zhoushan Tidal Current Energy Demonstration Project, the first such project with a national-level public testing platform in China, seizing the opportunity to engage in the construction of renewable energy in the ocean.

On June 30, 2015, the Demonstration Project of Zhoushan Tidal Current Energy in Zhejiang, a special fund project of national renewable ocean resources in 2015 applied for by CTG, was approved by the State Oceanic Administration of the People’s Republic of China (SOA) and granted with funding support of RMB 72 million, the largest national scientific research fund ever received by CTG for scientific and technological innovation. By the end of 2015, CTG had received special funding from SOA totaling RMB 85 million, laying a solid fund foundation in ocean energy development.



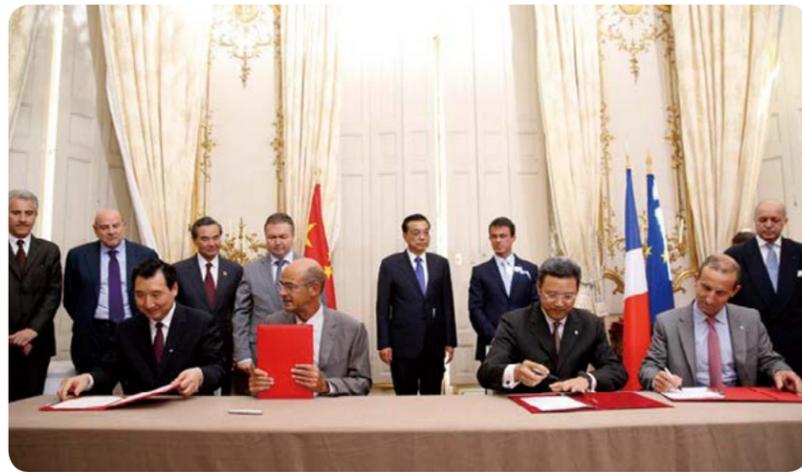
Demonstration Project of Zhoushan Tidal Current Energy



## International Operation and International Exchange & Cooperation

In 2015, centering on the 'Going Global' and 'One Belt and One Road' strategies, CTG initially wrapped up the business deployment of its 'three major markets'. Principal leaders of CTG joined 7 state-level visits to foreign countries led by China's top leaders, and signed 8 cooperative agreements for more than 10 major projects under the witness of Chinese and foreign State leaders. CTG spared no efforts to upgrade the 'Going Global' initiative of the Chinese hydropower industry, and reserved rich resources for the fast development of its international business.

By the end of 2015, CTG's investments and contracted projects outside of China exceeded 80 in number, covering 45 countries and regions, and its controlled and equitable installed capacity exceeded 11GW.



On June 30, 2015, commonly witnessed by Premier of China Li Keqiang and Prime Minister of France Manuel Valls, CTG Chairman Lu Chun and Alstom Chairman and CEO Patrick Kron signed MOU on cooperation on construction of hydropower stations on the Jinsha River.

## International Investment

In April 2015, while Chinese President Xi Jinping was visiting Pakistan, the Silk Road Fund Co., Ltd. (the Fund), CTG and PPIB jointly signed the *Memorandum of Understanding on the Joint Development of the Pakistan Hydropower Project* in Islamabad. As the first project taken on by the Fund, CTG's Pakistan Karot Hydropower Station Project was included in the joint statement of China & Pakistan, which is a first in the development history of CTG and China's hydropower industry.

On May 19, 2015, witnessed by Chinese State Council Premier Li Keqiang and Brazilian President Dilma Rousseff, CTG Chairman Lu Chun and CEO of the EDP Antonio Mexia signed the Stake Settlement Agreement at Brazil's Presidential Palace for the Brazilian 321 MW Wind Power Project, making CTG the first Chinese company to invest in Brazilian wind power sector.

In August 2015, CTG successfully acquired the total stock shares of two TPI-owned companies that possess running hydropower projects with an installed capacity of 308 MW, and also a power trading platform company.

On November 25, 2015, with a total investment of about USD 3.7 billion, CTG successfully won the bidding for the 30-year franchise rights of Jupiá and Ilha Solterria Hydropower Stations of 5 GW installed capacity in Brazil.

On December 31, 2015, PPIB presented the Kohara Project Company with LOS, marking that CTG has further pinned down the final development rights for the Kohara Hydropower Station Project.



Jupiá Hydropower Station



Ilha Solterria Hydropower Station

## International Project Contracting

On January 22, 2015, CTG completed the generating set installation and test of the Malaysia Murum Hydropower Station, a project that the Corporation constructed in the form of EPC general contracting. During the test process, the various performance indicators of the generating units met the requirements of the related specifications stated in the EPC contract, which meant that the Murum Hydropower Station had fully entered the stage of commercial operation.

On May 28, 2015, the first generating unit of the Guinea Kaleta Project was connected to the grid and successfully put into commercial operation.



On September 29, 2015, Guinean President Alpha Condé personally awarded President Wang Lin with the Guinean National Medal of Honor

On August 3, 2015, the first generating unit (Unit 3) of CTG's Laos Nam Ngiep 2 Hydropower Station was put into operation; on August 6, this unit smoothly completed 72 hours of continuous on-load commissioning during which its operation was stable and all indicators met the designed requirements and national standards; on October 2, the Nam Ngiep 2 Hydropower Station was officially put into operation.

On December 22, 2015, the Guinean Government held a grand ground-breaking ceremony for Souapiti Hydropower Project contracted by CTG. It is located just 6 km downstream from the Kaleta Dam Project.

On May 11, 2015, the Guinean Central Bank released new currency with a face value of 20,000 Guinean francs, on the back of which CTG's Guinean Kaleta Dam project is pictured. This marks the first time that a country has ever used a Chinese company's overseas project as the image on its currency in advance of that project being officially put into operation.



The Kaleta Dam Project



The image of the Kaleta Project is printed on Guinean Currency



## Overseas Power Station Operation

By the end of 2015, CTG had operated a number of overseas projects including the Nam Lik 1-2 Hydropower Station (100 MW) in Laos, the Wind Power Phase I Project in Pakistan (49.5 MW) and the Photovoltaic Project in Greece (18 MW).



Nam Lik 1-2 Hydropower Station



Wind Power Phase I Project in Pakistan



2015 World Hydropower Congress convened in Beijing

## International Consultation

As of the end of 2015, CTG had completed a number of international consultancy projects, including the cooperative planning of the power industry in Southern Africa, the planning of the power transmission and distribution lines in Myanmar, and feasibility study of wind power generation projects in four coastal provinces of Myanmar. International consultancy projects that are currently underway include consulting ser-

vices for the Murum Hydropower Station in Malaysia, etc.

CTG's first expert team in charge of the Malaysian Murum Hydropower Station Consultation Service Project arrived at the plant site in July 2014 and successfully realized the smooth operation of all the generating units in January 2015, winning high recognition from the Malay-

sian SEB Company. In July 2015, due to strong demand from the SEB Company, CTG renewed its consulting service contract for another year. In September 2015, the CTG's second on-site consulting team arrived at the power station to continue to offer high quality technical consultation services to the SEB Company in providing stable and reliable clean energy for the development of the local economy.



Murum Hydropower Station

## International Exchange and Cooperation

In May 2015, the 2015 World Hydropower Conference was successfully held in China. *The IHA Beijing Hydropower Declaration* was issued at the conference, in which the goal of doubling the world's installed hydropower capacity to 2050 GW by the year 2050 was put forward. It has become a common understanding that the hydroelectric industry has promising development prospects.

As one of the conference's organizers, CTG elaborately organized the event, winning recognition of the international hydropower sector and drawing great attention from the media at home and abroad. With the Three Gorges Project as representative, China's hydropower construction achievements have gained high degree of recognition from the world's

hydropower industry, which in turn greatly promotes CTG's voice and influence in the international hydropower industry.

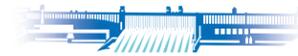
In July 2015, the Executive Vice President of CTG, Lin Chuxue, was reelected as Vice Chairman of the IHA in the general election, and would play a positive role in such aspects as strategy formulation, setting priorities and strengthening cooperation between IHA and China's hydropower industry, thereby promoting the sustainable development of the hydropower industry worldwide.

As the Chairman organization of the ICOLD Special Committee for the Joint Operation of Hydropower Stations and Dams, CTG leads the organization, compilation and effective promotion of the

Committee's technical bulletin, providing important references for the joint operation of global hydropower stations and dams.

In 2015, CTG actively participated in several important intentional conferences, including the 2015 World Hydropower Congress, ICOLD Conference in Brazil, IAHR Conference, Hydrovision in Russia, World Water Week and International Symposium on Rock Mechanics, etc. A total of 84 papers were submitted in 2015 and 13 people were invited to deliver oral presentations at various conferences, effectively promoting CTG's advanced concepts and successful experience in technology, environmental protection and IT management.



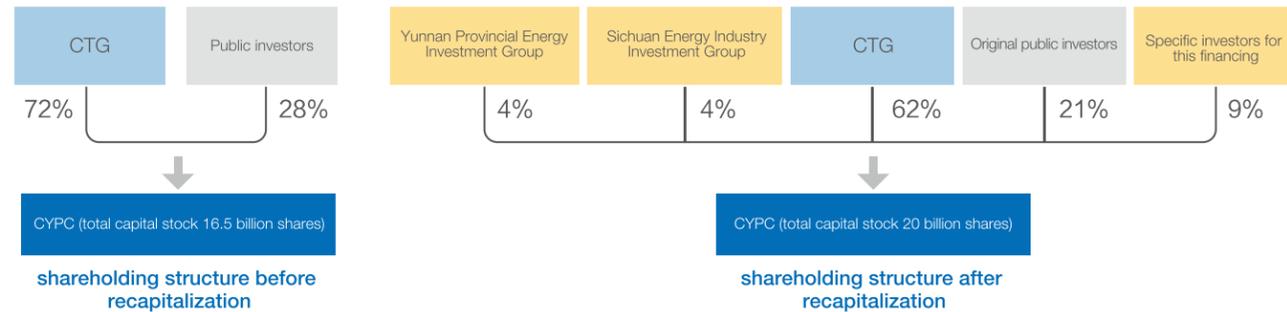


## Investment and Finance

### Promoting the Asset Securitization of the Jinsha River Hydropower Stations and the Asset Reorganization of CYPC

In 2015, CTG actively promoted asset securitization of the Xiluodu and Xiangjiaba hydropower stations. On November 6, the plans for the asset securitization of the Xiluodu and Xiangjiaba cascade hydropower stations & asset reorganization of CYPC were approved after review, and were officially disclosed in the SSE. The plans achieved a high degree of recognition from the market, improved the stability of the capital market and boosted the allocation and operation efficiency of state-owned capital.

This is another major capital operation after CYPC's IPO, equity division reform and the overall listing of CTG electricity generation assets, which can raise capital for the sustainable development of CTG and facilitate straightening out the internal management relations within the Corporation. Especially with the background of the highly volatile capital market of China in 2015, this capital operation helped to give guidance in value investment and strengthen confidence in the capital market.



### Strategic Restructuring with Hubei Energy

On December 10, 2015, the China Securities Regulatory Commission (CSRC) officially approved non-public stock offerings for the Hubei Energy Group Co., Ltd. (hereinafter referred to as Hubei Energy). CTG became the controlling shareholder and actual controller of Hubei Energy.

After the strategic restructuring, the Hubei Energy Group will take full advantage of CTG's experience in power operation, management and capital management, and rely on CTG's advantages in brand, technology and competition to break through the bottle-

necks in regional development, rapidly extend the industrial chain and promote the optimization of the energy structure. CTG will also strengthen the consolidation of resources along the Yangtze River and its branches, giving full play to the combined regulating effects of the cascade hydropower stations of the Three Gorges, Gezhouba and Qingjiang cascades, enhancing complementary effects in peak times, tapping new business areas and generating new economic growth points.



Cadre Conference of the Hubei Energy Group on Strategic Reorganization



Business operation chart of the Hubei Energy

### The First Globally-issued Dual-currency International Bonds

On June 10, 2015, CTG successfully issued 10-year bonds of USD 700 million and 7-year bonds of EUR 700 million for the first time, making CTG the first Chinese company to enter the international capital market by issuing dual currency bonds simultaneously and globally. The debut of CTG in the international capital market achieved an almost seven-fold oversubscription rate, setting a new record in the recent subscription rates of Chinese enterprises' bonds in the international bond market.

### Strategically Buying into State Grid Xinyuan Co., Ltd.

On July 20, 2015, CTG, the State Grid, and State Grid Xinyuan Co., Ltd. (hereinafter referred to as Xinyuan Company) held a signing ceremony for capital cooperation during which the three parties jointly signed the *Agreement on Capital Increase and Stock Expansion of State Grid Xinyuan Co., Ltd.*

According to the agreement, CTG will invest RMB 5.8 billion to buy 30% of stock in State Grid Xinyuan Co., Ltd. and appoint people to the company's board of directors, board of supervisors and management team. CTG and Xinyuan Co., Ltd. will give full play to their respective advantages with the goal of turning Xinyuan Co., Ltd. into a company specializing in pumped storage that boasts disciplined administration, advanced management and excellent performance.

### Acquiring a Sovereign Rating

On May 7, 2015, the international credit rating agency Fitch gave CTG the rating result of 'A + / stable', which is consistent with the sovereign rating result of China (A + / stable). On May 19, the international credit rating agency Moody upgraded CTG's rating from 'A1 / stable' to 'Aa3 / stable' in line with China's sovereign rating result (Aa3 / stable). As of today, CTG is the only power generation enterprise in China that has received sovereign ratings from the two big international rating agencies (Fitch and Moody).

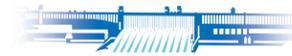
International rating agencies and investors have given high recognition to the great achievements of CTG's project construction and its effective operation in the past ten or more years, and given full affirmation of CTG's commitment to clean and renewable energy development, its international business strategy of the three big markets (the European and American clean energy markets, the Latin American hydropower market, and the markets of neighboring countries), and its long-term stable and prudent financial policies.



CTG gains a Sovereign Rating



Signing Ceremony, Capital Cooperation in the State Grid Xinyuan Co., Ltd between CTG and State Grid



# Financial Indicators

## Key Financial Data

Item	2013	2014	2015
Total assets (RMB billion)	433.83	475.51	563.37
Ownership interest attributable to the parent company (RMB billion)	216.75	236.87	245.99
Operating revenue (RMB billion)	42.59	63.00	63.52
Net profits (RMB billion)	17.60	25.97	28.82
Share of total cost in operation revenue (%)	67.6	60.4	63.1
EBITDA (RMB billion)	32.10	49.22	50.39
Return on equity (%)	7.5	9.9	9.9
Total interest-bearing liabilities (RMB billion)	145.62	148.76	195.97
EBITDA interest coverage (X)	4.9	6.8	7.0
Total interest-bearing liabilities / EBITDA (X)	4.5	3.0	3.9
Total interest-bearing liabilities (total interest-bearing liabilities + net assets) (%)	37.1	35.1	45.1
Asset liability ratio (%)	43.0	42.1	42.1



### INDEPENDENT AUDITOR'S REPORT

DHSZ [2016] No. 006563

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, 2015, December 31, 2014 and December 31, 2013, 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.

#### 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, 2015, December 31, 2014 and December 31, 2013, 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 28, 2016

CICPA:



CICPA:





CHINA THREE GORGES CORPORATION  
CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

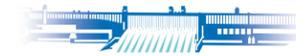
Assets	Notes	December 31,	December 31,	December 31,
		2015	2014	2013
		RMB'000	RMB'000	RMB'000
<b>Current assets:</b>				
Cash at bank and on hand	1	49,194,819	18,293,639	18,738,057
Financial assets at fair value through profit or loss	2	1,799,268	267,104	128,959
Notes receivable	3	682,967	461,577	405,444
Accounts receivable	4	7,673,031	6,002,764	5,060,490
Advances to suppliers	5	2,159,650	2,168,826	3,040,320
Interests receivable	6	48,609	49,349	29,612
Dividends receivable	7	25,824		78,568
Other receivables	8	1,665,573	3,463,778	3,093,559
Inventories	9	3,243,783	1,720,764	2,199,703
Non-current assets due within one year		363,573	416,700	217,189
Other current assets	10	1,517,669	544,625	18,570
<b>Total current assets</b>		<b>68,374,766</b>	<b>33,389,126</b>	<b>33,010,471</b>
<b>Non-current assets:</b>				
Loans and advances	11		1,019,200	612,800
Available-for-sale financial assets	12	31,701,115	32,747,619	14,271,509
Held-to-maturity investments	13	10,000	10,000	10,000
Long-term receivables	14	2,414,280	2,199,291	2,274,875
Long-term equity investments	15	49,256,793	41,574,352	42,453,883
Investment properties	16	974,318	521,482	277,482
Fixed assets	17	321,971,962	293,641,158	227,594,340
Construction in progress	18	65,826,637	52,027,411	95,379,221
Construction materials		368,567	305,634	393,414
Intangible assets	19	4,834,779	3,316,227	2,403,874
Development expenditure		12,650	8,203	8,968
Goodwill	20	4,350,442	2,610,029	2,671,927
Long-term deferred expenses		61,684	47,627	105,877
Deferred tax assets	21	12,077,363	11,915,627	11,547,760
Other non-current assets	22	1,138,237	173,284	817,737
<b>Total non-current assets</b>		<b>494,998,827</b>	<b>442,117,144</b>	<b>400,823,667</b>
<b>Total assets</b>		<b>563,373,593</b>	<b>475,506,270</b>	<b>433,834,138</b>

The accompanying notes form part of these financial statements.

CHINA THREE GORGES CORPORATION  
CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

Liabilities & owners' equity	Notes	December 31, 2015	December 31, 2014	December 31, 2013
		RMB'000	RMB'000	RMB'000
<b>Current liabilities:</b>				
Short-term borrowings	23	10,854,024	1,073,780	634,215
Deposits from customers, banks and other financial institutions	24	684,661	442,270	370,900
Placements from banks and other financial institutions		2,890,000		2,400,000
Notes payable	25	2,820,482	1,756,741	2,463,561
Accounts payable	26	9,044,740	5,949,387	4,986,939
Advances from customers	27	2,678,725	2,364,901	2,532,788
Employee benefits payable	28	674,633	548,704	519,898
Taxes payable	29	(539,453)	(100,659)	(1,458,674)
Interests payable	30	2,998,754	2,549,439	2,598,741
Dividends payable	31	45,254	4,672	156,694
Other payables	32	30,406,139	30,908,815	19,741,714
Non-current liabilities due within one year	33	17,323,594	11,288,081	21,549,708
Other current liabilities	34	18,995,469	18,969,538	19,966,426
<b>Total current liabilities</b>		<b>98,877,022</b>	<b>75,755,669</b>	<b>76,462,910</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	35	41,479,952	35,869,469	38,764,779
Bonds payable	36	107,345,045	81,563,348	64,713,825
Long-term payables	37	4,400	4,400	32,984
Long-term employee benefits payable	38	121,309		
Special payables	39	31,359	39,787	42,741
Provisions	40	72,835	88,622	93,298
Deferred income	41	1,285,645	1,340,361	1,363,860
Deferred tax liabilities	21	4,684,497	5,695,671	4,945,979
Other non-current liabilities	42	65,951	8,581	10,791
<b>Total non-current liabilities</b>		<b>155,090,993</b>	<b>124,610,239</b>	<b>109,968,257</b>
<b>Total liabilities</b>		<b>253,968,015</b>	<b>200,365,908</b>	<b>186,431,167</b>
<b>Owners' equity:</b>				
Paid-in capital	43	208,336,711	188,336,711	187,536,711
Capital reserves	44	8,553,652	6,064,970	5,952,492
Other comprehensive income		(263,006)	3,574,864	2,311,417
Special reserves	45	2,131	1,424	995
Surplus reserves	46	20,436,384	9,399,351	8,433,390
Undistributed profit	47	8,920,852	29,490,514	12,512,857
<b>Total owners' equity attributable to the Company</b>		<b>245,986,724</b>	<b>236,867,834</b>	<b>216,747,862</b>
<b>Non-controlling interests</b>		<b>63,418,854</b>	<b>38,272,528</b>	<b>30,655,109</b>
<b>Total owners' equity</b>		<b>309,405,578</b>	<b>275,140,362</b>	<b>247,402,971</b>
<b>Total liabilities and owners' equity</b>		<b>563,373,593</b>	<b>475,506,270</b>	<b>433,834,138</b>

The accompanying notes form part of these financial statements.



CHINA THREE GORGES CORPORATION  
CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

Items	Notes	Year Ended December 31		
		2015 RMB'000	2014 RMB'000	2013 RMB'000
<b>Operating revenue</b>	48	63,517,413	62,995,571	42,584,758
Less: Operating costs	48	(30,200,914)	(29,131,884)	(21,120,671)
Business taxes and surcharges		(1,507,983)	(1,383,169)	(1,024,668)
Selling and distribution expenses	49	(106,421)	(92,030)	(66,969)
General and administrative expenses	50	(2,802,415)	(3,112,065)	(2,395,639)
Financial expenses	51	(5,460,502)	(4,354,874)	(4,152,748)
Impairment losses	52	(525,899)	(2,449,177)	(187,626)
Add: Gain/(loss) from changes in fair value	53	10,754	1,593	795
Investment income	54	5,577,315	4,191,262	4,479,951
<b>Operating profit</b>		<b>28,501,348</b>	<b>26,665,227</b>	<b>18,117,183</b>
Add: Non-operating income	55	6,084,086	4,473,957	3,697,215
Less: Non-operating expenses	56	(115,191)	(205,453)	(148,085)
<b>Profit before income taxes</b>		<b>34,470,243</b>	<b>30,933,731</b>	<b>21,666,313</b>
Less: Income tax expenses	57	(5,652,593)	(4,962,072)	(4,036,448)
<b>Net profit</b>		<b>28,817,650</b>	<b>25,971,659</b>	<b>17,629,865</b>
Attributable to owners of the Company		22,177,524	20,559,129	14,435,692
Attributable to non-controlling interests		6,640,126	5,412,530	3,194,173
<b>Other comprehensive income</b>	58	<b>(3,956,999)</b>	<b>1,465,635</b>	<b>(117,929)</b>
Other comprehensive incomes that will not be reclassified to profit or loss		(48,969)	(231,288)	(197,220)
Other comprehensive incomes that will be reclassified to profit or loss		(3,908,030)	1,696,923	79,291
<b>Total comprehensive income</b>		<b>24,860,651</b>	<b>27,437,294</b>	<b>17,511,936</b>
Attributable to owners of the Company		18,339,654	21,822,577	14,396,924
Attributable to non-controlling interests		6,520,997	5,614,717	3,115,012

The accompanying notes form part of these financial statements.

CHINA THREE GORGES CORPORATION  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

Items	Notes	Year Ended December 31		
		2015 RMB'000	2014 RMB'000	2013 RMB'000
<b>Cash flows from operating activities:</b>				
Proceeds from sale of goods and rendering of services		70,258,873	69,765,973	45,136,108
Net increase in deposits from customers, banks and other financial institutions		135,263	71,370	174,310
Net increase in placements from other financial institutions		2,890,000	(2,400,000)	
Proceeds from interest, fees and commissions		465,835	353,734	459,231
Refund of taxes		3,716,580	3,020,604	2,092,875
Proceeds from other operating activities		2,766,197	3,616,173	2,143,033
<b>Subtotal of cash inflow from operating activities</b>		<b>80,232,748</b>	<b>74,427,854</b>	<b>50,005,557</b>
Payments for goods and services		(12,689,076)	(12,356,749)	(10,731,808)
Net increase in loans and advances to customers		420,000	(420,000)	260,000
Net increase in deposits with central bank and other financial institutions		22,059		
Payments for interest, fees and commissions		(5,735)	(24,540)	(45,437)
Payments to and for employees		(3,481,226)	(3,048,557)	(2,595,564)
Payments of taxes		(16,803,138)	(13,851,286)	(10,631,592)
Payments for other operating activities		(1,977,296)	(1,660,101)	(2,103,732)
<b>Subtotal of cash outflow from operating activities</b>		<b>(34,514,412)</b>	<b>(31,361,233)</b>	<b>(25,848,133)</b>
<b>Net cash inflow from operating activities</b>		<b>45,718,336</b>	<b>43,066,621</b>	<b>24,157,424</b>
<b>Cash flows from investing activities:</b>				
Proceeds from disposal of investments		86,682,561	97,193,294	31,947,431
Proceeds from return of investments		2,266,357	2,505,019	2,651,659
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		94,044	74,730	31,897
Net proceeds from disposal of subsidiaries and other business units		510	81,377	6,073
Proceeds from other investing activities		568,799	14,071	108,646
<b>Subtotal of cash inflow from investing activities</b>		<b>89,612,271</b>	<b>99,868,491</b>	<b>34,745,706</b>
Payments for acquisition and construction of fixed assets, intangible assets and other long-term assets		(25,536,948)	(28,463,001)	(34,792,891)
Payments for acquisition of investments		(92,472,183)	(110,156,644)	(27,568,597)
Net payments for acquisition of investment in subsidiaries and other business units		(1,935,282)	(15,838)	(145,768)
Payments for other investing activities		(149,812)	(34,319)	(20,638)
<b>Subtotal of cash outflow from investing activities</b>		<b>(120,094,225)</b>	<b>(138,669,802)</b>	<b>(62,527,894)</b>
<b>Net Cash outflows from investing activities</b>		<b>(30,481,954)</b>	<b>(38,801,311)</b>	<b>(27,782,188)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from investors		7,155,469	5,045,200	7,579,760
Including: Proceeds from non-controlling interests of subsidiaries		7,155,469	4,245,200	7,579,760
Proceeds from borrowings		75,307,300	62,452,176	53,237,060
Proceeds from other financing activities		226,077	140,134	
<b>Subtotal of cash inflow from financing activities</b>		<b>82,688,846</b>	<b>67,637,510</b>	<b>60,816,820</b>
Repayments of borrowings		(43,386,637)	(59,046,667)	(39,877,499)
Payment for dividends, profit distribution or interest		(22,634,749)	(12,292,143)	(9,289,788)
Including: distribution of dividends, profit to non-controlling interests of subsidiaries		(4,051,901)	(2,203,877)	(1,644,146)
Payments for other financing activities		(517,246)	(438,816)	(438,671)
<b>Subtotal of cash outflow from financing activities</b>		<b>(66,538,632)</b>	<b>(71,777,626)</b>	<b>(49,605,958)</b>
<b>Net cash inflow/(outflow) from financing activities</b>		<b>16,150,214</b>	<b>(4,140,116)</b>	<b>11,210,862</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(579,894)</b>	<b>(359,665)</b>	<b>(95,235)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>30,806,702</b>	<b>(234,471)</b>	<b>7,490,863</b>
Add: cash and cash equivalents at the beginning of the year		18,124,691	18,359,162	10,868,299
<b>Cash and cash equivalents at the end of the year</b>		<b>48,931,393</b>	<b>18,124,691</b>	<b>18,359,162</b>

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, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

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	Non-controlling interests RMB'000	
<b>Balance at December 31, 2014</b>	188,336,711	6,064,970	3,574,864	1,424	9,399,351	29,490,514	38,272,528	275,140,362
Add: changes in accounting policies								
Others								
<b>Balance at January 1, 2015</b>	188,336,711	6,064,970	3,574,864	1,424	9,399,351	29,490,514	38,272,528	275,140,362
<b>Changes in the year of 2015</b>	20,000,000	2,488,682	(3,837,870)	707	11,037,033	(20,569,662)	25,146,326	34,265,216
Total comprehensive income			(3,837,870)			22,177,524	6,520,997	24,860,651
Owners' contribution and withdrawal		2,488,682				(9,510)	22,610,090	25,089,262
Inc. : Capital contributions							7,166,125	7,166,125
Others		2,488,682				(9,510)	15,443,965	17,923,137
Special reserves				707			1,735	2,442
Inc. : Current year accrued				4,364			4,897	9,261
Current year utilised				(3,657)			(3,162)	(6,819)
Profit distribution					11,037,033	(22,737,676)	(3,986,496)	(15,687,139)
Inc. : Appropriation for surplus reserves					11,037,033	(11,037,033)		
Profit distributed to equity owners						(11,700,643)	(3,986,496)	(15,687,139)
Transfer within owner's equity	20,000,000					(20,000,000)		
Inc. : Undistributed profit transferred to paid-in capital	20,000,000					(20,000,000)		
<b>Balance at December 31, 2015</b>	208,336,711	8,553,652	(263,006)	2,131	20,436,384	8,920,852	63,418,854	309,405,578

The accompanying notes form part of these financial statements.

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CHINA THREE GORGES CORPORATION  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

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	Non-controlling interests RMB'000	
<b>Balance at December 31, 2013</b>	187,536,711	5,952,492	2,311,417	995	8,433,390	12,512,857	30,655,109	247,402,971
Add: changes for accounting policies								
Others								
<b>Balance at January 1, 2014</b>	187,536,711	5,952,492	2,311,417	995	8,433,390	12,512,857	30,655,109	247,402,971
<b>Changes in the year of 2014</b>	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		112,478			(1,072)	(25,986)	4,207,261	5,092,681
Inc. : Capital contributions							4,204,576	5,011,710
Others		112,478			(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								
<b>Balance at December 31, 2014</b>	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.

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CHINA THREE GORGES CORPORATION  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013



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	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	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	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	9,139,701	22,165,710
al comprehensive income			(38,768)			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								
Others		298,372			(2,560)	(23,045)	7,677,422	7,677,422
Special reserves				203			145,044	417,811
Inc. : Current year accrued				3,233			492	695
Current year utilised				(3,030)			2,687	5,920
Profit distribution							(2,195)	(5,225)
Inc. : Appropriation for surplus reserves					2,243,999	(3,887,884)	(1,798,269)	(3,442,154)
Profit distributed to equity owners					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	30,655,109	247,402,971

The accompanying notes form part of the financial statements.

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CHINA THREE GORGES CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

Balance of provision for bad debts of outstanding related receivables

Items	Related parties	December 31,	December 31,	December 31,
		2015	2014	2013
		RMB'000	RMB'000	RMB'000
Accounts receivable				
	Xinjiang Goldwind Science & Technology Co., Ltd. and its subsidiaries	10,145	3,197	6,016
	Subtotal	10,145	3,197	6,016
Other receivables				
	Yangtze River Survey Planning Design Co., Ltd.	3,119	187	
	Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.	282		
	Subtotal	3,401	187	
Loans and advances				
	Yunnan Jiehua Clean Energy Development Co., Ltd.			2,000
	Hubei Qingjiang Hydroelectric Development Co., Ltd.		20,800	5,200
	Subtotal		20,800	7,200





# Corporate Culture

## The Inspiration of the New Three Gorges Dream

Through seminars and touring reports, CTG publicizes exemplary cases and carries forward the CTG spirit to inspire employees to promote the positive energy of the 'New Three Gorges Dream'.

CTG chooses and sets examples and brings corporate ideas into personal stories, launching campaigns to learn from

National Model Workers Zhang Rujun and Li Zhixiang. In addition, Zhang Runshi, who is known as the 'Perfect Role Model of CTG', was awarded the honorary title of 'Best Employee of State-owned Enterprises' by the Department of Publicity of the CPC Central Committee and SASAC. Represented by Zhang Rujun and Li Zhixiang,

the outstanding employees have become role models for other members of CTG.

Centering on the 'Chinese Dream' and 'New Three Gorges Dream', the young employees of CTG have built up the image of a young CTG, which further extends into other brands and attracts the close attention of society.



Zhang Rujun and Li Zhixiang were titled National Model Workers



Cultural performance for Baihetan Project constructors in 2015



Brazilian employees of CTG pose for a group photo in front of CTG's Garibaldi Hydropower Station

## Grow with CTG



Inspecting staff polishing the lower end of a reel

Through such activities as working competition, team building, skill competition, women's competition, employee family activities and red flag teams, CTG has inspired group honor, activeness and enthusiasm among its employees. This has injected the culture of 'Science and Democracy, Seeking Truth and Innovating, Solidarity and Cooperation, and Having the Courage to Shoulder Responsibilities' into every corner of the Corporation and brought the spirit of 'Contribution before medals' deep into the heart of every member of CTG.

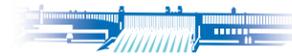
Carrying out such themed activities as the 'National flag campaign', 'Say your opinion on the victory of the Anti-Japanese War', and 'Remembering the martyrs', CTG strengthens the education of faith and patriotism of its young employees. It has organized seminars for national outstanding young people, the 8th selection of 'Top

10 Excellent Youths' and other activities, greatly inspiring young people's passion for work and leading them to be a major force for production.

CTG has given full play to 20 employee associations including photography, calligraphy and painting, tennis and choirs, and organized various cultural and physical activities. In 2015, CTG held over 70 games and competitions in tennis, ping pong, basketball, football, badminton, chess and so on, involving over 4,500 participants. These activities enriched the employees' cultural life, enhanced their physical and mental health, and satisfied their demands at various levels. CTG also participated in 56 external cultural and physical activities, showing the spirit of CTG employees and promoting cultural exchange with other organizations.



Young and ambitious employees



## News and Publicity for a Better Corporate Image

Centering on core strategies and serving the big picture, CTG's publicity gives full play to traditional mainstream and new media to allow the Corporation's stories to be told and its voice to be heard across society. It aims not only to promote CTG's brands but also to deliver positive energy to society.

In 2015, CTG published over 30 articles in such central mainstream media publications as *People's Daily*, *Guangming Daily*, *China Youth News*, and the Xinhua News Agency. In particular, during the World Hydropower Conference, over 600 articles and 10 hours of video were published on mainstream media, presenting to society a new image of CTG with responsibility and achievements, thus greatly enhancing its social profile.

CTG gives full play to new media, the 'light cavalry of information', by focusing on cross-media dissemination and branding. On the basis of the *China Three Gorges Project News*, *China Three Gorges magazine*, *China Three Gorges Almanac* and the publication of a number of books on CTG's performance, the Corporation pays attention to its official website portal and WeChat portal. CTG cares about and leads social opinions on a positive image of the Corporation, creating an active and favorable external environment of public opinion for its development.



CTG's presentation of news and publicity works



All media covers CTG's release of Chinese sturgeon



CTG's news bulletin and books

## Technological Innovation

### Building a Platform for Technological Innovation

At CTG, technological innovation is a key force for building an international first-class clean energy group. CTG possesses a comprehensive technological innovation system, specific decision-making advisory body (Committee of Science and Technology), four R&D institutes (Chinese Sturgeon Research Institute, National Engineering Research Center of Efficient Water Resource Utilization and Engineering Safety, Beijing IWHR Technology Co., Ltd., and Yangtze Survey, Planning, Design and Research Co., Ltd.), four State key laboratories of strategic partnerships (State Key Laboratory of Hydro Science and Engineering at Tsinghua University, State Key Laboratory of Hydrology-Water Resources and Hydraulic Engineering at Hohai University, State Key Laboratory of Water Resources and Hydropower Engineering Science at Wuhan University, and State Key Laboratory of Hydraulics and Mountain River Engineering at Sichuan University), and one Post-Doctoral Research Center. All these efforts support CTG in becoming both global and high-ended.

CTG is committed to building new energy (offshore wind power, etc.) R&D platforms led by Shanghai Investigation, Design & Research Institute Co., Ltd. It also assists Nanjing Hohai Science and Technology Co., Ltd. in the assessment of the National Engineering Research Center of

Efficient Water Resources Utilization and Engineering Safety, which was awarded the honorary title of 'Excellent' by the National Development and Reform Commission (NDRC).

On December 3, 2015, at the awards banquet of the 2015 World Engineering Conference and Convention (WECC 2015) in Kyoto, Japan, the WFEO awarded the Engineering Excellence Award to Fellow Lu Youmei from CTG. He was the first Chinese expert to win this medal in 27 years.

By the end of 2015, CTG had recruited 38 postdoctoral researchers in 10 batches.

Doctoral graduates are CTG's research backbone, having participated in 31 national science and technology projects. In total, they have published 273 papers, acquired 21 invention patents and received 10 national and provincial scientific awards. Some of their research achievements have been applied in CTG's engineering. In 2015, the CTG Postdoctoral Research Center was ranked 22nd in a nationwide assessment of 2,079 postdoctoral research centers, and titled 'Outstanding Postdoctoral Research Center'.



On December 3, 2015, Academician Lu Youmei (middle) of CTG was awarded the Engineering Excellence Award by the World Federation of Engineering Organizations (WFEO)



## Major Technological and Innovative Achievements

In 2015, CTG took on a total of 18 science and technology projects at provincial level or above, including 863, 973, Science and Technology Support Plan and State Oceanic Administration special projects, winning three National 2nd Prizes and 15 Provincial Prizes for Progress in Science and Technology.

CTG actively explores achievements in science, innovation and intellectual property. In 2015, the Corporation was granted 350 patents, including 70 invention patents and 32 software copyrights, twice the amount acquired in 2014.

### Awards of Technological Achievements to CTG's Projects in 2015

Grade	Project name	Time and provider of award
2nd Prize	Key technology for the intelligent construction of the 300m-level Xiluodu Arch Dam	National Science and Technology Progress Awards 2015
2nd Prize	Key technology, complete equipment and industrialization for the control system of the super-large water turbine	National Science and Technology Progress Awards 2015
2nd Prize	Key technology for hydraulic rock mass characteristics evaluation and engineering utilization	National Science and Technology Progress Awards 2015
1st Prize	New technology of optimized regulation of multi-objective cascade reservoirs	Hubei Technological Invention Awards 2015
2nd Prize	Packaged technology and application for safety guarantee of watershed ecological environment under the impact of water conservancy and hydropower engineering	Hubei Technological Invention Awards 2015
1st Prize	Mechanism and control technology for large volume hydraulic concrete cracks	Hubei Technological Invention Awards 2015
3rd Prize	Construction and application of Yangtze River Fishing Resource and Environment Database	Hubei Technological Invention Awards 2015
2nd Prize	Seismic study and monitoring for large hydropower station reservoir	Dayu Hydro Science Awards 2015
3rd Prize	Research and application of high-precision multi-clock source satellite time synchronization system	Dayu Hydro Science Awards 2015
3rd Prize	Research into high-precision measurement of the Three Gorges ship lift	Dayu Hydro Science Awards 2015
1st Prize	Research and application of new energy dissipation technology for high dam with complex-environment and large discharge power	Hydropower Science and Technology Awards 2015
1st Prize	Key technology for characteristics and application of low-heat silicate concrete for hydropower engineering	Hydropower Science and Technology Awards 2015
1st Prize	Habitat building and ecology regulation technology for steep rock slope disturbed by hydropower engineering	Hydropower Science and Technology Awards 2015
1st Prize	Technology standard and engineering application of castings and forgings for large water-turbine generator set	Hydropower Science and Technology Awards 2015
1st Prize	Development of the Xiluodu 770 MW water-turbine generator set	Hydropower Science and Technology Awards 2015
2nd Prize	Theory and packaged technology for gradient crack prevention of extra-high arch dam	Hydropower Science and Technology Awards 2015
2nd Prize	Domestic R&D and engineering application of high-HD 790 MPa steel bifurcation	Hydropower Science and Technology Awards 2015
2nd Prize	R&D and engineering application of Xiangjiaba 800 MW radial-axial flow turbine generator set	Hydropower Science and Technology Awards 2015
3rd Prize	Research and application of key safety and stability technology for underground water diversion and the power generation system of giant hydropower units	Hydropower Science and Technology Awards 2015
3rd Prize	Research and application of capacity reform for water turbine generators at Gezhouba Hydropower Station	Hydropower Science and Technology Awards 2015
3rd Prize	Research and application of installation and commissioning technology for ultra-large evaporative-cooling hydropower generating unit	Hydropower Science and Technology Awards 2015

## Research of Advanced Technologies

### Offshore Wind Power

In 2015, on behalf of CTG, the Shanghai Investigation, Design & Research Institute Co., Ltd. funded New Energy Centers in Lisbon and Shanghai, providing technological support for CTG's 'Wind Power Leader' strategy. In 2015, the CTG-led construction of the Offshore Wind Power Park and State Offshore Wind Power R&D Center was commenced, and such high-caliber wind power generator manufacturers at home and abroad as Goldwind, Siemens, Alston and Vestas gathered together to improve China's competence in offshore wind power. CTG's Xiangshui Offshore 200 MW Wind Farm saw the successful operation of 8 generating units, becoming the first offshore wind farm put into operation in China and filling in the country's gaps in several offshore wind farm technologies.

### Tidal Power Utilization

In 2015, CTG applied for national special fund for marine renewable energy-the Zhoushan Tidal Power Demonstration Project. The State Oceanic Administration approved the application and provided CTG with a RMB 72 million fund, the largest technological research grant that the Corporation has ever received.

### Smart Arch Dam Construction

The key technologies for the intelligent construction of the 300m-level Xiluodu Arch Dam successfully solved several key problems in the design, implementation and early operation of arch dams, guaranteeing safe and efficient construction. For



Zhoushan Tidal Power Demonstration Project Concept Art

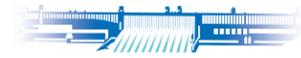


Successful hoisting of the first wind turbine generator at the Xiangshui Offshore 200 MW Wind Farm in Jiangsu Province

these reasons, it was awarded the National Technology Achievement Second Prize in 2015. Its successful application leads the modern and smart development of the hydropower industry, and stands as a pioneer of smart high arch dam construction.



'Smart Dam'-Xiluodu Arch Dam



## Social Responsibility

### Maintaining the Ecological Balance of Nature

CTG insists on conducting project construction and operation in an orderly manner on the basis of ecological protection, pays attention to the harmonious compatibility of project maintenance and ecological protection, and protects rare animal and plant resources to the greatest possible extent.

In 2015, CTG accomplished the task of releasing rare endemic fish into the wild, including the Chinese sturgeon. Over 3,000 second-generation Chinese sturgeon were released within this year. Also released were a total of 160,000 fish of five rare species along the upper Yangtze River, including Dabry's sturgeon. The newly-built Wudongde Fish Reproduction and Releasing Station was put into trial operation, and 23,000 rare Yangtze River fish including *Schizothorax prenanti* were successfully released. Artificial reproduction and breeding were carried out successfully for the first time, with *Coreius guichenoti* and *Rhinogobio ventralis* again successfully artificially reproduced and

domesticated after the first breakthrough was achieved in 2014.

In 2015, CTG launched two ecological regulations in the Three Gorges Reservoir, during which the number of eggs laid by the four major common fish species reached up to 674 million, accounting for 31.76% of fish eggs laid during the monitoring period. This means the efforts to protect fish resources have been fruitful. At present, the ecological regulation test of the Three Gorges Reservoir stands at a leading position in the world, providing valuable experience for the implementation of ecological regulation in large-scale water conservancy projects.

In order to protect endangered and endemic plants in the Three Gorges Reservoir area, CTG established the Three Gorges Nursery Research Center in July 2007. In the 8 years since the Center was set up, 224 kinds of unique and rare plants (totaling 29,500) in the Three Gorges area were introduced and cultivated. Their survival rate is higher than 90%, far

above the transplantation survival rate of national endemic species. Fifteen species of rare plants have been successfully returned to nature.

In 2015, the water and soil conservation facilities of the Three Gorges Reservoir area and Xiangjiaba and Xiluodu hydropower station areas played their roles effectively, achieving good ecological reservation results.

CTG continues to develop and use clean energy, monitor the emission of greenhouse gases in the reservoir area and reduce carbon dioxide emissions, providing clean, safe and reliable energy for national economic development and making positive contributions to the adjustment of the energy structure, reduction of greenhouse gas emissions and improvement of the climate and environment in China. In 2015, CTG's domestic projects reduced 160.1733 million tons of carbon dioxide, 1.6772 million tons of sulfur dioxide and 480,500 tons of nitrogen oxide.



Three Gorges Nursery Research Center



Ethnic minority college students take part in CTG's 57th release of Chinese sturgeon

### Promoting the Sustainable Development of Resettled People

Upholding the development concept of 'Building a hydropower station to stimulate the local economy, improve the local environment and benefit the resettled local residents', CTG focuses on the production and life of the resettled residents, industrial development and post-resettlement support, and precision and targeted poverty alleviation, promoting the sustainable development of resettlement areas.

The construction of the Xiluodu and Xiangjiaba power stations has caused nearly 100,000 people move in Yunnan Province. This resettlement has directly resulted in the construction of Suijiang County and seven new county towns, more than 300 km of roads and a large number of schools, hospitals, radio stations, telecommunication networks, cultural heritage sites and other projects, making the infrastructure facilities and living conditions of the resettled people better than before they moved. At Wudongde Hydropower Station, approved in 2015, the philosophy of 'Resettlement First, Construction Second' was put into practice for the first time, and the hierarchical coordination mechanism was established, making proper arrangements for resettled people before each stage of project construction, and ensuring their livelihood and stability.

From 2006 to 2015, CTG donated a total of over RMB 100 million and RMB 150 million to the poverty alleviation work of Yunnan Province and Sichuan Province respectively, actively supported earthquake relief work and education, implemented on projects that improve people's livelihood, supported featured industries and medical healthcare industry, and developed the culture and sport industries.

In 2015, CTG continued to support employment skills training for resettled people, providing them with opportunities to study the practical skills for being electrician, chef, car repairer and so on.



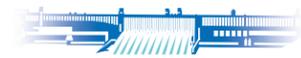
Resettled people moving to a new village



Resettlement point in Huidong County, Sichuan Province



New appearance of Huidong County



## Building Harmonious Labor Relations

CTG gives attention to employees' rights and benefits, occupational health and safety, and quality of life. CTG also values every employee and helps them to grow, progress and fulfill the CTG vision.

On April 25, 2015, Nepal was struck by an 8.1 magnitude earthquake. CTG immediately launched an emergency plan and fully engaged in rescue operations. After a 98-hour effort, all 253 Chinese employees were pulled out safely, efficiently and in an orderly manner.

In 2015, to encourage and reward the hard work and commitment of its overseas employees, CTG established the 'Overseas Employee Award'. Senior Business Development Manager at Three Gorges International (Brazil) Energy Investment Co., Ltd. Sergio Fonseca and Senior Employee of the Kaleta Hydropower Station Project in Guinea of the China International Water and Electric Corp. Cory Lolamu were the first to win the award. This inspired the working passion of overseas employees and enhanced their sense of identification to CTG. It also furthered CTG's localized operations.

CTG is committed to a differentiated and precise talent development strategy, and continues to perfect the environment for talent growth. CTG also pays particular attention to cultivating high-end specialized talents and exploring the full potential and vigor of its talent team. In 2015, CTG selected the sixth batch of young

talents for a two-year training course that aims to accelerate their growth. The course covers on-job practice, job rotation, centralized training, subject study, tailored training and self-management, and will greatly accelerate the growth of their abilities.

Since 2008, CTG initiated the 'Autumn Education Aid' campaign to call on all employees to help their peers in difficulty. By the end of 2015, CTG's employees had donated about RMB 1.11 million to help 332 children of fellow employees in financial difficulty to fulfill their dreams of going to university.



Sergio Fonseca and Cory Lolamu won the 2015 Overseas Employee Award of CTG

## Giving Back to Society

For many years, CTG has been committed to helping underdeveloped areas (regions and cities) in Xinjiang, Tibet, Qinghai, Ningxia, Inner Mongolia, Hubei, Chongqing, Jiangxi, Sichuan, Yunnan and elsewhere in infrastructure, education & science, industry support, donation, thereby powering the economic and social development of local communities. In 2015, CTG donated a total of RMB 110 million to such communities.

In 2015, CTG achieved initial results in Aid for Tibet in infrastructure construction, education, science & technology and industry support. CTG has undertaken water supply and sewage projects in 28 counties across Tibet. Upon completion, 650 thousand Tibetans in cold high-altitude areas will never again travel long distance to buy water, but will have access to clean and free tap water in their homes.

In 2015, when Nepal was struck by an 8.1 magnitude earthquake, Tibet was also seriously impacted and casualties and property loss



CTG making a donation to the Ningxia Wuzhong Charity Foundation

were caused. CTG responded immediately, donated RMB 2 million to Tibet for disaster relief and post-disaster reconstruction.

In 2014, the Three Gorges Dam was opened to Chinese tourists free of charge, winning acclaim from all circles of society. In 2015, a total

of 2.07 million tourists visited the Dam. On March 1st, 2015, external roads to the Dam were opened to the public, bringing convenience to people and driving the economic and social development of local communities.

## Being a Global Corporate Citizen

'Long-term Development and Localized Operation' is one of the core ideas behind CTG's overseas business operations. In building and operating overseas projects, CTG focuses on the social benefits of those projects and seeks harmonious development with local communities, so as to benefit the local people.

CTG invested nearly USD 7 million into the environmental protection and migration fund of the Kaleta Project for local environmental protection and healthcare. CTG also participated in the Youth Employment Program initiated by the Guinean Government and helped to train over 1,000 young Guineans.

At the Nam Nieg 2 Hydropower Station in Laos, CTG provided 480 full-time positions for locals and invested a total of USD 6.5 million into building villages, schools and public facilities.

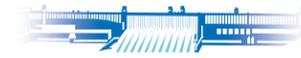
The Isimba Hydropower Project of Uganda employs over 900 locals, accounting for over 70% of its total staff. In November 2015, CTG organized the 17th 'Medical Aid for Uganda' campaign at the Isimba Hydropower Project, and its medical treatment team received nearly 700 patients from surrounding villages.

From July to August 2015, Myanmar was hit by serious flooding, and CTG's expert team rushed to provide technical guide for control of floods. After conducting field surveys, the expert team pointed out problems in flood prevention and control, and proposed valuable advice that was highly appreciated by the Myanmar Government.

In 2015, CTG donated RMB 2 million in electricity funds to Myanmar, PKR 2 million (about RMB 203 thousand) to a social welfare campaign in Pakistan, and USD 45.784 thousand (about RMB 300 thousand) worth of production and living goods to Uganda.



The 'Medical Aid for Uganda' Team's Free Clinic at the Isimba Hydropower Project



# Three Gorges Project Timeline



In 1919, Mr. Sun Yat-sen made a proposal in his *Nation-Building Strategy II - Industrialization Plan* to improve the upstream section of the Yangtze River. He was the first to make such a proposal.

On July 29th, 1993, the 2nd Conference of the Three Gorges Project Commission of the State Council reviewed and approved the *Preliminary Design Report on the Three Gorges Project*, ushering in the project's preparation phase.  
On September 27th, 1993, the China Three Gorges Development Corporation was established.

On November 8th, 1997, river closure was successfully completed at the Three Gorges Project, marking the completion of Phase I.

On November 6th, 2002, CTG's diversion channel successfully cut off the Yangtze River.

On September 16th, 2005, 14 generating units in the left-bank powerhouse were put into operation one year ahead of schedule.

On May 14th, 2007, the double line five stage ship locks were completed.  
On June 11th, 2007, the first generating unit in the right-bank powerhouse of TGP was put into operation.

On August 29th, 2009, the normal impoundment level of 175 meters at the Three Gorges Complex passed its acceptance check, marking the completion of the preliminary design of the Three Gorges Project (except for the construction of the ship lift that was approved to be postponed).

On May 24th, 2011, the first group of power generating units in the Three Gorges underground power station were put into operation.  
In December 2011, the annual cargo transport amount through Three Gorges ship locks exceeded 100 million tons.

On June 24th, 2014, the State Council Inspection and Acceptance Committee for the Overall Completion of the Yangtze River's Three Gorges Project convened its first meeting, marking the official launch of the whole acceptance work of the Three Gorges Project.  
In December 2014, the annual electricity output of the Three Gorges Power Plant reached 98.8 TWh, surpassing the Itaipu Hydropower Station to become the first in the world, and creating a new world record for the annual power generation of a single power station.



On April 3rd, 1992, the 5th Session of the 7th National People's Congress adopted the *Resolution to Build the Three Gorges Hydropower Complex*.

On December 14th, 1994, the Three Gorges Project officially commenced.

In 2000, a total of 5.4817 million m<sup>3</sup> of concrete was poured, setting a new world record in the global hydropower industry.

On June 1st, 2003, TGP Reservoir started impounding. The water level reached an elevation of 135m on June 10th.  
On June 16th, 2003, the trial navigation of the dual-line five-stage ship lock was successfully completed. On June 18th, the ship locks were officially opened to traffic.  
On July 10th, 2003, the first generating unit in the left-bank powerhouse of TGP was officially integrated into the power grid.

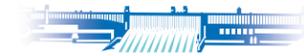
On May 20th, 2006, TGP Dam topped out completely.  
On October 27th, 2006, TGP Reservoir's water level reached 156m one year ahead of schedule.

On September 28th, 2008, the trial impoundment level of 175 meters started at the Three Gorges Complex.  
On October 30th, 2008, 12 generating units in the left-bank powerhouse became fully operational one year ahead of schedule.

On October 26th, 2010, the trial water impoundment reached 175m.  
On November 26th, 2010, the contract for the procurement of ship-lifting equipment for the Three Gorges Project was signed.  
On December 31st, 2010, the annual power generation of the Three Gorges Gezhouba cascade complex reached 100.61 TWh.

On July 3rd, 2012, the last unit of the Three Gorges Underground Power Station was put into operation.  
On July 20th, 2012, CTG endured the test of the largest flood peak (with a peak value of 71,200m<sup>3</sup> per second) since its establishment.

2015 marked the 6th consecutive year of the trial impoundment level of 175 meters at the Three Gorges Complex. CTG's ship lock has been operating safely and efficiently for 12 consecutive years, with freight cargo totaling 111 million tons.



## Major Subsidiaries

### China Three Gorges Construction Management Co., Ltd.

China Three Gorges Construction Management Co., Ltd. (China Three Gorges Construction) was developed from the core hydropower development and construction business of the China Yangtze River Three Gorges Project Development Corporation. In July 2015, CTG integrated and developed the professional technology of different sectors to officially form the Company. China Three Gorges Construction shoulders the historical responsibility of inheriting the brand image of China's Three Gorges and facilitating the implementation of the 'Going Global' strategy in the water and electricity industries. Based on the requirements of specialization, marketization, modernization and internationalization, China Three Gorges Construction carries out the five development concepts of innovation, coordination, environmental friendliness, openness and sharing in its all-out efforts to develop itself into a global first-class company engaged in project investment, construction, management and consultancy.

China Three Gorges Construction has taken over all hydropower projects of CTG at home and abroad. It has taken charge of the development and construction of domestic and international projects including Wudongde, Baihetan and Karot in Pakistan, and follows up hydropower projects along the upstream reaches of the Jinsha River and other big national projects. Serving the country's 'One Belt and One Road' strategy, it develops national hydropower projects along both the 'Belt' and the 'Road', aiming at upgrading the 'Going Global' of China's hydropower. It also undertakes the construction of Changlongshan Pumped Storage Power Plant and works closely with State Grid Xinyuan Co., Ltd. to jointly develop domestic pumped storage power stations.

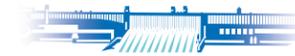
### China Yangtze Power Co., Ltd.

China Yangtze Power Co., Ltd. (CYPC) is a joint-stock limited-liability company incorporated on September 29, 2002 by the China Three Gorges Corporation with the approval of the State Council and upon the request of the former State Economic and Trade Commission. In November 2003, CYPC started IPO and was listed on the Shanghai Stock Exchange with the stock code 600900.SH.

As of December 31st, 2015, CYPC had a total of 16.5 billion shares, of which CTG held 72.23%. Its total assets amounted to RMB 141.99 billion, with an asset-liability ratio of 35.66%.

Committed to becoming the global leader in the hydropower industry, CYPC is China's largest listed hydropower company specializing in hydropower generation. The Company vigorously promotes the CYPC hydropower brand strategy, international strategy and extended strategy. CYPC owns all the power generating units at Gezhouba Hydropower Station and the Three Gorges Hydropower Station, and has been commissioned to operate and manage the Xiluodu and Xiangjiaba hydropower stations, two of the world's ten largest hydropower stations. In 2015, CYPC achieved a total profit of RMB 14.93 billion and a net profit of RMB 11.52 billion, with earnings per share of RMB 0.6982.





## China Three Gorges International Corporation

Formerly known as the Sinohydro Resources Limited, the CTG International Corporation (Three Gorges International) was renamed on July 5, 2015. As a wholly-owned subsidiary under CTG, Three Gorges International was founded on August 30th, 2011, with paid-up capital of RMB 22.91 billion. By the end of 2015, its total assets stood at RMB 50.64 billion and its net assets at RMB 25.35 billion.

Three Gorges International is committed to the strategy of 'Going Global' and the mission of 'Creating a world-class clean energy group' proposed by CTG. As the international investment company under CTG, Three Gorges International is mainly responsible for the investment, construction, operation and operating management of the Corporation's overseas investment projects. Its businesses cover the investment and development of overseas hydropower, wind power and solar power projects in the regions of South Asia, Southeast Asia, Europe, the Americas and Africa. It has invested in 25 overseas clean energy projects that are either completed, under construction or in the preparation stages, with a total installed capacity of 562,100 kW, an annual electricity production of 1.09 TWh and an equity-based installed capacity of 5.60 GW.

CTG now has 26 overseas subsidiaries including the CTG (Hong Kong) Corporation, China Gangyuan Investment Company Limited, CTG (Europe) Corporation, CTG (Brazil) Corporation, and CTG (South Asia) Corporation. It acquired 21.35% of the stock equity of Energias de Portugal (EDP) through the CTG (Europe) Corporation, becoming the sole shareholder with the largest share of EDP, and won the bidding for the 30-year franchise rights of the Brazilian power stations Jupiá and Ilha Solteira (with an installed capacity of 1.55 GW and 3.44 GW respectively) at the best offer, making the CTG (Brazil) Corporation the second largest private power generation company in Brazil.

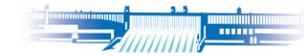
## China Three Gorges New Energy Co., Ltd.

Formerly known as the China Water Investment Group Corporation, China Three Gorges New Energy Co., Ltd. (TGNE) is a wholly-owned subsidiary of CTG established to develop new energy and build CTG's secondary line of business. With the approval of the State Council in October 2008, the China Water Investment Group Corporation was merged into CTG and renamed TGNE in June 2010. In June 2015, Yangtze New Energy Development Co., Ltd. was restructured into TGNE with the approval of CTG.

In recent years, TGNE has engaged in the vigorous development of onshore wind power and photovoltaic power, the active exploitation of offshore wind power, the steady development of medium and small-sized hydropower operations, the exploration of solar thermal electric power generation, and the close follow-up of tidal energy, biomass and other renewable energy generation areas. In addition, TGNE invests in the manufacturing industry of wind power generation turbines and their parts, which is highly related to the new energy business and has complementary advantages and strategic coordinated effects, generally forming a business pattern underpinning and supported by the four segments of wind power, solar energy, medium and small-sized hydropower and equipment manufacturing. At the end of 2015, the Company's new energy business covered 30 Chinese provinces, autonomous regions and municipalities, with nearly 6 GW of installed capacity in operation or under construction in such new energy sources as wind energy, solar energy and small-sized hydropower stations, as well as holding total assets in excess of RMB 44 billion.

Centering on the strategic goals of 'Beautiful Three Gorges' and 'Offshore Wind Power Leader', TGNE persistently places importance both in size and benefits, implementing differentiated competition and cost advantages to build a new energy entity with a sound industrial structure, excellent asset quality, prominent economic benefits and advanced management, thereby making new contributions to realizing the 'New Three Gorges Dream'.





## Hubei Energy Group Co., Ltd.

Founded in 2005, Hubei Energy Group Co., Ltd. (HEGC) was merged from Hubei Qingjiang Hydropower Investment Co., Ltd. and Hubei Electric Development Co., Ltd. In 2007, HEGC introduced CYPIC and CGDC as strategic investors; in 2008, HEGC was restructured as a limited joint stock company; in 2010, HEGC achieved holistic listing through restructuring; and in 2015, HEGC introduced CTG as a controlling shareholder through non-public stock with the stock code 000883.SZ.

HEGC's main business covers energy investment, development and management. With the widest range of energy businesses, HEGC is a public company with comprehensive energy products and services, dedicated to improving the construction of Hubei's energy investment and finance platform, energy safety assurance platform, government-led new energy development and new technology energy advancement platforms. Its fields of business include hydropower, thermal power, nuclear power, new energy, natural gas, coal trading and financial investments. To date, HEGC has constructed a number of major power energy bases including West Hubei Hydropower, East Hubei Thermal Power and Qiyueshan Mountain Wind Power, gradually establishing a network of coal reserves and natural gas supplies in Hubei Province. In addition, HEGC has invested in various public companies and financial enterprises including Yangtze Securities, Hubei Bank, Changyuan Electric Power and Yangtze Property & Casualty Insurance.

As of December 2015, HEGC's controllable installed capacity reached 6.12 GW, with total assets of RMB 42.99 billion and an asset-liability ratio of 43.14%. In 2015, HEGC achieved a yearly turnover of RMB 7.10 billion, with net profits reaching RMB 1.62 billion.

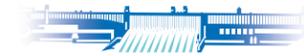
## China International Water & Electric Corp.

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

Closely following the national 'One Belt and One Road' strategy, CWE focuses on large EPC projects that conform to national policy and investment projects with controllable risks and moderate size. It explores various patterns of cooperation and focuses on transformation and upgrading in the pursuit of being an international clean energy development and investment entity with the integration of 'investment – management – operation'.

In 2015, CWE enjoyed the steady growth of its operational benefits. The early production of the Kaleta Hydropower Station in Guinea and the Nam Leuk 2 Hydropower Station in Laos led to the highlights of the Canar Flood Prevention Project in Ecuador and the Isimba Hydropower Project in Uganda. CWE has remained on ENR's Top 250 International Contractors list for 26 consecutive years, and its Top 225 International Design Firms list for 15 consecutive years.





## Three Gorges Capital Holdings Co., Ltd.

Established in March 2015, Three Gorges Capital Holdings Co., Ltd. (TGCH) is a wholly-owned subsidiary of CTG. With a registered capital of RMB 4 billion, TGCH is a core platform of financial development and capital services founded by CTG to implement the Corporation's transformation and upgrading strategy, promote the development of its financial institutes and build diversified financial businesses.

TGCH mainly engages in industrial investment, stock investment, investment consultation (service), asset management, security investment and other businesses permitted by laws and regulations.

According to the strategic positioning proposed by CTG's Board of Directors and CPC Committee, TGCH will be guided by the Corporation's strategy, steadily promote financial and stock investment, and actively build up a new business incubation platform, financial investment platform and capital operation service platform. In 2015, TGCH achieved a total profit of RMB 677 million and a net asset return of 7.04%.

## Shanghai Investigation, Design and Research Institute

Founded in November 1954, the Shanghai Investigation, Design and Research Institute ('SIDRI') was placed under Shanghai Municipality by the Ministry of Water Resources in July 2001. In June 2014, SIDRI was restructured, becoming a controlling subsidiary of CTG with a registered capital of RMB 611,648,100.

SIDRI is a large first-rate integrated surveying and design institute which deals with water resources, hydropower, new energy and environmental engineering. It has a business scope covering almost every province and region in China, as well as 20+ countries and regions overseas. SIDRI has undertaken planning and surveying tasks for more than 40 large and middle-sized hydropower projects including the Xin'an River Project, in addition to design and planning tasks for the comprehensive development and rectification of the Yangtze River Estuary, planning for the comprehensive harnessing of the Huangpu River, and engineering and design for the water sources of Shanghai. SIDRI also undertook the design of the Shanghai Donghai Bridge Wind Farm, the first offshore wind power station in Asia, as well as designing environmental projects to restore the water environment and ecology of Taihu Lake. SIDRI has been honored as a National Outstanding Designing Institute, National Excellent Water Resources Enterprise, and Shanghai New and High-tech Enterprise.

After becoming a member of CTG by restructuring, SIDRI actively implemented the 'Offshore Wind Power Leader' and 'One Belt and One Road' strategies, continuously progressing towards its two 'first-class' targets.



## Three Gorges Finance Co., Ltd.

Incorporated in November 1997 with the approval of the People's Bank of China, Three Gorges Finance Co., Ltd. (TGFC) is a non-bank financial institution with a registered capital of RMB 3 billion, established to finance the business operations of CTG and its member companies.

Bearing in mind its mission to serve CTG with the best financial practices and innovation, TGFC is responsible for providing centralized fund management, financing, financial consulting, financial industry development and research, financial strategy implementation, and financial talent development. It has gradually established such distinctive lines of business as third-party bond issuing, electronic clearing services and syndicated loans, playing an important role in helping CTG to increase its fund utilization efficiency, facilitating in-house financing and reducing the overall debt level and financing costs of the Corporation. In 2015, TGFC achieved gross profits of RMB 1.102 billion with an EVA of RMB 604 million.



Providing Clean Energy and  
Building Beautiful Communities Together

