

Table of Contents**h. Property, plant and equipment, net**

Property, plant and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the following estimated useful lives of the assets:

Buildings	20 years
Machinery and equipment	10-20 years
Equipment and furniture	3-5 years
Vehicles	5 years

Costs incurred in the construction of property, plant and equipment, including an allocation of interest expense incurred, are capitalized and transferred into their respective asset category when the assets are ready for their intended use, at which time depreciation commences.

Ordinary maintenance and repairs are charged to expenses as incurred, and replacements and betterments are capitalized. When items are retired or otherwise disposed of, income is charged or credited for the difference between the net book value of the item disposed and proceeds realized thereon.

i. Land use rights

Land use rights represent the cost of rights to use land in the FRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the respective periods of the rights of 50 years. As of December 31, 2013 and 2014, the carrying amount of land use rights was US\$808 and US\$788, respectively, which is included in other non-current assets in the combined balance sheets.

Amortization expense of land use rights for the years ended December 31, 2013 and 2014 were US\$17 and US\$17, respectively, which is included in cost of revenues in the combined statements of comprehensive loss. The annual amortization expense of land use rights is estimated to be US\$17 for each of the following 5 years.

As of December 31, 2013 and 2014, the Combined Entity has pledged its land use rights with a total carrying amount of US\$808 and US\$788, respectively, to secure bank borrowings (note 5).

j. Impairment of long-lived assets

Long-lived assets, such as property, plant and equipment and land use rights, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Combined Entity first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through discounted cash flow models, quoted market values or third-party independent appraisals, as considered necessary. Assets to be disposed are reported at the lower of carrying amount or fair value less costs to sell, and are no longer depreciated. No impairment of long-lived assets was recognized for the years ended December 31, 2013 and 2014.

k. Revenue recognition

The Combined Entity's revenues are generated through the sales of wind power pursuant to terms of power purchase agreements ("PPAs") or other contractual arrangements. The Combined Entity is required to sell all wind power generated by the facilities at specific rates as determined by the PPAs. The Combined Entity recognizes revenue from the sale of wind power when the electricity is generated and delivered.