



2021

SUSTAINABILITY &
FINANCIAL REPORT
APPENDIX

*ACCELERATING THE ENERGY
TRANSITION IN ASIA-PACIFIC*



**VENA
ENERGY**

**THIS APPENDIX IS AN INTEGRAL PART OF VENA ENERGY'S
SUSTAINABILITY AND FINANCIAL REPORT 2021**

APPENDIX A: SUPPLEMENTARY FINANCIAL INFORMATION

The non-IFRS financial and other operating data set out in “Key Non-IFRS Financial Data” section which has been derived from the Combined Financial Statements and the Audited Financial Statements¹⁹ of Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trust (each a “Vena Entity” and together, the “Vena Entities”) for the financial year ended 31 December 2021, and management schedules, where applicable, are supplemental financial measures and are not presented in accordance with International Financial Reporting Standards (“IFRS”) or generally accepted accounting principles in other countries, including the United States. Accordingly, these data should not be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of Vena Energy, as reported under IFRS.

The following non-IFRS financial data, namely Proportionate Revenue, Proportionate EBITDA, Proportionate EBITDA Margin, Corporate Net Debt, Funds from Operational Assets (“FFOA”) and Corporate

Net Debt to FFOA, as well as other operating data, are presented below as Vena Energy believes they are useful supplements to its financial data presented under IFRS, as measures of Vena Energy’s financial and operating performance as well as measures of its assets’ ability to generate cash from operations. In particular, as assets located in the Philippines are defined as associates under IFRS, among other things, revenues from and project finance debt of these renewable energy generation assets are not consolidated but are instead accounted for using the equity method of accounting under “share of net profit/(loss) of equity-accounted investees” in the Combined Financial Statements. Accordingly, the Combined Financial Statements does not reflect the revenue and debt of these equity-accounted investees, which are however included in the non-IFRS financial and other operating data.

The following non-IFRS financial and other operating data should be read in conjunction with the Combined Financial Statements and the Audited Financial Statements included in Appendix B.



Key Non-IFRS Financial Data

	Year ended	Year ended
(USD in millions except margin data)	31 Dec 2021	31 Dec 2020
Proportionate Revenue ^(a)	385.2	371.6
Proportionate EBITDA ^(b)	282.3	278.0
Proportionate EBITDA Margin ^(c)	73%	75%
	As of	
	31 Dec 2021	31 Dec 2020
Corporate Net Debt ^(d)	276.7	236.9
Funds from Operational Assets ("FFOA") ^(e)	140.0	161.3
Corporate Net Debt to FFOA ^(f)	2.0x	1.5x

¹⁹ "Audited Financial Statements" is defined as the consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, consolidated financial statements of Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and the consolidated financial statements of Zenith Japan Holdings Trust and its subsidiaries for the financial year ended 31 December 2021. The Audited Financial Statements for the financial year ended 31 December 2021 were prepared in accordance International Financial Reporting Standards issued by the International Accounting Standards Board and audited by an independent auditor in accordance with International Standards on Auditing.

^(a) Proportionate Revenue is a non-IFRS financial measure and represents total income plus proportionate total income from equity-accounted investees less service concession income and total income attributable to non-controlling interests.

^(b) Proportionate EBITDA is a non-IFRS financial measure and represents Adjusted EBITDA less Adjusted EBITDA of non-controlling interest and share of results of equity-accounted investees, and plus EBITDA of equity-accounted investees. Adjusted EBITDA is a non-IFRS financial measure and represents operating profits before development costs, depreciation and amortisation expense, net finance costs, tax expense and other exceptional items (as itemised in the 'Reconciliation of Profit/(Loss) for the Period to Adjusted EBITDA and Proportionate EBITDA' table).

^(c) Proportionate EBITDA Margin is a non-IFRS financial measure and represents Proportionate EBITDA for the relevant period divided by Proportionate Revenue for the same relevant period.

^(d) Corporate Net Debt is a non-IFRS financial measure and represents the aggregate third party debt of Vena Entities on an unconsolidated or standalone basis less the aggregated cash & cash equivalents of Vena Entities on an unconsolidated or standalone basis less the aggregated amount due from Unitholders of Vena Entities on an unconsolidated or standalone basis.

^(e) FFOA is presented as last twelve months ended the relevant period.

^(f) Corporate Net Debt to FFOA is a non-IFRS financial measure and represents an indicator of the ability of the Vena Entities to cover their outstanding Corporate Net Debt from the funds generated by the Operational Assets. Corporate Net Debt to FFOA is calculated by dividing Corporate Net Debt over FFOA.

RECONCILIATION OF COMBINED FINANCIAL RESULTS TO PROPORTIONATE FINANCIAL RESULTS

Reconciliation of Gross Revenue to Proportionate Revenue

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
<i>(USD in millions)</i>		
Revenue	321.9	297.1
Other income	9.9	7.2
Total income	331.8	304.3
Less: Service concession income	-	(0.3)
Less: Total income attributable to non-controlling interest	(13.4)	(13.9)
Add: Total income of equity-accounted investees	66.8	81.5
Proportionate Revenue	385.2	371.6

Reconciliation of Profit for the Year to Adjusted EBITDA and Proportionate EBITDA

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
<i>(USD in millions)</i>		
Profit/Loss for the Year	(8.2)	40.1
Less: Service concession income	-	(0.3)
Add: Cost of service concession income	-	0.3
Add: Development costs	5.1	3.2
Add: Depreciation and amortisation expense	134.7	125.9
Add: Net finance costs	90.0	34.8
Add: Impairment loss	(0.6)	7.6
Add: Acquisitions costs	1.1	6.5
Add: Loss on disposal/ write-off of assets	8.7	1.3
Less: Share of net results of equity-accounted investees, net of tax	(6.4)	(16.3)
Add: Tax expense	12.9	18.7
Adjusted EBITDA	237.3	221.8
Less: Adjusted EBITDA attributable to non-controlling interest	(12.6)	(13.0)
Add: Adjusted EBITDA of equity-accounted investees	57.6	69.2
Proportionate EBITDA	282.3	278.0

FUNDS FROM OPERATIONAL ASSETS

The following tables present the Funds from Operational Assets of Vena Energy for FY2021 and FY2020.

Funds from Operational Assets represents an indicator of recurring funds generated by the Operational Assets that can be used for servicing the corporate net debt, committed and discretionary capital expenditure, development costs and working capital. "Operational Asset" means a subsidiary or equity-accounted investee of Vena Energy which holds the legal and economic interest in a renewable generation facility that is commissioned and capable of generating electricity.

Funds from Operational Assets is a non-IFRS financial measure and represents proportionate results from Operational Assets attributable to Vena Energy plus cash flows received from

proportionate interest income and after deducting cash flows to (a) repay any proportionate scheduled principal amounts under any debt or financing arrangement of the Operational Assets, (b) pay any proportionate interest or any other financing expense on any debt or financing arrangement of the Operational Assets, (c) pay any proportionate obligations in connection with the hedging arrangements for the debt or financing arrangement, (d) pay any lease liabilities obligations and (e) pay any proportionate corporate income taxes.

In compiling the Funds from Operational Assets, selected items of income, expenses and cash flows of each Operational Asset within the same geography were aggregated and presented in the following tables.

(USD in millions)	Australia	India	Indonesia	Japan	Philippines	Taiwan	Thailand	Total
YEAR ENDED 31 DECEMBER 2021								
Revenue	14.6	96.4	31.1	113.5	71.6	18.4	45.1	390.7
Less: Operating Expenses								
- Operation and maintenance costs	(1.3)	(10.1)	(2.5)	(9.2)	(3.4)	(1.2)	(1.2)	(28.9)
- Asset management & shared service fees	(0.3)	(3.6)	(2.4)	(4.2)	(2.0)	(3.0)	(0.4)	(15.9)
- Business related taxes	-	(0.1)	(0.1)	(7.1)	(3.6)	-	-	(10.9)
- Land rent and occupancy costs	-	(0.1)	(0.3)	(0.5)	(0.2)	-	-	(1.1)
- General and administrative expenses	(0.6)	(6.1)	(3.2)	(3.8)	(5.6)	(1.1)	(1.4)	(21.8)
Results from Operational Assets^(a)	12.4	76.4	22.6	88.7	56.8	13.1	42.1	312.1
Less: Share of economic interest attributable to other shareholder ^(b)	-	-	-	-	(0.9)	-	(12.6)	(13.5)
Proportionate results from Operational Assets	12.4	76.4	22.6	88.7	55.9	13.1	29.5	298.6
Add: Interest income received ^(c)	-	1.8	-	-	0.1	-	-	1.9
Less: Debt service ^(d) and tax payments	(9.9)	(66.1)	(17.7)	(21.9)	(20.6)	(9.1)	(15.2)	(160.5)
Funds from Operational Assets^(e)	2.5	12.1	4.9	66.8	35.4	4.0	14.3	140.0

(USD in millions)	Australia	India	Indonesia	Japan	Philippines	Taiwan	Thailand	Total
YEAR ENDED 31 DECEMBER 2020								
Revenue	12.6	85.1	35.5	98.2	86.2	15.4	47.4	380.4
Less: Operating Expenses								
- Operation and maintenance costs	(1.1)	(10.1)	(2.1)	(5.8)	(5.1)	(0.9)	(1.3)	(26.4)
- Asset management & shared service fees	(0.3)	(3.4)	(2.1)	(4.0)	(3.1)	(3.2)	(1.1)	(17.2)
- Business related taxes	-	-	(0.1)	(5.6)	(3.8)	-	-	(9.5)
- Land rent and occupancy costs	-	(0.1)	(0.4)	(0.3)	(0.1)	(0.1)	-	(1.0)
- General and administrative expenses	(1.3)	(4.8)	(3.3)	(3.8)	(4.3)	(1.4)	(1.5)	(20.4)
Results from Operational Assets^(a)	9.9	66.7	27.5	78.7	69.8	9.8	43.5	305.9
Less: Share of economic interest attributable to other shareholder ^(b)	-	-	-	-	(0.8)	-	(13.1)	(13.9)
Proportionate results from Operational Assets	9.9	66.7	27.5	78.7	69.0	9.8	30.4	292.0
Add: Interest income received ^(c)	-	2.2	-	-	0.4	-	-	2.6
Less: Debt service ^(d) and tax payments	(9.6)	(50.8)	(17.4)	(14.2)	(22.1)	(6.0)	(13.2)	(133.3)
Funds from Operational Assets^(e)	0.3	18.1	10.1	64.5	47.3	3.8	17.2	161.3

^(a) "Results from Operational Assets" is defined as revenue (which includes other income but excludes service concession income, if any less operating expenses but excludes cost of service concession income, depreciation and amortisation expense, finance income, finance costs, change in fair value of financial derivatives, foreign exchange gain or loss, impairment loss, gain on transfer of Tokumei kumiai ("TK") interests, loss on disposal of property plant and equipment and tax expense of all Operational Assets. Results from Operational Assets excludes the major income statement items: (1) service concession income, (2), cost of service concession income, (3) depreciation and amortisation expense, (4) finance income and finance costs, (5) change in fair value of financial derivatives, (6) foreign exchange gain/(loss) and (7) tax expense.

^(b) Share of economic interest attributable to other shareholder represents the results from Operational Assets attributable to the other equity holder(s) who is unrelated to Vena Energy based on its effective economic interest in the relevant subsidiaries or associates of Vena Energy.

^(c) Interest income received represents the Vena Entities' proportionate economic share of cash received by the Operational Assets from interest income. Such interest income comprises mainly interest income from bank deposits and/or mutual funds placements.

^(d) Debt service payments represents the Vena Entities' proportionate economic share of cash paid by the Operational Assets for interest expense of project finance debt, any obligations in connection with the hedging arrangements related to project finance debt, repayment of scheduled amortisation of project finance debt and payment of any lease obligations. Cash paid in connection with prepayment of project finance debt for refinancing purposes and one-off transaction costs related to project finance debt are excluded.

^(e) Funds from Operational Assets has been compiled based on the group reporting package of each Operational Asset (as defined above) used for the purposes of preparing the Audited Financial Statements, or management schedules, where applicable. Funds from Operational Assets excludes the following major cash flow items: (1) changes in working capital, (2) cash prepayment of project finance debt which was refinanced or restructured, (3) proceeds from drawdown of project finance debt, (4) transaction costs related to project finance debt and (5) contribution from and distribution to equity holders.

APPENDIX B: FY2021 FINANCIAL STATEMENTS

The Combined Financial Statements (as defined herein) included in this document has been prepared in order to present the (a) combined statements of financial position of Vena Entities as at 31 December 2021, (b) combined statements of comprehensive income of Vena Entities for the year 31 December 2021, and (c) combined statements of cash flows of Vena Entities for the year ended 31 December 2021 (together with the notes comprising a summary of significant accounting policies and other explanatory information, the "Combined Financial Statements").

The Combined Financial Statements has been prepared to fulfil our obligations under paragraph 5(b) under the "Terms and Conditions of the Notes" pursuant to our US\$1,000,000,000 Guaranteed Euro Medium Term Note Programme and our obligations under Rule 323 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Combined Financial Statements is intended to supplement, and should be read in conjunction with, the consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, consolidated financial statements of Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and the consolidated financial statements of Zenith Japan Holdings Trust and its subsidiaries for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards

issued by the International Accounting Standards Board and included in this document. Readers of the Combined Financial Statements who are not familiar with International Financial Reporting Standards are urged to consult with their own professional advisers. The Combined Financial Statements reflects certain estimates, assumptions and judgements made by Vena Energy. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities as of the dates presented as well as revenue and expenses reported for the periods presented. As a result, the Combined Financial Statements is not necessarily indicative of what Vena Energy's actual results of operations, financial position and cash flow would have been on or as of such dates, nor does it purport to project Vena Energy's results of operations, financial position or cash flows for any future period or date.

The Combined Financial Statements has been prepared for illustrative purposes only and does not represent Vena Energy's actual consolidated financial condition or results of operations, and is not intended to be indicative of Vena Energy's future financial condition and results of operations. The adjustments set forth in the Combined Financial Statements are based upon available information and assumptions that Vena Energy's management believes to be reasonable.





FOR MORE INFORMATION, VISIT [VENAENERGY.COM](https://venaenergy.com), OR FOLLOW US ON SOCIAL MEDIA



vena-energy



venaenergy



vena_energy

For Investor Relations

✉ ir@venaenergy.com

For Media Relations

✉ daniel.lee@venaenergy.com

SINGAPORE (CORPORATE HQ)

☎ +65 6950 0530
✉ enquiries@venaenergy.com
📍 1 George Street #14-07
One George Street Singapore 049145

BRISBANE, AUSTRALIA

☎ +61 7 3708 1420
✉ au-enquiries@venaenergy.com
📍 Suite 2, Level 10, 200 Mary Street,
Brisbane QLD 4000 Australia

NEW DELHI, INDIA

☎ +91 1149 131500
✉ in-enquiries@venaenergy.com
📍 Office 201, 2nd floor, East Wing,
Worldmark 1 Asset 11, Aerocity, NH-8
New Delhi 110037 India

BANGALORE, INDIA

☎ +91 80 6645 4000
✉ in-enquiries@venaenergy.com
📍 1st Floor, Embassy Icon Annexe,
2/1 Infantry Road
Bangalore 560001 India

JAKARTA, INDONESIA

☎ +62 21 5084 7830
✉ id-enquiries@venaenergy.com
📍 Pacific Century Place 36th Fl SCBD Lot 10,
Jl Jend. Sudirman Kav 52-53
South Jakarta 12190 Indonesia

TOKYO, JAPAN

☎ +81 3 6452 9777
✉ jp-enquiries@venaenergy.com
📍 Okura Prestige Tower 17F
2-10-4 Toranomon, Minato-ku,
Tokyo 105-0001 Japan

MANILA, PHILIPPINES

☎ +632 8683 4444
✉ ph-enquiries@venaenergy.com
📍 21F Tower 6789 Ayala Avenue
Makati City, Metro Manila
Philippines

SEOUL, SOUTH KOREA

☎ +82 2 6941 1610
✉ kr-enquiries@venaenergy.com
📍 17F, Tower 1, Gran Seoul 33 Jong-ro,
Jongno-gu Seoul, 03159
South Korea

TAIPEI, TAIWAN

☎ +886 2 8789 6898
✉ tw-enquiries@venaenergy.com
📍 Level 20 (A-1) No. 68,
Sec 5 ZhongXiao E. Rd
XinYi Dist, Taipei

BANGKOK, THAILAND

☎ +66 2 654 3771
✉ th-enquiries@venaenergy.com
📍 87/2 CRC Tower, All Seasons Place 9th Floor,
Unit 4-5 Wireless Road Lumpini, Pathumwan
Bangkok, Thailand 10330





**Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries**

Non-statutory Combined Financial Statements
Year ended 31 December 2021



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Board of Directors
Vena Energy Pte. Ltd.

Report on the non-statutory combined financial statements

Opinion

We have audited the non-statutory combined financial statements of Vena Energy Holdings Ltd. and its subsidiaries, Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Zenith Japan Holdings Trust and its subsidiaries (collectively, "Combined Group"), which comprise the combined statement of financial position as at 31 December 2021, the combined statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the combined financial statements, including significant accounting policies and other explanatory information as set out on pages FS1 to FS82.

In our opinion, the accompanying non-statutory combined financial statements of Combined Group for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 of the non-statutory combined financial statements (the "Basis of Preparation").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Combined Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the non-statutory combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to Notes 2 and 3 to the non-statutory combined financial statements, which describes the basis of combination and preparation. The non-statutory combined financial statements are used by the Board of Directors to discharge its fiduciary duties. As a result, the non-statutory combined financial statements may not be suitable for another purpose. Our report is intended solely for the Combined Group, the existing bondholders and the potential bond investors for their information only. We do not assume responsibility to anyone other than the Combined Group for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-statutory combined financial statements of the current period. These matters were addressed in the context of our audit of the non-statutory combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Goodwill (Refer to Note 7 to the non-statutory combined financial statements)	
The key audit matter	How the matter was addressed in our audit
Impairment of Goodwill Management assessed whether there is any impairment to the carrying values of goodwill as at 31 December 2020 based on discounted cash flow model for Australia, Indonesia, Thailand and Phillipines' group of cash generating units respectively. The discounted cashflow model contains assumptions that involves estimation uncertainty and/or significant judgment, particularly in relation to the estimation of cash flow projections and the discount rates applied. We identified impairment of Goodwill as a key audit matter because the carrying values of these assets are material to the non-statutory combined financial statements of which its valuation involves estimation uncertainty and/or significant judgment which could be subjected to risk of misstatement due to error and fraud.	Our audit procedures to assess potential impairment of Goodwill includes the following: - Assessed the appropriateness of managements' determination of cash generating units ("CGUs") based on the Combined Group's business operations. - Assessed the design of management's processes and effective implementation of controls over goodwill impairment assessment. - Engaged our internal valuation specialists to assess the reasonableness of the management's methodology applied and the discount rates applied in the discounted cashflow model were within an acceptable range, including impacts arising from COVID -19 pandemic. - We have evaluated the reasonableness of key assumptions applied by management in determining the cashflow projections by comparing the key assumptions adopted by the management with our understanding of the Combined Group's business, historical trends, contracted and available market data. In addition, we have also engaged our internal infrastructure advisory specialists to assess the reasonableness of projected plant load factors and projected tariff rates.



- Performed sensitivity analysis on the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.
- Comparing actual results for the current year with the management's estimates in the for the previous year in order to assess the historical accuracy of the management's forecasting process.

Responsibilities of management and the Board of Directors for the non-statutory combined financial statements

Management is responsible for the preparation of these non-statutory combined financial statements in accordance with Basis of Preparation, for determining the acceptability of the Basis of Preparation in the circumstances, and for such internal controls as management determines is necessary to enable the preparation of the non-statutory combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory combined financial statements, management is responsible for assessing the Combined Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Combined Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Combined Group's financial reporting process.



Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
 Independent auditors; report
 Year ended 31 December 2021

Auditors' responsibilities for the audit of the non-statutory combined financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Combined Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Combined Group to cease to continue as a going concern.



Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Independent auditors; report
Year ended 31 December 2021

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non-statutory combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

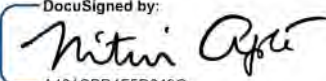

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 May 2022

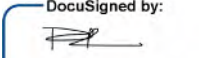
Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of financial position
As at 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Assets			
Property, plant and equipment	5	2,482,961	1,954,001
Right-of-use assets	6	347,827	326,729
Intangible assets	7	2,263,364	2,475,047
Equity-accounted investees	8	490,837	493,918
Other investments	9	1,851	2,433
Deferred tax assets	10	6,680	9,197
Loans receivables	11	10,696	40,594
Derivative assets	12	162,640	176,353
Prepayment and other assets	13	17,083	16,108
Trade and other receivables	14	37,388	31,210
Non-current assets		5,821,327	5,525,590
Loans receivables	11	13,649	20,152
Trade and other receivables	14	211,465	487,700
Prepayment and other assets	13	17,611	17,711
Derivative assets	12	6,531	7,379
Cash and cash equivalents	15	493,651	340,469
Current assets		742,907	873,411
Total assets		6,564,234	6,399,001
Equity			
Share capital and units in issue	16	3,554,399	3,404,399
Retained earnings		47,213	65,565
Reserves	18	(25,264)	194,818
Equity attributable to owners of the Holding Companies		3,576,348	3,664,782
Non-controlling interests	19	82,196	84,593
Total equity		3,658,544	3,749,375
Liabilities			
Loans and borrowings	20	2,071,280	1,951,458
Lease liabilities	20	338,741	306,626
Employee benefits		784	716
Trade and other payables	22	5,776	2,082
Derivative liabilities	12	18,417	41,865
Asset retirement obligation	21	49,583	37,486
Deferred tax liabilities	10	14,056	17,613
Non-current liabilities		2,498,637	2,357,846
Loans and borrowings	20	252,750	150,889
Lease liabilities	20	13,483	11,014
Derivative liabilities	12	2,747	6,957
Trade and other payables	22	135,639	121,078
Current tax liabilities		2,434	1,842
Current liabilities		407,053	291,780
Total liabilities		2,905,690	2,649,626
Total equity and liabilities		6,564,234	6,399,001

DocuSigned by:

A481CBD4F5D849C...
Nitin Apte

Director
13 May 2022

DocuSigned by:

DB4BBC4FD4B94FC...
Rupert Hall

Director
13 May 2022

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of comprehensive income
Year ended 31 December 2021

	Note	Year ended 31 Dec 2021 US\$'000	Year ended 31 Dec 2020 US\$'000
Sale of energy		314,045	289,660
Service concession income		—	303
Fee income		7,833	7,182
Total revenue	23	<u>321,878</u>	<u>297,145</u>
Other income	24	9,871	7,217
Cost of service concession income		—	(303)
Operating costs	25	(54,572)	(46,951)
Shared services costs	26	(39,857)	(35,246)
Development costs	27	(5,125)	(3,199)
Depreciation expense	5, 6	(79,072)	(70,977)
Amortisation expense	7	(55,584)	(54,931)
Results from operating activities		<u>97,539</u>	<u>92,755</u>
Finance income	28	13,850	14,191
Finance costs	28	(93,384)	(87,950)
Change in fair value of financial instruments	29	(14,783)	43,522
Foreign exchange gains/(losses)		4,327	(4,538)
Net finance costs		<u>(89,990)</u>	<u>(34,775)</u>
Acquisition costs	37	(1,131)	(6,534)
Write-off of project costs previously capitalised		(2,493)	—
Write off of property, plant and equipment		(6,092)	(169)
Loss on disposal of investments		—	(863)
Loss on disposal of property, plant and equipment		(125)	(310)
Impairment losses reversed/(recognised) on financial assets	30	618	(6,960)
Impairment loss on property, plant and equipment	5	—	(593)
Share of net profit of equity-accounted investees, net of tax	8	6,416	16,290
Profit before tax	31	4,742	58,841
Tax expense	32	(12,919)	(18,717)
Profit/(Loss) for the year		<u>(8,177)</u>	<u>40,124</u>
Profit/(Loss) attributable to:			
Owners of the Holding Companies		(18,089)	30,635
Non-controlling interests	19	9,912	9,489
		<u>(8,177)</u>	<u>40,124</u>
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		16	(123)
Related tax	32	—*	14
		16	(109)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(240,112)	138,563
Effective portion of hedge of net investment in foreign operation	33	32,967	(23,288)
Equity-accounted investees – share of OCI	8	(18,194)	24,358
Other comprehensive income/(loss) for the year		<u>(225,323)</u>	<u>139,524</u>
Total comprehensive income/(loss) for the year		<u>(233,500)</u>	<u>179,648</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Holding Companies		(238,434)	169,172
Non-controlling interests	19	4,934	10,476
		<u>(233,500)</u>	<u>179,648</u>

* Amount less than \$1,000

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of changes in equity
Year ended 31 December 2021

	Note	Share capital and units in issue US\$'000	Attributable to owners of the Holding Companies					
			Capital reserves US\$'000	Accumulated profit/(losses) US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total US\$'000	Non-controlling interest US\$'000
At 1 January 2021		3,404,399	50,000	65,565	144,845	(27)	3,664,782	84,593
Total comprehensive income/(loss) for the year								
Profit/(Loss) for the year		–	–	(18,089)	–	–	(18,089)	9,912
Other comprehensive income/(loss)								
Foreign currency translation differences		–	–	–	(235,134)	–	(235,134)	(4,978)
Effective portion of hedge of net investment in foreign operation	33	–	–	–	32,967	–	32,967	–
Equity-accounted investees – share of OCI	8	–	–	–	(18,194)	–	(18,194)	–
Defined benefit plan remeasurements		–	–	–	–	16	16	–
Total comprehensive income/(loss) for the year		–	–	(18,089)	(220,361)	16	(238,434)	4,934
Transactions with owners, recognised directly in equity								
Issue of shares/ units	18	150,000	–	–	–	–	150,000	–
Reallocation of profits to legal reserve	18	–	–	(263)	–	263	–	–
Dividends paid to non-controlling interests	19	–	–	–	–	–	–	(7,331)
Total transactions with owners		150,000	–	(263)	–	263	150,000	(7,331)
At 31 December 2021		3,554,399	50,000	47,213	(75,516)	252	3,576,348	82,196
								3,658,544

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of changes in equity (cont'd)
Year ended 31 December 2021

		Attributable to owners of the Holding Companies						
Note	Share capital and units in issue US\$'000	Capital reserves US\$'000	Accumulated profit/(losses) US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
At 1 January 2020	3,232,919	79,980	34,930	6,199	82	3,354,110	82,528	3,436,638
Total comprehensive income for the year								
Profit for the year	-	-	30,635	-	-	30,635	9,489	40,124
Other comprehensive income								
Foreign currency translation differences	-	-	-	137,576	-	137,576	987	138,563
Effective portion of hedge of net investment in foreign operation	-	-	-	(23,288)	-	(23,288)	-	(23,288)
Equity-accounted investees – share of OCI	-	-	-	24,358	-	24,358	-	24,358
Defined benefit plan remeasurements	-	-	-	-	(123)	(123)	-	(123)
Tax on other comprehensive income	-	-	-	-	14	14	-	14
Total comprehensive income for the year	-	-	30,635	138,646	(109)	169,172	10,476	179,648
Transactions with owners, recognised directly in equity								
Issue of shares/ units	379,980	-	-	-	-	379,980	-	379,980
Conversion of advance from immediate holding company / unitholder	-	(29,980)	-	-	-	(29,980)	-	(29,980)
Repurchase of shares and redemption of units	(208,500)	-	-	-	-	(208,500)	-	(208,500)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8,411)	(8,411)
Total transactions with owners	171,480	(29,980)	-	-	-	141,500	(8,411)	133,089
At 31 December 2020	3,404,399	50,000	65,565	144,845	(27)	3,664,782	84,593	3,749,375

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of cash flows
Year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Cash flows from operating activities			
Profit before tax		4,742	58,841
Adjustments for:			
Depreciation expense	5, 6	79,072	70,977
Amortisation expense	7	55,584	54,931
Loss on disposal of property, plant and equipment		125	310
Write off of property, plant and equipment		6,092	—
Write-off of project costs previously capitalised		2,493	—
Impairment loss on property, plant and equipment	5	—	593
Loss on disposal of investments	8	—	399
Impairment losses recognised/(reversed) on financial assets	30	(618)	6,960
Finance income	28	(13,850)	(14,191)
Finance costs	28	93,384	87,950
Changes in fair value of financial instruments	29	14,783	(43,522)
Unrealised foreign exchange (gain)/loss		(15,758)	18,781
Share of net profit of equity-accounted investees, net of tax	8	(6,416)	(16,290)
		<u>219,633</u>	<u>225,739</u>
Changes in:			
- Trade and other receivables		(81,363)	1,868
- Prepayments and other assets		(3,425)	(6,470)
- Trade and other payables		13,809	(28,876)
- Provisions and employee benefits		101	606
Cash generated from operating activities		<u>148,755</u>	<u>192,867</u>
Tax paid		<u>(12,741)</u>	<u>(20,820)</u>
Net cash from operating activities		<u>136,014</u>	<u>172,047</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	37	(839)	(90,831)
Acquisition of shareholder loan		—	(42,867)
Acquisition of interest in equity-accounted investees	8	(29,789)	(18,899)
Settlement of derivatives		(2,580)	—
Repayment of loan from equity-accounted investees		31,986	8,182
Distributions from equity-accounted investees	8	21,092	19,817
Proceeds from disposal of equity-accounted investees		—	300
Purchase of property, plant and equipment		(726,580)	(314,301)
Purchase of intangible assets	7	(4,979)	(21,611)
Proceeds from disposal of property, plant and equipment		657	—
Disposal of financial instruments		—	1,934
Interest received		2,758	8,075
Net cash used in investing activities		<u>(708,274)</u>	<u>(450,201)</u>

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Combined statement of cash flows (cont'd)
Year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares and units		500,000	–
Repurchase of ordinary shares and units	17	–	(208,500)
Dividends paid to non-controlling interests	19	(7,331)	(8,411)
Proceeds from issuance of Euro Medium Term Note	20	178,638	325,000
Proceeds from drawdown of loans and borrowings			
- Project finance debt	20	607,168	436,337
- Revolving credit facility	20	425,000	507,833
- Working capital loans	20	1,346	16,799
Repayment of loans and borrowings			
- Project finance debt	20	(131,476)	(160,150)
- Revolving credit facility	20	(719,070)	(484,908)
- Working capital loans	20	(1,125)	–
- Term loans		(7,510)	(336,056)
Payment of lease liabilities	20	(13,689)	(13,850)
Transaction costs related to loans and borrowings			
- Project finance debt	20	(14,006)	(11,120)
- Revolving credit facility	20	(2,759)	–
- Issuance of Euro Medium Term Note	20	(1,914)	(3,938)
Interest paid to loans and borrowings			
- Project finance debt	20	(62,184)	(56,688)
- Revolving credit facility	20	(1,248)	(4,337)
- Working capital loans	20	(160)	–
- Term loans	20	(1,594)	(3,934)
- Euro Medium Term Note	20	(10,797)	(5,091)
Net Interest received from derivatives		4,143	2,969
Deposits (pledged)/unpledged		(43,732)	282,636
Net cash from financing activities		697,700	274,591
Net increase/(decrease) in cash and cash equivalents		125,440	(3,563)
Cash and cash equivalents at 1 January		260,369	263,090
Effect of exchange rate fluctuations on cash held		(15,990)	842
Cash and cash equivalents at 31 December	15	369,819	260,369

Significant non-cash transactions

During year ended 31 December 2020, Vena Energy Holdings Ltd. converted an advance from its immediate holding company of US\$15,674,000 into 15,674,240 shares at a par value of US\$0.01 each and share premium of US\$15,517,497. Vena Energy (Taiwan) Holdings Ltd converted an advance from its immediate holding company of US\$1,174,221 into 1,174,221 shares at a par value of US\$0.01 each and share premium of US\$1,162,479. Zenith Japan Holdings Trust converted an advance from unitholder of US\$13,131,539 into 13,131,539 units at a price of US\$1 per unit. The shares and units were issued and fully paid.

On 21 May 2021, the corporate term loan amounting to US\$128,404,355 was deemed repaid and converted to revolving credit facilities of the same amount.

The accompanying notes form an integral part of these combined financial statements.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

Notes to the combined financial statements

1 Domicile and activities

Reporting entity	Incorporation/ Establishment date	Place of incorporation/ establishment	Registered address
Vena Energy Holdings Ltd	13 October 2017	Cayman Islands	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Vena Energy (Taiwan) Holdings Ltd	13 October 2017	Cayman Islands	
Zenith Japan Holdings Trust *	18 October 2017	Island of Guernsey	N/A

* Zenith Japan Holdings Ltd, a company incorporated under the laws of Guernsey who registered office is at 1st Floor, Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 6JB, is appointed as Trustee of the Zenith Japan Holdings Trust.

Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trust are each known as a "Holding Company" and collectively the "Holding Companies". The Holding Companies along with their subsidiaries are collectively known as the "Combined Group". The Combined Group is not an existing legal entity for the period presented in these combined financial statements ("Combined Financial Statements").

The principal activity of the Combined Group is that of developer, owner and operator of renewable energy assets in the Asia-Pacific region.

Vena Energy Holdings Limited together with Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) (collectively called "Guarantors") act as guarantors on a joint and several basis for notes listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") under a \$1 billion Global Medium Term Note Programme (the "Notes") by Vena Energy Capital Pte. Ltd., a subsidiary of Vena Energy Holdings Ltd.

On 19 January 2018, the Holding Companies acquired a portfolio of renewable energy assets from Equis Pte. Ltd. and its affiliates for a total consideration of US\$5.0 billion (including assumed liabilities of US\$1.3 billion), (the "Acquisition"). As part of the Acquisition, Vena Energy Holdings Ltd acquired, economic interests in renewable energy assets in Australia, India, Indonesia, the Philippines and Thailand, as well as the asset management capabilities of Equis Energy. Zenith Japan Holdings Trust acquired economic interests in renewable energy assets in Japan and Vena Energy (Taiwan) Holdings Ltd acquired economic interests in renewable energy assets in the Philippines and Taiwan.

Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd have identical board of directors through the periods presented in these combined financial statements, but the two entities did not form a legal group during any period presented. Zenith Japan Holdings Ltd (as trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous tokumei kumiai arrangements that gives Zenith Japan Trust an economic interest in the Combined Group's assets in Japan (the "Japanese Assets"). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd.

1.1 Purpose of the combined financial statements

The combined financial statements were drawn up for the Board of Directors to discharge its fiduciary duties.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

2 Basis of combination

The combined financial statements consists of the historical consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Zenith Japan Holdings Trust and its subsidiaries for the year ended 31 December 2021 on a combined basis.

The combined financial statements have been derived from the aggregation of the consolidated assets, consolidated liabilities, consolidated income, consolidated expenses and consolidated cash flows of Vena Energy Holdings Ltd and its subsidiaries, Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Zenith Japan Holdings Trust and its subsidiaries, and in accordance with the Combined Group's accounting policies as set out in Note 4. All balances, income, expenses and unrealised gains and losses arising from transactions between entities of the combining entities were eliminated when preparing the combined financial statements.

3 Basis of preparation

These combined financial statements have been prepared in accordance with accounting policy of the Combined Group as set out in Note 4 below.

3.1 Basis of measurement

The combined financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.2 Functional and presentation currency

Items included in the combined financial statements of each of the Holding Companies are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The combined financial statements is presented in United States dollars ('US\$') which is the Combined Group's presentation currency and have been rounded to the nearest thousand, unless otherwise stated.

3.3 Use of estimates and judgements

The preparation of the combined financial statements in conformity with the Combined Group's accounting policy requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4.1(i), Note 37 – accounting for acquisitions as business combinations and asset acquisitions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 7 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 33 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;
- Note 34 – fair value measurement of financial instruments measured at fair value through profit or loss; and
- Note 37 – measurement of fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed for business combinations and asset acquisitions during the year.

3 Basis of preparation (cont'd)

3.3 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Combined Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Combined Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Combined Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included Note 34.

3.4 Changes in accounting policies

New standards and amendments

The Combined Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

Other than the amendments relating to the interest rate benchmark reform – Phase 2 Amendments, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Combined Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Combined Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Combined Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

3 Basis of preparation (cont'd)

3.4 Changes in accounting policies (cont'd)

Specific policies applicable from 1 January 2021 for interest rate benchmark reform (cont'd)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Combined Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Combined Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Combined Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Combined Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Combined Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Combined Group continues to apply the existing accounting policies disclosed in note 33. See also note 33 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates (IBOR) and hedge accounting.

4 Significant accounting policies

The accounting policies set out below have been consistently applied by the Combined Group ("Combined Group accounting policies").

4.1 Basis of consolidation

(i) Business combinations

The Combined Group accounts for business combinations using the acquisition method when control is transferred to the Combined Group.

In determining whether a particular set of activities and assets is a business, the Combined Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

The Combined Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

In applying the acquisition method, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration is recognised in profit or loss.

Non-controlling interests ('NCI') that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by the Combined Group accounting policies.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Combined Group incurs in connection with a business combination are expensed as incurred.

The Combined Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

The Combined Group recognises goodwill on a provisional basis if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. During the measurement period, such provisional amounts are retrospectively adjusted from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Changes in the Combined Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owner in their capacity as owner and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Combined Group. The Combined Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(ii) Subsidiaries (cont'd)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Combined Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The Combined Group accounts for indirectly held interests in subsidiaries through equity accounted investees by including such interests in the parent's share when determining the percentage of interest attributable to NCI.

(iii) Interest in equity-accounted investees

The Combined Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Combined Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. A joint venture is an arrangement in which the Combined Group has joint control, whereby the Combined Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Significant influence is presumed to exist when the Combined Group holds 20% or more of the voting power of another entity.

Investments in equity-accounted investees are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the combined financial statements include the Combined Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Combined Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Combined Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Combined Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Investments in equity-accounted investees are derecognised when the Combined Group loses significant influence or joint control. If the retained interest in the former equity-accounted investee is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in the profit or loss.

4.2 Foreign currency

(i) Transactions eliminated on consolidation

Balances and transactions between entities within the Combined Group, and any unrealised income and expenses arising transactions between entities within the Combined Group, are eliminated in preparing the combined financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Combined Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transactions in foreign currencies are translated to the respective functional currencies of Combined Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

4 Significant accounting policies (cont'd)

4.2 Foreign currency (cont'd)

(ii) Foreign currency transactions

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

(iii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at monthly average exchange rate. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Combined Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Combined Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

4.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Combined Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing items and restoring the site on which they are located; and
- capitalised borrowing costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4 Significant accounting policies (cont'd)

4.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Combined Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Combined Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of property, plant and equipment are as follows:

Building and leasehold improvements	2-40 years
Electric generator equipment	1-30 years
Vehicles	2-8 years
Computers, fittings and fixtures and office equipment	3-10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

No depreciation is provided for assets under construction.

4.4 Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Combined Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill acquired in business combinations is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to the cash-generating unit (CGU) for the purpose of impairment testing.

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

- licences, permits and approvals to develop and operate an energy project, including governmental authorisations, land rights and environmental consents;
- connection rights; and
- power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment expenses.

4 Significant accounting policies (cont'd)

4.4 Intangible assets and goodwill (cont'd)

(iii) Service concession intangible assets

Service concession intangible assets represent intangible asset arising from a service concession arrangement when it has a right to charge the grantor for the provision of electricity.

Service concession intangible assets with finite useful lives are measured at cost less accumulated amortisation and impairment losses.

(iv) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Power purchase agreements 10 - 30 years
- Service concession intangible assets 20 - 30 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Combined Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Combined Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Combined Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

In addition, on initial recognition, the Combined Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Combined Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Combined Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Combined Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the Combined Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making this assessment, the Combined Group considers:

- contingent events that would change the amount or timing of cashflows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Combined Group's claim to cashflows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gain and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest (cont'd)

Financial liabilities

The Combined Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Combined Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Combined Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Combined Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Combined Statement of Financial Position when, and only when, the Combined Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Combined Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Combined Group documents the risk management objective and strategy for undertaking the hedge. The Combined Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(v) Derivative financial instruments and hedge accounting (cont'd)

Net investment hedges

The Combined Group designates certain derivatives as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the changes in the fair value of the hedging instrument is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Combined Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Combined Group's cash management are included in cash and cash equivalents.

4.7 Share capital

Ordinary shares and units in issue

Ordinary shares and units in issue are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and units are recognised as a deduction from equity, net of any tax effects.

Repurchase of shares and redemption of units

When shares and units recognised as equity are repurchased or redeemed, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

4.8 Impairment

(i) Non-derivative financial assets

The Combined Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances of the Combined Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Combined Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach

The Combined Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Combined Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Combined Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Combined Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Combined Group considers the counterparty to be in default if the counterparty is unlikely to pay its contractual obligations to the Combined Group in full, without recourse by the Combined Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Combined Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Combined Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Combined Group on terms that the Combined Group would not consider otherwise;
- it is probable that the borrower or counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the related assets.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Combined Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Combined Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Combined Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the Combined Group performs an impairment assessment on an annual basis and the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Combined Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an equity-accounted investee is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in equity-accounted investee is tested for impairment as a single asset when there is objective evidence that the investment in an equity-accounted investee may be impaired.

4 Significant accounting policies (cont'd)

4.9 Provisions

A provision is recognised if, as a result of a past event, the Combined Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Asset retirement obligation

Provisions for environmental restoration and restructuring are recognised when the Combined Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions are comprised of lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

4.10 Revenue

Sale of electricity

Revenue from sale of electricity in the ordinary course of business is recognised in profit or loss when the Combined Group satisfies a performance obligation ('PO') by transferring control of the electricity generated to the customer. The amount of revenue recognition is the amount of the transaction price allocated to the satisfied PO.

The transaction price is determined based on the applicable tariff rates. Transaction price is the amount of consideration in the contract to which the Combined Group expects to be entitled in exchange for transferring the promised service. Consideration payable to a customer is deducted from the transaction price if the Combined Group does not receive a separate identifiable benefit from the customer.

An element of significant financing component is deemed present for the Combined Group's sale of electricity for contracts whereby the period between the satisfaction of PO and when the customer pays the transaction price exceeds one year. For these contracts, the Combined Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Combined Group and its customer at the contract inception, such that it reflects the credit characteristics of the party receiving the benefit of financing in the contract.

Service concession arrangements

Revenue related to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Combined Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Combined Group. When the Combined Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established. For unquoted equity securities, dividend income is recognised when the shareholders have approved the payment of a dividend.

4 Significant accounting policies (cont'd)

4.11 Government grants

The Combined Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Combined Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Combined Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

4.12 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Combined Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Combined Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Combined Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Combined Group determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Combined Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The Combined Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Remeasurement are recognised in profit or loss in the period in which they arise.

4 Significant accounting policies (cont'd)

4.13 Operating costs

Operating costs include expenditure that are incurred by the Combined Group's renewable energy assets after these assets becomes operationally ready, as determined by management.

4.14 Shared services costs

Shared services costs include expenditure that are incurred by the Combined Group's service entities in providing shared services and asset management services to renewable energy assets of the Combined Group's affiliates.

4.15 Development costs

Development costs include expenditure that are incurred by the Combined Group's renewable energy assets before these assets becomes operationally ready, as determined by management.

4.16 Finance income and finance costs

Finance income is comprised of interest income. Finance costs are comprised of interest expense on borrowings and other finance costs.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

4 Significant accounting policies (cont'd)

4.17 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Combined Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals for existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Combined Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Combined Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.18 Leases

At inception of a contract, the Combined Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Combined Group uses the definition of a lease in accordance with the Combined Group accounting policies.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Combined Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Combined Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Combined Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

4 Significant accounting policies (cont'd)

4.18 Leases (cont'd)

As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Combined Group by the end of the lease term or the cost of the right-of-use asset reflects that the Combined Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Combined Group uses the lessee's incremental borrowing rate as the discount rate.

The Combined Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Combined Group is reasonably certain to exercise, lease payments in an optional renewal period if the Combined Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Combined Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Combined Group's estimate of the amount expected to be payable under a residual value guarantee, if the Combined Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Combined Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

Sale and leaseback transactions as a seller-lessee

A sale and leaseback transaction is one where the Combined Group sells an asset and immediately leases that asset back from the buyer.

For sale and leaseback transactions, the Combined Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has transferred to the buyer.

4 Significant accounting policies (cont'd)

4.18 Leases (cont'd)

As a lessee (cont'd)

Sale and leaseback transactions as a seller-lessee (cont'd)

Where the transfer is accounted for as a sale, the Combined Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Combined Group. Any gain or loss arising relates to the rights transferred to the buyer. If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the lease payments are not at market rates, the Combined Group measures the sale proceeds at fair value by adjusting any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by buyer-lessor to the seller-lessee.

Where the transfer is not accounted for as a sale, the Combined Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The financial liability is accounted for as a financial liability at amortised cost.

Short-term leases and leases of low-value assets

The Combined Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Combined Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Combined Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Combined Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Combined Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Combined Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Combined Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Combined Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Combined Group applies the Combined Group's policy to allocate the consideration in the contract.

Sale and leaseback transactions as a buyer-lessor

A sale and leaseback transaction is one where the Combined Group buys an asset and immediately leases that asset back to the seller.

For sale and leaseback transactions, the Combined Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has been acquired by the Combined Group.

4 Significant accounting policies (cont'd)

4.18 Leases (cont'd)

As a lessor (cont'd)

Sale and leaseback transactions as a buyer-lessor (cont'd)

Where the transfer is accounted for as a sale, the Combined Group recognises the underlying asset at the fair value and determines at lease inception whether each lease is a finance lease or an operating lease. If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the lease payments are not at market rates, the Combined Group recognises the underlying asset at fair value by adjusting any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by buyer-lessor to the seller-lessee.

Where the transfer is not accounted for as a sale, the Combined Group does not recognise the underlying asset and recognises a financial asset under IFRS 9 for the amount transferred to the seller. The financial asset is accounted for as a financial asset at amortised cost.

4.19 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Combined Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Combined Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint venture ceases once classified as held for sale or distribution.

4.20 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Combined Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Combined Group's consolidated financial statements.

- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Annual Improvements to IFRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

5 Property, plant and equipment

	Note	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computer, fittings and fixtures and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost								
At 1 January 2021		79,198	22,765	1,559,669	478	5,456	450,188	2,117,754
Additions		3,721	603	28,202	145	564	708,777	742,012
Disposal		(157)	—	(824)	—	(33)	—	(1,014)
Write-off		—	—	(107)	—	—	(5,994)	(6,101)
Reclassification		2,627	67	387,023	—	—	(389,717)	—
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	6	—	—	—	—	—	8,068	8,068
Effect of exchange rate changes		(8,347)	(2,454)	(112,361)	(38)	(270)	(38,896)	(162,366)
At 31 December 2021		77,042	20,981	1,861,602	585	5,717	732,426	2,698,353
Accumulated depreciation								
At 1 January 2021		—	(3,344)	(157,265)	(166)	(2,978)	—	(163,753)
Depreciation charge for the year		—	(1,592)	(66,244)	(82)	(1,152)	—	(69,070)
Disposal		—	—	199	—	33	—	232
Write-off		—	—	9	—	—	—	9
Effect of exchange rate changes		—	614	16,257	26	293	—	17,190
At 31 December 2021		—	(4,322)	(207,044)	(222)	(3,804)	—	(215,392)
Carrying amounts								
At 31 December 2021		77,042	16,659	1,654,558	363	1,913	732,426	2,482,961

5 Property, plant and equipment (cont'd)

	Note	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computer, fittings and fixtures and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost								
At 1 January 2020		67,508	20,208	1,290,949	296	4,090	267,843	1,650,894
Acquisition through business combinations	37	–	–	55,220	–	–	–	55,220
Acquisition through asset acquisition of subsidiaries	37	–	–	–	–	–	–	–
Additions		8,442	1,776	11,077	167	1,255	42,280	42,280
Disposal/write-off		52	–	(324)	–	(22)	306,866	329,583
Reclassification		–	–	166,014	–	–	(1,097)	(1,391)
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	6	–	–	–	–	–	(192,402)	(26,388)
Effect of exchange rate changes		3,196	781	36,733	15	133	5,228	5,228
At 31 December 2020		79,198	22,765	1,559,669	478	5,456	21,470	62,328
							450,188	2,117,754
Accumulated depreciation								
At 1 January 2020		–	(2,176)	(94,861)	(88)	(1,815)	–	(98,940)
Depreciation charge for the year		–	(827)	(59,339)	(69)	(1,109)	–	(61,344)
Impairment loss		–	–	(593)	–	–	–	(593)
Disposal/write-off		–	–	79	–	12	–	91
Effect of exchange rate changes		–	(341)	(2,551)	(9)	(66)	–	(2,967)
At 31 December 2020		–	(3,344)	(157,265)	(166)	(2,978)	–	(163,753)
Carrying amounts								
At 31 December 2020		79,198	19,421	1,402,404	312	2,478	450,188	1,954,001

As at reporting date, property, plant and equipment of the Combined Group with carrying amounts of US\$944.6 million (2020: US\$871.2 million) were pledged as collateral to secure project finance debts.

At 31 December 2020, the Combined Group recognised an impairment loss of US\$593,000 with respect to electric generator equipment. These relates to solar panels which were damaged during a flood in Thailand and these solar panels were impaired to reflect its recoverable amount based on an external vendor quotation.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

6 Right-of-use assets

	Note	Land and Buildings US\$'000	Office lease US\$'000	Others US\$'000	Total US\$'000
Cost					
At 1 January 2021		328,625	17,555	1,806	347,986
Additions		55,194	4,994	2,026	62,214
Effect of exchange rate changes		(24,562)	(1,997)	(825)	(27,384)
At 31 December 2021		359,257	20,552	3,007	382,816
Accumulated depreciation					
At 1 January 2021		(14,981)	(5,155)	(1,121)	(21,257)
Depreciation expense		(4,720)	(4,375)	(907)	(10,002)
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	5	(8,068)	—	—	(8,068)
Effect of exchange rate changes		1,640	2,095	603	4,338
At 31 December 2021		(26,129)	(7,435)	(1,425)	(34,989)
Carrying amounts					
At 31 December 2021		333,128	13,117	1,582	347,827
Cost					
At 1 January 2020		163,878	8,077	765	172,720
Acquisition through business combinations	37	14,349	—	—	14,349
Acquisition through asset acquisition of subsidiaries	37	4,554	—	—	4,554
Additions		128,209	11,711	865	140,785
Disposal / write-off		—	(3,200)	(91)	(3,291)
Effect of exchange rate changes		17,635	967	267	18,869
At 31 December 2020		328,625	17,555	1,806	347,986
Accumulated depreciation					
At 1 January 2020		(4,919)	(2,761)	(255)	(7,935)
Depreciation expense		(4,283)	(4,602)	(748)	(9,633)
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	5	(5,228)	—	—	(5,228)
Disposal / write-off		—	2,851	28	2,879
Effect of exchange rate changes		(551)	(643)	(146)	(1,340)
At 31 December 2020		(14,981)	(5,155)	(1,121)	(21,257)
Carrying amounts					
At 31 December 2020		313,644	12,400	685	326,729

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

7 Intangible assets

		Goodwill	Project-related agreements & licences	Service concession intangible assets	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2021		821,103	1,610,747	174,671	2,606,521
Additions		–	7,943	–	7,943
Write off		–	(341)	–	(341)
Effect of exchange rate changes		(41,164)	(133,539)	(992)	(175,695)
At 31 December 2021		779,939	1,484,810	173,679	2,438,428
Accumulated depreciation					
At 1 January 2021		–	(119,699)	(11,775)	(131,474)
Amortisation expense		–	(48,946)	(6,638)	(55,584)
Effect of exchange rate changes		–	11,965	29	11,994
At 31 December 2021		–	(156,680)	(18,384)	(175,064)
Carrying amounts					
At 31 December 2021		779,939	1,328,130	155,295	2,263,364
Cost					
At 1 January 2020		776,841	1,453,331	174,368	2,404,540
Acquisition through business combinations	37	8,677	14,366	–	23,043
Acquisition through asset acquisition of subsidiaries	37	–	65,756	–	65,756
Additions		–	21,308	303	21,611
Effect of exchange rate changes		35,585	55,986	–	91,571
At 31 December 2020		821,103	1,610,747	174,671	2,606,521
Accumulated depreciation					
At 1 January 2020		–	(69,280)	(4,715)	(73,995)
Amortisation expense		–	(47,871)	(7,060)	(54,931)
Effect of exchange rate changes		–	(2,548)	–	(2,548)
At 31 December 2020		–	(119,699)	(11,775)	(131,474)
Carrying amounts					
At 31 December 2020		821,103	1,491,048	162,896	2,475,047

Amortisation of project related agreements and licences and service concession intangible assets begins on the commercial operation date of the renewable asset as defined in the respective power purchase agreements.

As at reporting date, service concession intangible assets of the Combined Group with carrying amounts of US\$155 million (2020: US\$163 million) are pledged to secure project finance debts.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
 Combined Financial Statements
 Year ended 31 December 2021

7 Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Combined Group's group of CGUs (operating divisions) as follows:

	2021 US\$'000	2020 US\$'000
Australia	118,160	124,851
India	26,558	27,273
Indonesia	37,196	37,270
Japan	253,571	279,776
Philippines	98,763	103,091
Taiwan	35,595	35,175
Thailand	6,509	7,342
Asset manager	203,587	206,325
	<u>779,939</u>	<u>821,103</u>

Operations in Australia, India, Indonesia, Japan, Philippines, Taiwan and Thailand

The recoverable amount of these groups of CGUs was based on fair value less costs of disposal, estimated using discounted cash flow method. The fair value measurement is categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The discounted cash flows valuation is based on management's latest cash flow projection over 18 – 39 years and no terminal value is assumed. The post-tax discount rates of 4.1% - 13.7% (2020: 3.9% - 12.1%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, shovel ready and development assets.

Asset Manager

The Asset Manager CGU represents the Engineering, Procurement and Construction Management ('EPCM') and Operations and Maintenance ('O&M') capabilities of the Combined Group. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using historical price-to-book value multiples of completed transactions of comparable businesses. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

8 Equity-accounted investees

	2021 US\$'000	2020 US\$'000
Interests in joint ventures	60,685	46,147
Interests in associates	430,152	447,771
As at 31 December	<u>490,837</u>	<u>493,918</u>

Investment in joint ventures

During the financial year, the Combined Group acquired 49% economic interest in Wind Power Energy Co., Ltd. ("WPE"). The remaining economic interest is substantially owned by a third party, Prominet Power K.K. and decisions in relation to key relevant activities over WPE require unanimous consent. The Combined Group has assessed that it has joint control over WPE, and that its investment in WPE meets the definition of a joint venture (as defined by the Combined Group's accounting policy). WPE is based in Japan, and principally engaged in development and operation of renewable energy assets.

8 Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

During the previous financial year, the Combined Group entered into a joint venture, Nanao Mega Solar GK ("Nanao") to acquire 69% economic interest in Nanao. The remaining economic interest is substantially owned by a third party, Kabushiki Kaisha Kyudenko FukuoSan Taiyoko Haitenshō and decisions in relation to key relevant activities of Nanao require unanimous consent. The Combined Group has assessed that it has joint control over Nanao, and that its investment in Nanao meets the definition of a joint venture (as defined by the Combined Group's accounting policy). Nanao is based in Japan, and principally engaged in development and operation of renewable energy assets.

The following summarises the financial information of the Combined Group's joint ventures prepared in accordance with the Combined Group's accounting policy:

2021

Statement of financial position

Property, plant and equipment
Intangible asset
Right of use assets
Non-current prepayment and other assets

Non-current assets

Prepayment and other assets
Trade and other receivables
Cash and cash equivalents

Current assets

Total assets

Loans and borrowings
Derivative liabilities

Non-current liabilities

Loans and borrowings
Trade and other payables

Current liabilities

Total liabilities

Net assets

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000
Property, plant and equipment	41,600	82,939	48,937
Intangible asset	15,321	49,900	10,925
Right of use assets	1,392	31,814	—
Non-current prepayment and other assets	1,751	191	—
Non-current assets	60,064	164,844	59,862
Prepayment and other assets	—	16	1
Trade and other receivables	—	70	229
Cash and cash equivalents	2,211	5,221	4,626
Current assets	2,211	5,307	4,856
Total assets	62,275	170,151	64,718
Loans and borrowings	36,763	129,448	26,015
Derivative liabilities	1,452	1,932	—
Non-current liabilities	38,215	131,380	26,015
Loans and borrowings	401	2,107	508
Trade and other payables	536	2	2,592
Current liabilities	937	2,109	3,100
Total liabilities	39,152	133,489	29,115
Net assets	23,123	36,662	35,603

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
 Combined Financial Statements
 Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2021

Statement of comprehensive income

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000
Other income	—*	1	1
Development costs	(53)	(188)	(60)
Change in fair value of financial derivatives	130	(85)	—
Loss before tax	77	(272)	(59)
Tax expense	(1)	—*	—
Loss for the year	76	(272)	(59)
Other comprehensive income			
Foreign currency translation differences	(2,141)	(3,836)	(1,294)
Total comprehensive income	(2,065)	(4,108)	(1,353)

* Amount less than US\$1,000

2020

Statement of financial position

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000
Property, plant and equipment	43,658	16,131	—
Intangible asset	1,538	40,920	—
Right of use assets	17,393	57,921	—
Non-current prepayment and other assets	1,917	97	—
Non-current assets	64,506	115,069	—
Prepayment and other assets	—	246	—
Trade and other receivables	221	33,177	—
Cash and cash equivalents	3,792	10,513	—
Current assets	4,013	43,936	—
Total assets	68,519	159,005	—
Loans and borrowings	40,813	109,958	—
Derivative liabilities	1,709	2,063	—
Non-current liabilities	42,522	112,021	—
Loans and borrowings	405	375	—
Trade and other payables	100	5,837	—
Current liabilities	505	6,212	—
Total liabilities	43,027	118,233	—
Net assets	25,492	40,772	—

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
 Combined Financial Statements
 Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2020

Statement of comprehensive income

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000
Other income	—*	—*	—
Development costs	(1,745)	(1,398)	—
Loss before tax	(1,745)	(1,398)	—
Tax expense	—*	(2)	—
Loss for the year	(1,745)	(1,400)	—
Other comprehensive income			
Foreign currency translation differences	617	2,296	—
Total comprehensive income	(1,128)	896	—

* Amount less than US\$1,000

2021

Carrying amount of interest in joint ventures at 1 January 2021

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000	Total US\$'000
Combined Group's acquisition of share capital during the year	17,378	28,769	—	46,147
Combined Group's contribution during the year	—	—	9,565	9,565
Share of losses of joint ventures	247	93	9,622	9,962
Share of OCI of joint ventures	38	(205)	(20)	(187)
Carrying amount of interest in joint ventures at 31 December 2021	(1,493)	(2,663)	(646)	(4,802)
	16,170	25,994	18,521	60,685

2020

Carrying amount of interest in joint ventures at 1 January 2020

	Nanao US\$'000	KK Kyudenko US\$'000	Wind Power US\$'000	Total US\$'000
Combined Group's acquisition of share capital during the year	—	28,151	—	28,151
Share of losses of joint ventures	18,156	—	—	18,156
Share of OCI of joint ventures	(1,204)	(966)	—	(2,170)
Carrying amount of interest in joint ventures at 31 December 2020	426	1,584	—	2,010
	17,378	28,769	—	46,147

8 Equity-accounted investees (cont'd)

Interests in associates

The Combined Group has 6 (2020: 6) material associates and 11 (2020: 11) immaterial associates which are equity accounted. The following are the material associates:

	Hangin ng Amihan Holdings, Inc. and its subsidiaries ("HANGIN")	Vena Energy Wind (Phil) Holdings Inc ("VEWPHI")	Helios Solar Energy Holdings Inc. and its subsidiaries ("HSEHI")	First Soleq Holdings Philippines Inc. ("FSHPI")	One Bukidnon Project Holdings Inc. ("OBPHI")	RA Solar Energy Holdings Inc. and its subsidiaries ("RSEHI")
Project name	Pililia	Pililia	Pollo	Ironman	Zorro	Garcia
Sector	54.0 MW wind	54.0 MW wind	132.5 MW solar	30.4 MW solar	10.5 MW solar	20.1 MW solar
Nature of relationship with the Combined Group	Investment holding entity for Alternergy Wind One Corporation	Investment holding entity for Alternergy Wind One Corporation	Investment holding entity for Helios Solar Energy Corp.	Investment holding entity for First Soleq Energy Corp.	Investment holding entity for Asian Greenenergy Corp.	Investment holding entity for Mirae Asia Energy Corp.
Principal place of business/ Country of incorporation	Philippines	Philippines	Philippines	Philippines	Philippines	Philippines
Economic interest held (%)	99.84%	100%	99.65%	99.56%	99.88%	99.91%
Effective economic interest held on the underlying project (%)	54.94% ¹	39.97% ¹	99.65%	99.56%	99.88%	99.97%
Voting rights held (%)	38.51%	37.29%	37.73%	31.98%	38.56%	40.00%

¹ HANGIN held 55.2% and VEWPHI held 39.8% direct voting rights in Project Pililia. Through investment in HANGIN & VEWPHI, the Combined Group aggregate economic interest in Project Pililia (54Mw Wind) is 94.91%.

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's material associates prepared in accordance with the Combined Group's accounting policy:

2021

Statement of financial position

Property, plant and equipment
Intangible assets
Equity-accounted investees
Other non-current receivables
Right-of-use assets
Prepayment and other assets
Non-current assets

Trade and other receivables
Prepayment and other assets
Cash and cash equivalents
Current assets
Total assets

Loans and borrowings
Employee benefits
Asset retirement obligation
Deferred tax liabilities
Non-current liabilities

Loans and borrowings
Trade and other payables
Current tax liabilities
Current liabilities
Total liabilities
Net Assets

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
83,285	–	131,470	29,130	11,410	25,277
709	–	–	–	–	–
–	16,007	–	–	–	5,471
2,227	61	281	3,706	125	303
627	–	6,446	678	150	34
35	–	86	–	–	384
86,883	16,068	138,283	33,514	11,685	31,469
16,447	–	15,435	4,730	2,867	3,691
680	–	1,332	254	58	132
14,412	40	9,444	731	880	532
31,539	40	26,211	5,715	3,805	4,355
118,422	16,108	164,494	39,229	15,490	35,824
65,848	–	106,447	20,041	7,914	13,424
38	–	–	–	–	–
2,625	–	893	223	84	151
132	–	464	26	19	25
68,643	–	107,804	20,290	8,017	13,600
4,524	–	3,957	413	573	1,831
2,601	1	1,031	1,052	1,742	693
–	–	240	–	–	147
7,125	1	5,228	1,465	2,315	2,671
75,768	1	113,032	21,755	10,332	16,271
42,654	16,107	51,462	17,474	5,158	19,553

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's material associates prepared in accordance with the Combined Group's accounting policy:

2021

Statement of comprehensive income

Sale of energy									
Other income	22,779	–	30,951	7,504	2,822	6,569			
	19	–	1,023	–	–	842			
Revenue	22,798	–	31,974	7,504	2,822	7,411			
Operating costs	(4,778)	(2)	(5,125)	(963)	(931)	(1,236)			
Shared services costs charged by a subsidiary	(1,082)	–	(480)	(149)	(68)	(158)			
Depreciation expenses	(4,600)	–	(7,389)	(1,941)	(694)	(1,555)			
	(10,460)	(2)	(12,994)	(3,053)	(1,693)	(2,949)			
Finance income	255	–	323	102	30	58			
Finance costs	(4,293)	–	(8,599)	(1,059)	(542)	(979)			
Foreign exchange gain/(loss)	(2)	–	49	(741)	3	758			
Net finance income/(costs)	(4,040)	–	(8,227)	(1,698)	(509)	(163)			
Share of profits of associate	–	3,438	–	–	–	–			
Profit/(loss) before tax	8,298	3,436	10,753	2,753	620	4,299			
Income tax (credit)/expenses	41	–	(441)	(26)	2	(70)			
Profit/(loss) from continuing operations	8,339	3,436	10,312	2,727	622	4,229			
Other comprehensive income									
Foreign operations – foreign currency translation differences	(952)	(401)	(2,724)	(970)	(222)	(549)			
Total comprehensive income	7,387	3,035	7,588	1,757	400	3,680			

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's material associates prepared in accordance with the Combined Group's accounting policy:

2020

Statement of financial position

Property, plant and equipment
Intangible assets
Equity-accounted investees
Other non-current receivables
Right-of-use assets
Prepayment and other assets

Non-current assets

Trade and other receivables
Prepayment and other assets
Cash and cash equivalents

Current assets

Total assets

Loans and borrowings
Employee benefits
Asset retirement obligation
Deferred tax liabilities

Non-current liabilities

Loans and borrowings
Trade and other payables
Current tax liabilities

Current liabilities

Total liabilities

Net Assets

Piililia HANGIN US\$'000	Piililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
92,826	–	151,006	33,011	12,603	28,171
740	–	–	–	–	–
–	12,681	–	–	–	4,433
1,649	64	125	3,764	93	227
2	–	5	2	4	3
37	–	90	102	34	127
95,254	12,745	151,226	36,879	12,734	32,961
13,074	–	14,711	4,458	2,501	2,960
646	–	1,061	209	57	144
12,036	45	24,753	1,114	1,102	989
25,756	45	40,525	5,781	3,660	4,093
121,010	12,790	191,751	42,660	16,394	37,054
72,002	–	125,403	14,602	8,702	14,955
40	–	–	–	–	–
3,290	–	1,124	265	90	187
179	–	275	–	22	106
75,511	–	126,802	14,867	8,814	15,248
4,570	–	5,836	3,365	579	4,784
4,892	4	1,511	1,914	1,757	1,072
–	–	–	2	21	10
9,462	4	7,347	5,281	2,357	5,866
84,973	4	134,149	20,148	11,171	21,114
36,037	12,786	57,602	22,512	5,223	15,940

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's material associates prepared in accordance with the Combined Group's accounting policy:

2020

Statement of comprehensive income

Sale of energy

Other income

Revenue

Operating costs

Shared services costs charged by a subsidiary

Depreciation expenses

Finance income

Finance costs

Foreign exchange gain/(loss)

Net finance income/(costs)

Share of profits of associate

Profit/(loss) before tax

Income tax (credit)/expenses

Profit/(loss) from continuing operations

Other comprehensive income

Foreign operations – foreign currency translation differences

Total comprehensive income

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
21,174	–	40,933	9,969	3,329	7,198
–	7	3,134	–	–	444
21,174	7	44,067	9,969	3,329	7,642
(4,531)	(5)	(5,222)	(1,333)	(1,010)	(1,237)
(1,090)	–	(991)	(438)	(193)	(386)
(4,600)	–	(7,192)	(1,863)	(694)	(1,554)
(10,221)	(5)	(13,405)	(3,634)	(1,897)	(3,177)
94	–	266	7	13	97
(4,446)	–	(10,156)	(1,043)	(598)	(1,158)
2	(1)	(199)	1,069	50	1,284
(4,350)	(1)	(10,089)	33	(535)	223
–	2,646	–	–	–	–
6,603	2,647	20,573	6,368	897	4,688
29	–	(773)	(2)	(18)	(73)
6,632	2,647	19,800	6,366	879	4,615
562	405	2,954	1,210	269	467
7,194	3,052	22,754	7,576	1,148	5,082

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's associates prepared in accordance with Combined Group accounting policy:

2021	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
Carrying amount of interest in associates at start of the year	59,063	42,839	219,109	45,794	11,792	63,975	5,199	447,771
Combined Group's share of amortisation of intangible asset acquired through business combinations	(2,857)	(2,060)	(8,824)	(1,542)	(325)	(2,822)	–	(18,430)
Combined Group's share of profit/(loss) from continuing operations	4,479	3,436	10,223	2,724	622	4,229	(680)	25,033
Effect of exchange rate changes from project-related agreements & licences	(1,678)	(1,210)	(5,695)	(928)	(209)	(2,212)	–	(11,932)
Combined Group's share of other comprehensive income	(555)	(401)	1,331	(969)	(222)	(507)	(137)	(1,460)
Combined Group's share of total comprehensive income	(611)	(235)	(2,965)	(715)	(134)	(1,312)	(817)	(6,789)
Combined Group's contribution during the year	–	–	–	–	–	–	10,262	10,262
Distribution during the year	–	–	(13,966)	(6,725)	(401)	–	–	(21,092)
Carrying amount of interest in associates at end of the year¹	58,452	42,604	202,178	38,354	11,257	62,663	14,644	430,152

¹ Included in carrying amount of interest in associates at end of year is project related agreements and licences amounting to US\$255,019,619.

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Combined Group's associates prepared in accordance with Combined Group accounting policy:

2020	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
Carrying amount of interest in associates at start of the year	55,381	40,176	7,638	212,787	42,542	11,029	59,103	5,086	433,742
Combined Group's share of amortisation of intangible asset acquired through business combinations	(2,824)	(2,036)	–	(8,782)	(1,524)	(322)	(3,057)	–	(18,545)
Combined Group's share of profit/(loss) from continuing operations	3,660	2,647	(30)	19,737	6,361	878	4,311	(559)	37,005
Effect of exchange rate changes from project-related agreements & licences	2,284	1,647	–	7,828	1,262	283	2,677	–	15,981
Combined Group's share of other comprehensive income	562	405	97	2,954	1,210	269	941	(71)	6,367
Combined Group's share of total comprehensive income	3,682	2,663	67	21,737	7,309	1,108	4,872	(630)	40,808
Combined Group's contribution during the year	–	–	–	–	–	–	–	743	743
Distribution during the year	–	–	–	(15,415)	(4,057)	(345)	–	–	(19,817)
Disposal of interests in associate	–	–	(7,705)	–	–	–	–	–	(7,705)
Carrying amount of interest in associates at end of the year ¹	59,063	42,839	–	219,109	45,794	11,792	63,975	5,199	447,771

¹ Included in carrying amount of interest in associates at end of year is project related agreements and licences amounting to US\$285,439,188.

On 30 June 2020, the Combined Group completed its sale of interest in Project Wawa for US\$7.3 million and recognised a loss on disposal of US\$0.4 million. Of the total sales consideration, the Combined Group received US\$0.3 million in cash in 2020 in addition to the advance of US\$0.3 million received in 2019. The remaining US\$6.7 million of the sales consideration remain unpaid and is classified as other receivable (Note 14).

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

9 Other investments

	2021 US\$'000	2020 US\$'000
Equity investment – mandatorily at FVTPL	1,851	2,433

Equity investment at FVTPL comprise the Combined Group's interests in Tokumei Kumiai investments in renewable energy assets in Japan.

10 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 US\$'000	Assets 2020 US\$'000	Liabilities 2021 US\$'000	Liabilities 2020 US\$'000
Property, plant and equipment	–	–	(36,759)	(47,415)
Intangible assets	–	–	(2,484)	(1,482)
Loans and borrowings	–	–	(72)	(208)
Employee benefits	1,847	1,774	–	–
Provisions	102	148	–	–
Other items	1,073	474	(284)	(427)
Tax loss carry-forwards	29,201	38,720	–	–
Deferred tax assets/(liabilities)	32,223	41,116	(39,599)	(49,532)
Set off tax	(25,543)	(31,919)	25,543	31,919
Net Deferred tax assets/(liabilities)	6,680	9,197	(14,056)	(17,613)

Unrecognized deferred tax liabilities

The subsidiaries of the Combined Group were subject to a tax holiday period in certain jurisdictions from for a period of 10 years. Deferred tax liability in respect of timing differences that originate before or during the tax holiday period and are expected to reverse during such tax holiday period have not been recognized.

Unrecognised deferred tax assets

Deferred tax assets on tax losses of US\$94.3 million (2020: US\$100.5 million) have not been recognized in respect of tax losses which are expected to expire or be utilized during such tax holiday period because it is not probable that future taxable profits will be available against which the Combined Group can utilize the benefits therefrom during such period.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

10 Deferred tax (cont'd)

Movement in deferred tax balances

	Balance as at 1 January 2021 US\$'000	Acquisition of subsidiaries US\$'000	Recognised in profit or loss US\$'000	Recognised in OCI US\$'000	Exchange differences US\$'000	Balance as at 31 December 2021 US\$'000
Deferred tax assets/liabilities						
Property, plant and equipment	(47,415)	—	(2,549)	—	13,205	(36,759)
Intangible assets	(1,482)	—	(924)	—	(78)	(2,484)
Loans and borrowings	(208)	—	119	—	17	(72)
Employee benefits	1,774	—	(144)	—	217	1,847
Provisions	148	—	(65)	—	19	102
Other items	47	—	1,907	—	(1,165)	789
Tax loss carry-forwards	38,720	—	2,669	—	(12,188)	29,201
	(8,416)	—	1,013	—	27	(7,376)

	Balance as at 1 January 2020 US\$'000	Acquisition of subsidiaries US\$'000	Recognised in profit or loss US\$'000	Recognised in OCI US\$'000	Exchange differences US\$'000	Balance as at 31 December 2020 US\$'000
Deferred tax assets/liabilities						
Property, plant and equipment	(33,173)	—	(15,280)	—	1,038	(47,415)
Intangible assets	(1)	—	(1,490)	—	9	(1,482)
Loans and borrowings	(130)	—	(70)	—	(8)	(208)
Employee benefits	1,000	—	700	14	60	1,774
Provisions	(27)	—	98	—	77	148
Other items	557	—	(453)	—	(57)	47
Tax loss carry-forwards	19,819	—	19,446	—	(545)	38,720
	(11,955)	—	2,951	14	574	(8,416)

11 Loans receivables

	2021 US\$'000	2020 US\$'000
Non-current		
Loan receivables from:		
- Equity-accounted investees	—	29,016
- Other third parties	3,429	3,550
Promissory note receivables	7,610	8,329
	11,039	40,895
Less: Impairment loss on loans receivables	(343)	(301)
	10,696	40,594
Current		
Interest receivables from:		
- Equity-accounted investees	587	644
- Promissory note	493	441
- Cross-currency swap	3,507	3,677
- Other third parties	1,174	1,194
Loan receivables from:		
- Equity-accounted investees	4,533	7,503
- Other third parties	3,430	6,860
	13,724	20,319
Less: Impairment loss on loans receivables	(75)	(167)
	13,649	20,152
Total loan receivables	24,345	60,746

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

11 Loan receivables (cont'd)

Terms and conditions of loan receivables are as follows:

Group	Currency	Maturity date	Principal amount		Interest rate	
			2021 \$'000	2020 \$'000	2021 %	2020 %
Equity-accounted investees ^(a)	USD	2021 to 2026	4,532	36,519	5	3 - 5
Other third parties ^(b)	USD	2021	3,430	6,860	17	17
Other third parties ^(c)	USD	On demand	1,092	1,206	1.5	1.5
Other third parties ^(c)	USD	On demand	1,886	1,894	4.62	4.62
Other third parties ^(c)	USD	On demand	450	450	5.5	5.5
Promissory notes receivable ^(d)	THB	2027	7,611	8,329	—	—
			<u>19,001</u>	<u>55,258</u>		

(a) Loan receivable was from an equity-accounted investee are unsecured, with 5% (2020: 3% - 5%) per annum interest and repayable in 2022 (2021: repayable quarterly with maturity dates from 2021 to 2026).

(b) The loan receivables of US\$3,430,000 (2020: US\$6,860,000) from San Lorenzo Ruiz Builders & Developers Group Inc. are secured, with 17 % (2020:17%) interest and have been repaid in 2022.

(c) The Combined Group do not intend to demand these unsecured loans for repayment in the next 12 months.

(d) Promissory notes receivables are zero coupon, non-transferable and redeemable, with maturity date on 3 August 2027. At redemption date, the Combined Group is entitled to receive a redemption amount equal to 1% of the principal amount plus accrued redemption fee per annum.

12 Derivative assets and liabilities

	2021 US\$'000	2020 US\$'000
Derivative assets		
Non-current		
Electricity derivative	141,147	176,353
Cross currency swaps	19,299	—
Interest rate swaps	2,194	—
	<u>162,640</u>	<u>176,353</u>
Current		
Electricity derivative	5,373	6,029
Cross currency swap	283	—
Forward exchange contract	875	1,350
	<u>6,531</u>	<u>7,379</u>
Total derivative assets	<u>169,171</u>	<u>183,732</u>
Derivative liabilities		
Non-current		
Interest rate swaps	18,417	30,664
Cross currency swaps	—	11,201
	<u>18,417</u>	<u>41,865</u>
Current		
Forward exchange contract	53	3,718
Interest rate swaps	2,694	3,239
	<u>2,747</u>	<u>6,957</u>
Total derivative liabilities	<u>21,164</u>	<u>48,822</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

13 Prepayments and other assets

	2021	2020
	US\$'000	US\$'000
Non-current		
Other prepayments	4,471	4,730
Other assets	12,612	11,378
	<u>17,083</u>	<u>16,108</u>
Current		
Prepaid insurance	1,083	689
Other prepayments	12,974	13,706
Other assets	3,554	3,316
	<u>17,611</u>	<u>17,711</u>
Total prepayments and other assets	<u>34,694</u>	<u>33,819</u>

14 Trade and other receivables

	Note	2021	2020
		US\$'000	US\$'000
Non-current			
Deposits		550	582
Tax receivables	(a)	36,838	29,006
Others	(e)	–	1,622
Total non-current other receivables		<u>37,388</u>	<u>31,210</u>
Current			
Trade receivables	(f)	93,614	72,942
Contract assets		26,751	20,357
Total trade receivables and contract assets		<u>120,365</u>	<u>93,299</u>
Amount due from:			
- Unitholder	(b)	–	350,000
- Equity-accounted investees	(c)	1,866	2,652
- Other third parties	(d)	12,242	15,944
Deposits		32,171	15,724
Tax receivables	(a)	47,848	19,566
Others	(e)	355	1,299
Total current other receivables		<u>214,847</u>	<u>405,185</u>
Less: Impairment loss			
- Trade receivables and contract assets		(3,082)	(3,820)
- Other receivables		(300)	(6,964)
Total current trade and other receivables		<u>211,465</u>	<u>487,700</u>

- (a) Non-current other tax receivables of US\$37 million (2020:US\$29 million) relate to value-added tax receivables which will be refunded upon completion of construction of the projects while current other tax receivables relate to value-added tax receivables that are expected to be refunded within the next one year.
- (b) Amount due from unitholder is unsecured, non-trade in nature, non-interest bearing and repayable on demand. This amount was subsequently received in February 2021.
- (c) The amount due from equity-accounted investees of US\$1.9 million (2020: US\$2.6 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

14 Trade and other receivables (cont'd)

- (d) Included in the amounts due from other third parties are proceeds from sale of interest in equity accounted associate (Project Wawa) of US\$ nil (2020: US\$6.7 million) due from San Lorenzo Ruiz Builders & Developers Group Inc. The Combined Group made a provision for impairment loss amounting to 100% of such receivables in 2020 and the said amount was written off in 2021 as the amount was assessed not to be recoverable.
- (e) Included in non-current and current other receivables are delay liquidated damages receivable from EPC contractors in Indonesia of US\$0.4 million (2020: US\$2.9 million).
- (f) During the year, trade receivables of US\$ nil (2020: US\$4,938,000) were written off as the amount was assessed not to be recoverable (Note 33).

15 Cash and cash equivalents

	Note	2021 US\$'000	2020 US\$'000
Bank balances		473,234	286,689
Short term deposits		20,421	53,817
Less: Impairment loss		(4)	(37)
Cash and cash equivalents in the combined statement of financial position		493,651	340,469
Restricted bank balances and deposits	(a)	(123,832)	(80,100)
Cash and cash equivalents in the combined statement of cash flows		369,819	260,369

- (a) As at reporting date, some cash and cash equivalents were pledged as collateral to secure project finance debts (see note 20). As at 31 December 2021, US\$52 million (2020: US\$78 million) of the Combined Group's cash and cash equivalents were held under debt service reserve accounts which represents a reserve account used for debt service of project finance debt when cash flow available for debt services is inadequate to service the project finance debt.

16 Share Capital and Units in issue

	2021 US\$'000	2020 US\$'000
Share capital at US\$0.01 per share (US\$)	16,921	16,921
Share premium (US\$)	1,825,295	1,675,295
Units in issue (US\$)	1,712,183	1,712,183
	3,554,399	3,404,399

17 Transactions with equity holders

- (a) During the year ended 31 December 2021, Vena Energy Holdings Ltd. issued 15,000 number of shares at a par value of US\$0.01 each and share premium of US\$149,999,850.
- (b) During the year ended 31 December 2020, Zenith Japan Holdings Trust issued 350,000,000 units at a price of US\$1 per unit for an aggregate consideration of US\$350,000,000 which remained unpaid as at 31 December 2020. These units are entitled to distributions after the consideration was fully paid in February 2021.
- (c) During the year ended 31 December 2020, Vena Energy Holdings Ltd. converted an advance from its immediate holding company of US\$15,674,240 into 15,674,240 shares at a par value of US\$0.01 each and share premium of US\$15,517,497. Vena Energy (Taiwan) Holdings Ltd converted an advance from its immediate holding company of US\$1,174,221 into 1,174,221 shares at a par value of US\$0.01 each and share premium of US\$1,162,479. Zenith Japan Holdings Trust converted an advance from unitholder of US\$13,131,539 into 13,131,539 units at a price of US\$1 per unit. The shares and units were issued and fully paid.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

17 Transactions with equity holders (cont'd)

- (d) In 2020, Vena Energy Holdings Ltd repurchased, from its immediate holding company, 139,200,000 shares with a par value of US\$0.01 each for a total consideration of US\$139,200,000. Vena Energy (Taiwan) Holdings Ltd repurchased, from its immediate holding company, 2,300,000 shares of US\$0.01 par value each for a total consideration of US\$2,300,000. Subsequently, the repurchased shares have been cancelled. The unitholders of Zenith Japan Holdings Trust redeemed 66,310,372 units at the price of US\$1.0104 per unit for a total consideration of US\$67,000,000.

18 Reserves

The reserves of the Combined Group comprise the following balances:

	2021 US\$'000	2020 US\$'000
Capital reserve	50,000	50,000
Translation reserve	(75,516)	144,845
Legal reserve	263	–
Defined benefit reserve	(11)	(27)
	<u>(25,264)</u>	<u>194,818</u>

Capital reserve

Capital reserve comprises equity injections by shareholders for which ordinary shares have yet to be issued.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Legal reserve

The Taiwan Companies Act requires that for profit making Taiwan registered companies, 10% of the profits shall be kept as a reserve which is non distributable. The legal reserve will be capped at amount equivalent to authorised share capital.

Defined benefit reserve

The defined benefit reserve comprises actuarial gains and losses and the return on plan assets (excluding interest).

19 Non-controlling interest

The Combined Group's non-controlling interests comprises of interests in fully paid up equity shares of all subsidiaries domiciled in Thailand and interests in fully paid up equity shares of a subsidiary in Taiwan.

The following table summarises the information relating to each of the Combined Group's subsidiaries that has material NCI, before any intra-group eliminations:

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

19 Non-controlling interest (cont'd)

	Thailand		Taiwan	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
NCI percentage	30%	30%	30%	30%
Non-current assets	353,217	394,639	81,957	95,403
Current assets	32,160	38,578	10,167	13,196
Non-current liabilities	(77,086)	(111,541)	(67,463)	(82,955)
Current liabilities	(25,308)	(24,537)	(6,323)	(8,431)
Net assets	282,983	297,139	18,338	17,213
Dividends paid	(22,020)	(27,073)	(2,417)	(963)
Net assets attributable to NCI	78,289	81,020	5,501	5,164
Revenue	45,936	50,350	12,293	10,628
Profit	29,750	30,201	3,296	1,427
OCI	(16,834)	1,540	245	1,750
Total comprehensive income	12,916	31,741	3,541	3,177
Profit allocated to NCI	8,924	9,060	988	428
OCI allocated to NCI	(5,050)	462	74	525

Dividends

The following exempt (one-tier) dividends were declared and paid by subsidiaries to non-controlling interest by the Combined Group:

	Group	
	2021	2020
	\$'000	\$'000
Paid by a subsidiary to non-controlling interest		
17 dollars per qualifying ordinary share (2019: 15 dollars)	6,606	8,122
0.02 NTD per qualifying ordinary share	—	9
0.57 NTD per qualifying ordinary share	—	280
0.05 NTD per qualifying ordinary share	145	—
0.18 NTD per qualifying ordinary share	580	—
	7,331	8,411

20 Loans and borrowings and lease liabilities

	Note	2021	2020
		US\$'000	US\$'000
Non-current			
Loans and borrowings:			
- Project finance debt		1,572,187	1,308,264
- Corporate Term loan		—	142,689
- Revolving credit facility		—	179,090
- Euro Medium term note	(a)	499,093	321,415
		2,071,280	1,951,458

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

20 Loans and borrowings and lease liabilities (cont'd)

	2021 US\$'000	2020 US\$'000
Lease liabilities	338,741	306,626
Current		
Loans and borrowings:		
- Project finance debt	227,878	126,918
- External party loan	2,480	2,479
- Working capital loan	14,965	14,740
- Interest payable	7,427	6,752
	<u>252,750</u>	<u>150,889</u>
Lease liabilities	13,483	11,014
	<u>2,676,254</u>	<u>2,419,987</u>

- (a) On 27 February 2020, a subsidiary of the Combined Group, Vena Energy Capital Pte. Ltd., issued US\$325,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under the \$1 billion Global Medium Term Note Programme (the "Notes"). The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2020, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2020. The Notes will mature on 26 February 2025.

On 8 July 2021, Vena Energy Capital Pte. Ltd., issued US\$175,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under the US\$1,000,000,000 Global Medium Term Note Programme (the "Notes"). The Notes were issued at a premium for a total consideration of US\$178,638,250. The Notes is to be consolidated and form a single series with the US\$325,000,000 3.133% per annum notes issued on 27 February 2020. The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

The EMTN proceeds were allocated to the Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) through intercompany loans.

The Holding Companies jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for this bond issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the bond will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

The below table show the notional amount of outstanding loans and borrowings not including transaction costs.

Gross debt

	Group	
	2021 US\$'000	2020 US\$'000
Non-current		
Project finance debt	1,599,684	1,329,040
Corporate Term loan	—	142,689
Revolving credit facility	—	179,090
Euro Medium term note	500,000	325,000
	<u>2,099,684</u>	<u>1,975,819</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

20 Loans and borrowings and lease liabilities (cont'd)

Gross debt (cont'd)

	Group	
	2021	2020
	US\$'000	US\$'000
Current		
Project finance debt	230,742	128,486
External party loan	2,480	2,479
Working capital loan	14,965	14,740
	<u>248,187</u>	<u>145,705</u>
	<u>2,347,871</u>	<u>2,121,524</u>

Information about the Combined Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 33.

Terms and conditions of loans and borrowings are as follows:

Group	Currency	Maturity date	Principal amount		Interest rate	
			2021 \$'000	2020 \$'000	2021 %	2020 %
Project finance debt	AUD	2021-2044	115,264	126,554	BBSY+1.65	BBSY+1.65
Project finance debt	AUD	2025	65,163	18,300	BBSY+1.2	BBSY + 0.1765
Project finance debt	INR	2035	93,675	98,401	10.25-10.45	10.25
Project finance debt	INR	2033	15,718	17,454	9.5-10	9.55
Project finance debt	INR	2033	19,164	21,473	0.095	9.5
Project finance debt	INR	2028	11,585	11,972	0.109	10.9
Project finance debt	INR	2033	42,808	47,865	8.55% - 10.05	10.05-10.09
Project finance debt	INR	2033	11,908	11,908	MCLR +1.5	MCLR +1.5
Project finance debt	INR	2035	58,157	63,176	0.0925	10.75
Project finance debt	INR	2035	25,641	28,384	10.15 to 10.95	10.2
Project finance debt	INR	2035	68,536	74,149	10.15 to 15.25	10.22
Project finance debt	INR	2035	72,407	35,504	3M LIBOR+190bps	7.39
Project finance debt	THB	2027	65,507	92,636	4.2% & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2037	100,802	107,298	3.9 - 5.721	3.9 - 5.721
Project finance debt	USD	2037	11,808	12,654	3 - 5.7060	3 - 5.7060
Project finance debt	USD	2037	6,034	6,466	1.1 - 5.7060	1.1 - 5.7060
Project finance debt	USD	2037	16,339	17,510	1.5 - 5.7060	1.5 - 5.7060
Project finance debt	NTD	2033 to 2038	211,804	92,352	TAIBOR+1.5 to 1.7	TAIBOR+1.5
Project finance debt	JPY	2023 to 2039			3M TIBOR+0.5 to 0.8	3M TIBOR+0.62 to 0.7
			549,193	542,042		
Project finance debt	JPY	2023	54,128	31,423	3M LIBOR+0.9*	3M LIBOR+0.9
					6M TIBOR+0.83 to 1.0	
Project finance debt	JPY	2024 to 2040	214,785	—	1.0	—
External party loan	USD	2021	2,480	2,479	Interest free	Interest free
Term loan	JPY	2023	—	142,689	—	LIBOR+1.75
Revolving credit facility	JPY	2023	—	179,090	—	LIBOR+1.25
Euro Medium term note	USD	2025	500,000	325,000	3.133	3.133
			<u>2,332,906</u>	<u>2,106,779</u>		

* The Combined Group and all counterparties have agreed to change LIBOR indexed project finance debts to TONAR from 1 January 2022 (Note 25).

Debt covenant

The loans and borrowings contain debt covenants which are tested on a regular basis. A future breach of these covenants may require the Combined Group to repay the loans and borrowings earlier than indicated in the table above. Except as disclosed below, the Combined Group has not breached any debt covenants as at 31 December 2021 and 31 December 2020.

20 Loans and borrowings and lease liabilities (cont'd)

Debt covenant (cont'd)

On 13 November 2020, Vena Energy (Taiwan) Holdings Ltd., and its subsidiaries ("VETHL Group") has secured a bank loan with a carrying amount of US\$9.4 million as at 31 December 2021 (2020: US\$ Nil). This loan is repayable in tranches within 1 year. The loan contains a covenant stating that at the end of each quarter, the debt to equity ratio shall be less than 4 times and the ratio of the aggregate of all VETHL Group's liabilities to VETHL Group's paid in capital (maximum leverage ratio) does not exceed the ratio of 82:18 at any time throughout the duration of the agreement, otherwise the loan will be repayable on demand.

VETHL Group exceeded the maximum leverage ratio as at 31 December 2021. The above-mentioned bank loan has been reclassified from non-current to current as at 31 December 2021. Subsequent to the reporting date, VETHL Group has obtained a letter of waiver from Taipei Fubon Commercial Bank Co., Ltd on 31 March 2022 that it will not recall the above-mentioned bank loan within the next 12 months.

Additionally, some of Vena Energy Holdings Ltd and its subsidiaries' ("VEHL Group") loan agreements are subjected to covenant clauses, whereby VEHL Group is required to maintain certain reserve balance. VEHL Group did not fulfil the debt service reserve account as required in the contract for a credit line of US\$111.7 million, of which VEHL Group has currently drawn an amount of US\$93.7 million.

Due to this breach of the covenant clause, the lender is contractually entitled to request for immediate repayment of the outstanding loan amount of US\$93.7 million. Accordingly, the outstanding balance is presented as a current liability as at 31 December 2021. The lender had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

Pledges for facility agreements

The Combined Group has entered into several Facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US\$1,831 million (2020: US\$1,457 million) to the Combined Group on a combination of fixed and floating rates.

The obligations of the Combined Group to the banks are collateralised by the pledges of all the shares of the project entities and liens on and security interests in substantially all of the project entities' assets, its rights under various agreements, all of the project entities' revenues and all insurance proceeds payable to the project entities and require the project entities to comply with various administrative requirements.

The Combined Group's assets directly pledged in relation to the facilities agreements are as disclosed in Notes 5 and 7 to the financial statement. The indirect pledge over the Combined Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Project entities' contribution to the net assets of the Combined Group	1,016,192	662,711

20 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

<u>Group</u>	<u>Liabilities</u>					<u>Total</u> <u>US\$'000</u>
	<u>Project</u> <u>finance debt</u> <u>US\$'000</u>	<u>Working</u> <u>capital loan¹</u> <u>US\$'000</u>	<u>Interest</u> <u>Payable</u> <u>US\$'000</u>	<u>Euro Medium</u> <u>Term Note</u> <u>US\$'000</u>	<u>Lease</u> <u>liabilities</u> <u>US\$'000</u>	
Balance at 1 January 2021	1,435,186	340,452	1,617	325,092	317,640	2,419,987
Changes from financing cash flows						
Proceeds from loans and borrowings	607,168	426,346	–	–	–	1,033,514
Proceeds from Euro Medium Term Note	–	–	–	178,638	–	178,638
Repayment of loans and borrowings	(131,476)	(727,705)	–	–	–	(859,181)
Payment for lease liabilities	–	–	–	–	(11,621)	(11,621)
Transaction costs related to loans and borrowings	(14,006)	(2,759)	–	(1,914)	–	(18,679)
Interest paid	(62,184)	(3,002)	–	(10,797)	(2,068)	(78,051)
Interest paid for derivatives	–	–	(5,870)	–	–	(5,870)
Total changes from financing cash flows	399,502	(307,120)	(5,870)	165,927	(13,689)	238,750
Effect of changes in foreign exchange rates	(98,099)	(18,692)	(4,549)	–	(18,110)	(139,450)
Other changes						
Liability-related						
New leases	–	–	–	–	64,111	64,111
Finance costs	4,481	596	398	954	–	6,429
Interest expense	59,974	2,209	9,776	12,196	2,272	86,427
Total liability-related other changes	64,455	2,805	10,174	13,150	66,383	156,967
Balance at 31 December 2021	1,801,044	17,445	1,372	504,169	352,224	2,676,254

20 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

<u>Group</u>	<u>Liabilities</u>					<u>Total</u> US\$'000
	<u>Project finance debt</u> US\$'000	<u>Working capital loan¹</u> US\$'000	<u>Interest Payable</u> US\$'000	<u>Euro Medium Term Note</u> US\$'000	<u>Lease liabilities</u> US\$'000	
Balance at 1 January 2020	1,095,708	627,913	–	–	154,609	1,878,230
Changes from financing cash flows						
Proceeds from loans and borrowings	436,337	509,892	–	–	–	946,229
Proceeds from Euro Medium Term Note	–	–	–	325,000	–	325,000
Repayment of loans and borrowings	(160,150)	(820,964)	–	–	–	(981,114)
Payment for lease liabilities	–	–	–	–	(13,850)	(13,850)
Transaction costs related to loans and borrowings	(6,254)	(4,866)	–	(3,938)	–	(15,058)
Interest paid	(56,688)	(3,935)	–	(5,091)	(777)	(66,491)
Interest paid for derivatives	–	–	(2,122)	–	–	(2,122) ²
Total changes from financing cash flows	213,245	(319,873)	(2,122)	315,971	(14,627)	192,594
Changes arising from acquisition of subsidiaries	42,055	–	–	–	18,694	60,749
Effect of changes in foreign exchange rates	22,827	20,327	(5,294)	–	10,771	48,631
Other changes						
Liability-related						
Changes in bank overdraft	–	5,832	–	–	–	5,832
New leases	–	–	–	–	146,001	146,001
Finance costs	1,272	1,924	–	353	–	3,549
Interest expense	60,079	4,329	9,033	8,768	2,192	84,401
Total liability-related other changes	61,351	6,253	9,033	9,121	148,193	239,783
Balance at 31 December 2020	1,435,186	340,452	1,617	325,092	317,640	2,419,987

¹ Working capital loan includes term loan and revolving credit facility

² Statement of cash flows includes interest received from derivatives amounting to US\$ 5,091,000.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

21 Asset retirement obligation

	Note	2021 US\$'000	2020 US\$'000
At 1 January		37,486	20,082
Acquisition of subsidiaries	37	–	2,390
Provision made during the year		15,432	13,374
Interest expense from unwind of discount		410	137
Effect of exchange rate changes		(3,745)	1,503
At 31 December		49,583	37,486

The Combined Group has recorded asset retirement obligation primarily associated with the estimated cost to reinstate property involved in power generation.

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Combined Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of between 0.3% -4.4% (2020: 0.3% - 3.5%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 18 to 30 years after the commissioning of the power plants.

22 Trade and other payables

	Note	2021 US\$'000	2020 US\$'000
Non-current			
Deferred income	(a)	5,776	2,082
Current			
Trade payables		11,059	10,124
Payables to EPC contractors		33,500	19,257
Accrued operating expenses		62,083	56,446
Accrued staff costs		2,573	1,793
Deferred income	(b)	2,659	5,912
Other tax payable		10,255	12,254
Amount due to:			
- Equity-accounted investees	(c)	10	351
- Other third parties	(d)	13,500	14,941
		135,639	121,078

- (a) Non-current deferred income relates to advanced mobilization payments received from non-related parties, amortized over period with regards to operations and maintenance agreements.
- (b) Included in current deferred income is contract liabilities of US\$1.9 million (2020: US\$0.3 million) which relates to advances received from customers for services yet to be fulfilled, US\$0.4 million (2020: US\$4.9 million) which relates to government grants on project, amortized over PPA period of 25 years, US\$0.2 million (2020: US\$0.2 million) which relates to government grants on bond issuance, amortized over bond life of 5 years.
- (c) The amount due to equity-accounted investees of US\$10,000 (2020: US\$351,000) is non-trade, unsecured, non-interest bearing and repayable on demand.
- (d) Included in amounts due to other third parties are amounts due to seller of a subsidiary of Zenith Japan Holdings Trust upon acquisition amounting to US\$6 million (2020: US\$6 million).

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

23 Revenue

The Combined Group's revenue comprises:

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Sale of energy	314,045	289,660
Service concession income	–	303
Fee income		
- Shared services fee income from equity-accounted investees	7,833	7,182
	<u>321,878</u>	<u>297,145</u>

Sale of energy

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature of goods or services	Sale of renewable energy
When revenue is recognised	Revenue from sale of electricity is recognised in profit or loss when the electricity generated is distributed to the customer. Revenue is determined based on the units of sales delivered at the applicable tariff rates.
Payment terms	15 to 90 days

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets.

	2021 Total US\$'000	2020 Total US\$'000
Japan	110,193	96,369
Thailand	44,971	47,241
India	95,833	83,816
Australia	14,630	12,649
Indonesia	30,791	34,217
Taiwan	17,627	15,368
	<u>314,045</u>	<u>289,660</u>

Contract balances

Please refer to Note 14 for contract assets primarily relating to the Combined Group's right to consideration upon fulfilment of performance obligations for sale of renewable energy but not billed as at reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Combined Group invoices the customer.

Please refer to Note 22 for contract liabilities primarily relating to advance consideration received from customers for performance of service contracts.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

23 Revenue (cont'd)

Service Concession Arrangements

In 2016 and 2017, the Combined Group entered into service concession agreements with Perusahaan Listrik Negara, a government-owned corporation (the grantor), to construct and operate 5 renewable energy plants. Under the terms of the agreement, the Combined Group will operate the plant and provide electricity to the grantor for a concession period from 20-30 years, starting from the plants' commercial operation date. The Combined Group will be responsible for any maintenance services required during the concession period. The Combined Group does not expect major repairs to be necessary during the concession period.

The Combined Group has received the right to receive a fixed tariff, adjusted for exchange rate differences, for the provision of electricity to the grantor. At the end of the concession period, the plant becomes the property of the grantor and the Combined Group will have no further involvement in its operation or maintenance requirements.

During the year, the Combined Group recorded the following in respect of its service concession arrangement:

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Revenue	—	303

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the plant. The Combined Group has recognised US\$155.3 million (2020: US\$162.9 million) in intangible asset (see Note 7) as at 31 December 2021.

24 Other income

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Insurance claim	3,343	3,977
Liquidated damages	3,674	1,016
Government grants	622	794
Others	2,232	1,430
	<u>9,871</u>	<u>7,217</u>

25 Operating costs

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Operations and maintenance costs	28,700	23,694
Utilities and transmission costs	4,904	4,611
Asset related insurance	5,190	4,512
Professional fees	3,743	3,806
Rental - land & site office	1,855	1,603
Asset related tax and levies	7,610	5,947
Other general and administrative costs	2,570	2,778
	<u>54,572</u>	<u>46,951</u>

Staff costs of US\$5.9 million (2020: US\$5.0 million) is included within Operations and maintenance costs.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

26 Shared services costs

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Staff costs	55,959	44,595
Directors and Investment Committee members fee	734	698
Occupancy costs	1,273	1,535
IT expenses	2,251	2,024
Professional fees	7,484	6,058
Secondment fee	–	509
Insurance	693	495
Travel and entertainment expenses	2,025	1,807
Other general and administrative costs	3,361	3,490
	<u>73,780</u>	<u>61,211</u>
Less shared service costs capitalised	(33,923)	(25,965)
	<u>39,857</u>	<u>35,246</u>

27 Development costs

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Business related taxes	423	276
Insurance	50	13
Staff costs	3	3
Professional fees	2,965	1,273
Travel and entertainment expenses	118	208
Occupancy costs	276	160
Other general and administrative costs	1,290	1,266
	<u>5,125</u>	<u>3,199</u>

28 Finance income and finance costs

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Finance income		
Interest income from:		
- Loan to third party	973	477
- Loan to equity accounted investees	1,098	2,148
- Short-term deposits	1,767	2,798
- Cross currency swap	10,012	8,768
Total finance income	<u>13,850</u>	<u>14,191</u>
Finance costs		
Interest expense on:		
- Project finance debt	(59,974)	(60,079)
- Term loan and revolving credit facility	(2,209)	(4,329)
- Euro Medium term note	(12,196)	(8,768)
- Cross currency swap	(4,034)	(3,629)
- Interest rate swap	(5,741)	(5,404)
Lease liabilities	(2,272)	(2,192)
Other finance costs	(6,958)	(3,549)
Total finance costs	<u>(93,384)</u>	<u>(87,950)</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

29 Change in fair value of financial instrument at FVTPL

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Gain/(loss) on change in fair value:		
- Equity investment	451	(1,300)
- Debt investment	—	1
- Electricity derivatives	(27,105)	48,101
- Forward contract	610	(6,127)
- Interest rate swaps	13,440	(9,240)
Hedge ineffectiveness of cross-currency interest rate swaps	(2,179)	12,087
	<u>(14,783)</u>	<u>43,522</u>

30 Impairment loss on financial assets

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Net impairment loss recognised/(reversed) on cash and cash equivalents	(18)	37
Net impairment loss recognised/(reversed) on trade and other receivables	(550)	6,744
Net impairment loss recognised/(reversed) on loan receivables	(50)	179
	<u>(618)</u>	<u>6,960</u>

31 Profit before tax

The following items have been included in arriving at profit before tax:

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Staff costs		
Wages and salaries	38,940	32,264
Ordinary bonus	9,393	7,748
Contributions to defined contribution plans	957	946
Employee insurance	2,641	1,845
Recruitment fee	1,680	1,382
Staff benefits, allowances and others	8,350	5,440
	<u>61,961</u>	<u>49,625</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

32 Tax expense

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Current tax expense		
Withholding tax	10,230	18,498
Current year	3,757	3,170
Changes in estimates related to prior years	(55)	-
	<u>13,932</u>	<u>21,668</u>
Deferred tax credit		
Origination and reversal of temporary difference	6,814	(7,222)
Write-down of deferred tax assets	2,090	304
Change of tax effect of previously unrecognised tax losses	(9,917)	3,967
	<u>(1,013)</u>	<u>(2,951)</u>
Tax expense	<u>12,919</u>	<u>18,717</u>
Tax recognised in OCI		
Defined benefit plan remeasurements	-*	14
* Amount less than \$1,000		

33 Financial instruments

Financial risk management

Overview

The Combined Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Combined Group's exposure to each of the above risks, the Combined Group's objectives, policies and processes for measuring and managing risk, and the Combined Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Combined Group's risk management framework. Management is responsible for developing and monitoring the Combined Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Combined Group's risk management policies are established to identify and analyse the risks faced by the Combined Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Combined Group's activities. The Combined Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Combined Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Combined Group's receivables from customers, loan receivables and other receivables.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Credit risk (cont'd)

The carrying amount of financial assets in the combined statement of financial position represents the Combined Group's maximum exposures to credit risk, before taking into account any collateral held. The Combined Group does not hold any collateral in respect of its financial assets.

Impairment loss on financial assets included in the statement of comprehensive income

Trade receivables and contract assets

The Combined Group's customers comprise mainly government or quasi-government offtakers of electricity, and a small number of private offtakers. Exposure to credit risk is influenced mainly by the individual characteristics of the offtaker and/or the government entity supporting the offtaker.

Most of the Combined Group's customers have been transacting with the respective Combined Group entities for over 1 year, and no impairment loss has been recognised against these customers.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Carrying amount	
	2021	2020
	US\$'000	US\$'000
Australia	4,890	1,302
India	94,445	72,109
Indonesia	2,414	3,688
Japan	7,941	5,358
Philippines	740	963
Taiwan	2,359	1,007
Thailand	7,576	8,872
	120,365	93,299

Impairment

A summary of the exposure to credit risk for trade receivables and contract assets is as follows:

	2021		2020	
	Not credit-impaired US\$'000	Credit-impaired US\$'000	Not credit-impaired US\$'000	Credit-impaired US\$'000
Australia	4,890	—	1,302	—
India	54,520	39,925	39,309	32,800
Indonesia	2,414	—	3,688	—
Japan	7,941	—	5,358	—
Philippines	740	—	963	—
Taiwan	2,359	—	1,007	—
Thailand	7,576	—	8,872	—
Total gross carrying amount	80,440	39,925	60,499	32,800
Loss allowance	(132)	(2,950)	(125)	(3,695)
	80,308	36,975	60,374	29,105

At 31 December 2021, the carrying amount of the Combined Group's top five customers amounts to US\$87.8 million (2020: US\$73.3 million), which accounts for 72.9% (2020: 78.6%) of the trade receivables and contract assets.

33 Financial instruments (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for trade receivables and contract assets

The Combined Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers as at 31 December 2021:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2021				
<u>Government or government-linked</u>				
Low	0.00 – 0.44	17,844	—*	No
<u>Real Estate industry</u>				
Low	0.77	295	—	No
<u>Utilities industry</u>				
Low	0.57	62,301	132	No
High	4.46	39,925	2,950	Yes
		<u>120,365</u>	<u>3,082</u>	
2020				
<u>Government or government-linked</u>				
Low	0.00 – 0.43	12,127	—*	No
<u>Utilities industry</u>				
Low	0.26 – 0.43	48,372	125	No
High	11.3	32,800	3,695	Yes
		<u>93,299</u>	<u>3,820</u>	

* Amount less than US\$1,000.

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2021 US\$'000	2020 US\$'000
At 1 January	3,820	8,470
Net Impairment loss allowance (reversed)/recognised	(617)	205
Receivables written off	—	(4,938)
Effects of exchange rate changes	(121)	83
At 31 December	<u>3,082</u>	<u>3,820</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for other receivables

Other receivables

Other receivables comprise mainly balances due from affiliates of the Combined Group to which the Combined Group has provided short term liquidity for strategic purposes.

Most of the Combined Group's counterparties have been transacting with the respective Group entities for over 1 year, and no impairment loss has been recognised against these counterparties.

The Combined Group does not require collateral in respect of other receivables.

Exposure to credit risk

The maximum exposure to credit risk for other receivables at the reporting date by geographic region was as follows:

	Carrying amount	
	2021	2020
	US\$'000	US\$'000
Australia	102	73
Cayman Islands	1,179	—
Guernsey	—	350,000
India	8,025	7,962
Indonesia	1,724	5,456
Japan	25,616	11,227
Korea, Rep.	281	278
Malaysia	2	635
Philippines	2,311	9,829
Singapore	2,117	2,066
Taiwan	5,541	—
Thailand	285	297
	47,183	387,823

Impairment

A summary of the exposure to credit risk for other receivables is as follows:

	2021		2020	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	US\$'000	US\$'000	US\$'000	US\$'000
Australia	102	—	73	—
Cayman Islands	1,179	—	—	—
Guernsey	—	—	350,000	—
India	8,025	—	7,962	—
Indonesia	1,724	—	5,456	—
Japan	25,616	—	11,227	—
Korea, Rep.	281	—	278	—
Malaysia	2	—	635	—
Philippines	2,311	—	3,129	6,700
Singapore	2,117	—	2,066	—
Taiwan	5,541	—	—	—
Thailand	285	—	297	—
Total gross carrying amount	47,183	—	381,123	6,700
Loss allowance	(300)	—	(264)	(6,700)
	46,883	—	380,859	—

33 Financial instruments (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for other receivables (cont'd)

Other receivables (cont'd)

The Combined Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include "Low", "Medium" and "High".

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for other receivables for customers as at 31 December 2021:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2021				
<u>Government or government-linked</u>				
Low	0.00	14,834	—	No
<u>Telecommunication industry</u>				
Low	2.51	1	—	No
<u>Transportation industry</u>				
Low	2.00	12	—	No
<u>Financial industry</u>				
Low	0.64	18	—	No
<u>Real estate industry</u>				
Low	0.77	6,955	54	No
<u>Utilities industry</u>				
Low	0.44	25,363	246	No
		<u>47,183</u>	<u>300</u>	

The following table provides information about the exposure to credit risk and ECLs for other receivables for customers as at 31 December 2020:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2020				
<u>Government or government-linked</u>				
Low	0.00*	23,888	—*	No
<u>Insurance industry</u>				
Low	0.3	1,942	6	No
<u>Financial industry</u>				
Low	0.66	1,435	9	No
<u>Utilities industry</u>				
Low	0.00* – 0.43	350,332	221	No
High	100	6,700	6,700	Yes
<u>Real estate industry</u>				
Low	0.69 – 0.84	3,526	28	No
		<u>387,823</u>	<u>6,964</u>	

* ECL rate is insignificant and is shown as 0.00% due to rounding.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

Expected credit loss assessment for other receivables

The movement in the allowance for impairment in respect of other receivables during the year was as follows:

	2021 US\$'000	2020 US\$'000
At 1 January	6,964	1,764
Net Impairment loss recognised	67	6,539
Other receivables written off	(6,700)	(1,493)
Effects of exchange rate changes	(31)	154
At 31 December	<u>300</u>	<u>6,964</u>

Loans receivables

Loans receivables comprises mainly balances due from equity-accounted investees and other affiliates of the Combined Group to which the Combined Group has provided financing for long term strategic purposes.

Most of the Combined Group's counterparties have been transacting with the respective Combined Group Entities for over 1 year, and no impairment loss has been recognised against these counterparties.

The Combined Group does not require collateral in respect of loans receivables.

Exposure to credit risk

The maximum exposure to credit risk for loans receivables at the reporting date by geographic region was as follows:

	Carrying amount 2021 US\$'000	2020 US\$'000
Cayman Islands	3,430	6,860
India	564	696
Indonesia	6	14
Singapore	7,565	7,730
Thailand	8,078	8,751
Philippines	5,120	37,163
	<u>24,763</u>	<u>61,214</u>

Expected credit loss assessment for loans receivables

The Combined Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Credit risk (cont'd)

Loans receivables (cont'd)

Expected credit loss assessment for loans receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for other receivables as at 31 December 2020:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit-impaired
2021				
<u>Utilities Industry</u>				
Low	0.44	24,763	418	No
2020				
<u>Utilities Industry</u>				
Low	0.8	61,214	468	No

Movements in allowance for impairment in respect of loans receivables

The movement in the allowance for impairment in respect of loans receivables during the year was as follows:

	2021 US\$'000	2020 US\$'000
At 1 January	468	289
Net Impairment loss allowance (reversed)/recognised	(50)	179
At 31 December	418	468

Cash and cash equivalents

The Combined Group held cash and cash equivalents of US\$493.7 million at 31 December 2021 (2020: US\$340.5 million). The figure represents the maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated BB to AA- (2020: BB to AA-), based on S&P Global ratings and B3 to Aa3 (2020: Caa1 to Aa3), based on Moody Corporation ratings.

The Combined Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. Impairment on cash and cash equivalents has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Combined Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and subject to immaterial loss.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Combined Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Combined Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Combined Group's reputation.

The Combined Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Combined Group's operations and to mitigate the effects of fluctuations in cash flows.

33 Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

31 December 2021

Non-derivative financial liabilities

Bank loans	(2,498,511)	(380,717)	(399,762)	(682,933)	(1,035,099)
Euro Medium Term Note	(554,828)	(15,665)	(15,665)	(523,498)	–
Lease liabilities	(456,377)	(17,694)	(19,805)	(55,591)	(363,287)
Trade and other payables*	(122,725)	(122,725)	–	–	–
	(3,632,441)	(536,801)	(435,232)	(1,262,022)	(1,398,386)

Derivative financial instruments

Interest rate swaps (net settled)
Forward exchange contracts (gross-settled):

- Outflow	(5,851)	(5,851)	–	–	–
- Inflow	5,798	5,798	–	–	–
	(27,190)	(5,361)	(4,106)	(16,995)	(728)
	(3,659,631)	(542,162)	(439,338)	(1,279,017)	(1,399,114)

* Excludes non-financial liabilities

33 Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

31 December 2020

Non-derivative financial liabilities

Bank loans					
Euro Medium Term Note	(1,907,965)	(143,030)	(130,850)	(712,428)	(921,657)
Lease liabilities	(367,680)	(10,182)	(10,182)	(347,316)	–
Trade and other payables*	(389,199)	(13,737)	(17,189)	(50,395)	(307,878)
Bank overdraft	(102,912)	(102,912)	–	–	–
	(14,740)	(14,740)	–	–	–
	(2,782,496)	(284,601)	(158,221)	(1,110,139)	(1,229,535)

Derivative financial instruments

Interest rate swaps (net settled)

Forward exchange contracts (gross-settled):

- Outflow

- Inflow

Cross currency swaps (gross-settled):

- Outflow

- Inflow

	(36,288)	(5,084)	(5,182)	(12,134)	(13,888)
	(127,587)	(127,587)	–	–	–
	125,353	125,353	–	–	–
	(366,491)	(4,343)	(4,343)	(357,805)	–
	367,680	10,182	10,182	347,316	–
	(37,333)	(1,479)	657	(22,623)	(13,888)
	(2,819,829)	(286,080)	(157,564)	(1,132,762)	(1,243,423)

* Excludes non-financial liabilities

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Combined Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Combined Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Combined Group entities. The Combined Group ensures that the net exposure to foreign currency risk is monitored on an ongoing basis endeavours to keep the net exposure at an acceptable level.

Exposure to currency risk

The summary quantitative data about the Combined Group's exposure to currency risk as reported to the management of the Combined Group is as follows:

	USD US\$'000	JPY US\$'000	Others US\$'000
2021			
Trade and other receivables	–	1	254
Cash and cash equivalents	13,571	124,459	749
Derivative assets	–	19,299	–
Trade and other payables	(7,339)	(2,347)	(683)
Net exposure	<u>(6,232)</u>	<u>(141,412)</u>	<u>(320)</u>
2020			
Cash and cash equivalents	4,703	7,339	3,141
Derivative liabilities	–	(11,201)	–
Loans and borrowings	–	(323,956)	–
Trade and other payables	(4,596)	(2,989)	(680)
Net exposure	<u>107</u>	<u>(330,807)</u>	<u>(2,461)</u>

Sensitivity analysis

A 5% strengthening or (weakening) of the dollar against the respective currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss US\$'000	Equity US\$'000
31 December 2021		
USD (5% strengthening)	312	312
JPY (5% strengthening)	7,071	7,071
Others (5% strengthening)	<u>16</u>	<u>16</u>
USD (5% weakening)	(312)	(312)
JPY (5% weakening)	(7,071)	(7,071)
Others (5% weakening)	<u>(16)</u>	<u>(16)</u>

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

33 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis (cont'd)

	Profit or loss US\$'000	Equity US\$'000
31 December 2020		
USD (5% strengthening)	5	5
JPY (5% strengthening)	(16,540)	(16,540)
Others (5% strengthening)	123	123
USD (5% weakening)	(5)	(5)
JPY (5% weakening)	16,540	16,540
Others (5% weakening)	(123)	(123)

Net investment hedge

A foreign currency exposure arises from the Combined Group's net investment in its Japan subsidiaries that has a JPY functional currency. The risk arises from the fluctuation in spot exchange rates between the JPY and the USD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening JPY against the USD that will result in a reduction in the carrying amount of the Combined Group's net investment in the Japan subsidiaries.

Part of the Combined Group's net investment in its Japan subsidiaries is hedged by a derivative instrument which is the JPY/USD cross currency interest rate swap, which mitigates the foreign currency risk arising from the subsidiaries' net assets. The derivative instrument is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the USD/JPY spot rate.

To assess hedge effectiveness, the Combined Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the notional amount of the cross currency interest rate swap that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

Net investment hedge (cont'd)

	2021				During the year ended 31 December 2021				
	Line item in the statement of financial position where the hedging instrument is included				Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss	Line item affected in profit or loss because of the reclassification
	Nominal amount US\$'000	Carrying amount – assets US\$'000	Carrying amount – liabilities US\$'000	Change in value used for calculating hedge ineffectiveness US\$'000	Change in value of hedging instrument recognised in OCI US\$'000	Hedge ineffectiveness recognised in profit or loss US\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss US\$'000	Line item affected in profit or loss because of the reclassification
Cross currency interest rate swap	325,000	19,299	–	(32,967)	32,967	–	Change in fair value of financial instruments at FVTPL	–	Not applicable

JPY net investment	(32,967)	32,967	Not applicable
--------------------	----------	--------	----------------

Net investment hedge (cont'd)

[illegible]

JPY net investment	23,288		
	Change in value used for calculating hedge effectiveness \$'000	Foreign currency translation reserve \$'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied \$'000
		(23,288)	Not applicable

33 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk

Interest rate risk refers to the risk faced by the Combined Group as a result of fluctuations in interest rates. The Combined Group manages some of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Combined Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Combined Group borrowed at fixed rates directly.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Combined Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to LIBOR, yen TIBOR and TAIBOR.

The Board of Directors monitors and manages the Combined Group's transition to alternative rates. The Board evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Non-derivative financial liabilities

The Combined Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included project finance debts indexed to LIBOR, yen TIBOR and TAIBOR. Except for the LIBOR indexed JPY denominated project finance debt identified in Note 20 which will be changed to TONAR from 1 January 2022, the Combined Group and all counterparties have agreed to continue the use of LIBOR for existing contracts until June 2023, but LIBOR will no longer be available for use of pricing of new contracts beyond 31 December 2021.

Exposure to interest rate risk

At the reporting date, the fixed and variable rate interest-bearing financial instruments that are subject to interest rate risk were as follows:

	Nominal amount	
	2021	2020
	US\$'000	US\$'000
Fixed rate instruments		
Financial assets	11,390	55,756
Financial liabilities	(985,232)	(1,187,425)
Cross currency swaps	325,000	325,000
Variable rate instruments		
Financial liabilities	(1,360,159)	(1,236,999)
Interest rate swaps	769,066	659,700

Fair value sensitivity analysis for fixed rate instruments

The Combined Group accounts for fixed rate derivative assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates would have increased or decreased equity by approximately US\$0.01 million (2020: US\$0.01 million) for the Combined Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

33 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
31 December 2021				
Variable rate instruments	(5,911)	5,911		
31 December 2020				
Variable rate instruments	(5,773)	5,773	—	—

Capital management

The Combined Group's objective in managing capital is to ensure a stable and strong capital base to maximise returns for its shareholders.

The Combined Group defines capital as including all components of share capital and units in issue. The Combined Group's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Combined Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Combined Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Combined Group.

The Combined Group is not subject to externally imposed capital requirements.

34 Fair value of financial instruments

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Combined Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Combined Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Combined Group measures instruments quoted in an active market at mid-price.

If there is no quoted price in an active market, then the Combined Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Combined Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

34 Fair value of financial instruments (cont'd)

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Combined Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. At the reporting date, the fair values of trade and other receivables, cash and cash equivalents and trade and other payables are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments

	Mandatorily at FVTPL US\$'000	Carrying amount			Fair value			
		Amortised cost US\$'000	Other financial liabilities US\$'00	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2021								
Trade and other receivables	–	164,167	–	164,167	–	–	–	164,167
Cash and cash equivalents	–	493,651	–	493,651	–	–	–	493,651
Other investments	1,851	–	–	1,851	–	–	1,851	1,851
Derivative assets	169,171	–	–	169,171	–	22,651	146,520	169,171
Loan receivables	–	24,345	–	24,345	–	24,764	–	24,764
Derivative liabilities	(21,164)	–	–	(21,164)	–	(21,164)	–	(21,164)
Loans and borrowings	–	–	(2,324,030)	(2,324,030)	–	(2,355,297)	–	(2,355,297)
Trade and other payables*	–	–	(128,502)	(128,502)	–	–	–	–
	149,858	682,163	(2,452,532)	(1,620,511)				
31 December 2020								
Trade and other receivables	–	470,338	–	470,338	–	–	–	470,338
Cash and cash equivalents	–	340,469	–	340,469	–	–	–	340,469
Other investments	2,433	–	–	2,433	–	–	2,433	2,433
Derivative assets	183,732	–	–	183,732	–	1,350	182,382	183,732
Loan receivables	–	60,746	–	60,746	–	61,214	–	61,214
Derivative liabilities	(48,822)	–	–	(48,822)	–	(48,822)	–	(48,822)
Loans and borrowings	–	–	(2,102,347)	(2,102,347)	–	(2,128,276)	–	(2,128,276)
Trade and other payables*	–	–	(100,830)	(100,830)	–	–	–	–
	137,343	871,553	(2,203,177)	(1,194,281)				

* Excludes non-financial assets and liabilities

34 Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Other investments: Equity investments – at FVTPL	<i>Discounted cash flows:</i> The valuation model considers the present value of expected cash flows from the projects, discounted using a risk-adjusted discount rate.	Discount rate	The estimated fair value would increase (decrease) if the discount rates was lower (higher).
Other investments: Debt investments – at FVTPL	<i>Market comparison:</i> The fair value is estimated considering current or recent quoted prices for identical securities in markets that are not active.	Not applicable.	Not applicable.
Electricity derivative	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the expectation of spot rates for the duration of the contract.	Electricity spot rates Discount rate	The estimated fair value would increase (decrease) if: • The electricity spot rate was lower (higher); • The discount rate was lower (higher).
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward rates at the reporting date and present value calculations based on yield curves in respective currencies.	Not applicable.	Not applicable.

34 Fair value of financial instruments (cont'd)

Financial instruments measured at fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.	Not applicable.	Not applicable.
Cross currency swaps	Swap models: Cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates of the respective currencies, matching maturities of the swaps.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique
Loans and borrowings / Loans receivables	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

34 Fair value of financial instruments (cont'd)

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	2021		2020	
	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000
At 1 January	2,433	182,382	3,262	117,992
Total unrealised gains/(losses) recognised in profit or loss	(451)	(27,105)	(829)	48,101
Foreign currency translation recognised in OCI	(131)	(8,757)	–	16,289
At 31 December	1,851	146,520	2,433	182,382

Sensitivity analysis

For the fair values of contingent consideration and equity securities available for sale, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Electricity derivative

For the fair values of electricity derivative, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Group (Profit or Loss)	
	Increase US\$'000	Decrease US\$'000
31 December 2021		
Spot rate (0.1% movement)	(147)	147
Discount rate (0.1% movement)	(280)	280
31 December 2020		
Spot rate (0.1% movement)	109	(109)
Discount rate (0.1% movement)	2,020	(2,020)

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

35 Commitments

Construction agreements

The commitments for acquisition of property, plant and equipment as at 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
	Balance	Balance
	US\$'000	US\$'000
<u>Type of contracts</u>		
Supply Contract	89,431	814,582
Supply & Service Contract	77	17,770
Construction of power plant	623,237	18,670
Service of land conversion	–	345
Total	712,745	851,367

Acquisitions

On April 2020, the Combined Group entered into a share purchase agreement to acquire 100% of Yokji. As part of the purchase consideration, the Combined Group has committed to contingent payments upon achieving of the project milestones.

In May 2021, the Combined Group made the contingent payment amounting to KRW2,200 million upon the execution of the grid connection agreement, and is recognised as part of the Combined Group's project-related agreements and licenses in note 6 Intangible assets.

The Combined Group commits to pay the remaining contingent payment, amounting to KRW5,000 million, upon the submission of final and effective notice of the commencement of construction work to the competent Governmental Authority in relation to the project.

36 Related parties

During the year, other than those disclosed elsewhere in the combined financial statements, there were no other significant transactions with related parties.

37 Acquisition of subsidiary

Asset acquisition

In July 2021, in line with the Combined Group's strategy growth objective, the Combined Group entered into a Share and Purchase Agreement to acquire 100% interest in Chunji Energy Co., Ltd., a wind renewable energy development company for a total consideration of KRW 1 billion (US\$ 839,000). The assets in Chunji Energy Co., Ltd largely consists of other receivables without any substantive process.

The acquisition of Chunji Energy Co., Ltd has been assessed and accounted for as acquisition of assets in the financial statements by the Combined Group as it does not meet the definition of a business.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
Zenith Japan Holdings Trust and its subsidiaries
Combined Financial Statements
Year ended 31 December 2021

37 Acquisition of subsidiary (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Group	US\$'000
Cash consideration	839
Total cash consideration	839
Trade and other receivables	709
Loans and borrowings	(2,834)
Intangible assets – Project-related agreements & licenses	2,964
Total identifiable net assets	839
Cash consideration paid	839
Less: Cash in acquired company	–
Total net cash outflow	839

38 Contingencies

A subsidiary is involved in a tax dispute which arose in the ordinary course of business. An Assessing Officer ("AO") in the Indian tax office has made the following adjustments to the tax returns of the subsidiary:

- Disallowed interest differential between 9.5%/11% and 15%/10.9% for NCD/RDB, respectively; and
- Disallowed certain Capex/Opex based expenditure.

The subsidiary has filed an appeal with the higher authorities against the claim made by AO and the outcome is still pending as at 31 December 2021. Based on external tax and legal advice, management believes that the outcome will not have a material adverse effect on the financial position of the Combined Group.

39 Subsequent events

Acquisitions

On 17 January 2022, Vena Energy Holdings and its subsidiaries entered into a sale and purchase agreement to acquire 100% of Taeon Wind Power Co., Ltd. ("Taeon") in stages. The total purchase consideration ranges from KRW50 billion to KRW140 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC construction contract that have yet to be finalised. On 15 March 2022, Vena Energy (Taiwan) Holdings and its subsidiaries acquired 45% of Taeon for KRW4.3 billion (US\$3.6 million).



Vena Energy Holdings Ltd and its subsidiaries

Annual Report
Year ended 31 December 2021

Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS88 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the Group, and the statements of comprehensive income, changes in equity and cash flows for the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and the consolidated financial performance, changes in equity and cash flows of the Group, and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the International Financial Reporting Standards ('IFRS'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these consolidated financial statements for issue.

On behalf of the Board of Directors



Director

Mike O'Sullivan
13 May 2022



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Board of Directors
Vena Energy Holdings Ltd

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Vena Energy Holdings Ltd (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the Group and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS88.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at 31 December 2021, and of the Group's consolidated financial performance, changes in equity and cash flows, and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the non-statutory financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the non-statutory financial statements, which describes the basis of preparation. Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the non-statutory financial statements used by the Board of Directors to discharge its fiduciary duties. Our report will be made available by you to the existing bondholders and the potential bond investors for their information only. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.

*Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the non-statutory financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the non-statutory financial statements

Management is responsible for the preparation and fair presentation of these non-statutory financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Vena Energy Holdings Ltd and its subsidiaries
Independent auditors' report
Year ended 31 December 2021

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written over the printed text 'KPMG LLP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 May 2022

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

Year ended 31 December 2021

Statements of financial position
As at 31 December 2021

		Group	Company		
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Assets					
Property, plant and equipment	4	893,285	832,765	—	—
Right-of-use assets	5	47,712	34,834	—	—
Intangible assets	6	1,027,253	1,089,835	—	—
Investment in subsidiaries	7	—	—	1,894,437	1,857,956
Equity-accounted investees	8	367,488	383,796	—	—
Other investments	9	23,548	26,340	—	—
Deferred tax assets	10	6,279	8,508	—	—
Loans receivables	11	387,160	419,908	123,238	213,098
Derivative assets	12	162,640	176,353	—	—
Trade and other receivables	14	6,574	1,622	—	—
Prepayment and other assets	13	17,292	16,200	—	—
Non-current assets		2,939,231	2,990,161	2,017,675	2,071,054
Loans receivables	11	16,264	23,167	1,001	2,224
Trade and other receivables	14	183,139	157,336	1,869	2,287
Prepayment and other assets	13	8,774	7,817	—	5
Derivative assets	12	6,531	7,379	875	1,350
Cash and cash equivalents	15	220,934	208,841	93,168	75,603
Current assets		435,642	404,540	96,913	81,469
Total assets		3,374,873	3,394,701	2,114,588	2,152,523
Equity					
Equity contribution	10	1,706,719	1,066,739	1,700,709	1,006,730
Accumulated profits	11	51,184	68,116	37,983	6,348
Reserves	12	5,080	67,000	50,000	50,000
Equity attributable to owner of the Company		1,762,983	1,141,855	1,800,000	1,022,078
Non-controlling interests	34	78,289	61,020	—	—
Total equity		1,841,272	1,202,875	1,800,000	1,022,078
Liabilities					
Loans and borrowings	18	1,194,114	1,357,236	300,107	602,075
Employee benefits	19	784	616	—	—
Derivative liabilities	12	11,787	22,342	—	—
Lease Liabilities	10	36,106	24,462	—	—
Asset retirement obligation	16	1,407	5,062	—	—
Trade and other payables	20	1,000	1,328	—	—
Deferred tax liabilities	10	12,772	17,185	—	—
Non-current liabilities		1,360,525	1,450,050	300,107	602,075
Loans and borrowings	18	174,790	73,362	1,800	18,000
Derivative liabilities	12	2,707	8,887	63	3,785
Lease Liabilities	10	5,754	3,002	—	—
Trade and other payables	20	13,605	73,382	1,194	6,880
Current tax liabilities		1,286	480	—	—
Current liabilities		254,124	159,164	3,015	28,301
Total liabilities		1,614,649	1,610,154	303,122	630,345
Total equity and liabilities		3,374,873	3,394,701	2,114,588	2,152,523

The accompanying notes form an integral part of these financial statements.

Statements of profit or loss and other comprehensive income
Year ended 31 December 2021

		Group		Company	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Dividend income		—	—	15,344	26,099
Sale of energy		186,225	177,923	—	—
Service concession income		—	303	—	—
Fee income		74,763	51,163	—	—
Total revenue	21	260,988	229,389	15,344	26,099
Other income	22	6,774	5,374	—	—
Cost of service concession income		—	(303)	—	—
Operating costs	23	(35,746)	(33,027)	—	—
Shared services costs	24	(80,866)	(60,211)	(283)	(383)
Development costs	25	(1,517)	(1,582)	—	—
Depreciation expense	4,5	(42,095)	(39,423)	—	—
Amortisation expense	6	(28,306)	(28,188)	—	—
Results from operating activities		79,232	72,029	15,061	25,716
Finance income	26	19,669	18,414	1,915	2,186
Finance costs	26	(83,625)	(78,240)	(8,489)	(7,498)
Change in fair value of financial instruments at FVTPL	27	9,283	25,960	610	(2,307)
Foreign exchange (loss)/profit		(26,791)	10,425	23,488	(12,865)
Net finance (costs)/income		(81,464)	(23,441)	17,524	(20,484)
Loss on disposal of property, plant and equipment		(104)	—	—	—
Write off of property, plant and equipment	4	—	(169)	—	—
Impairment loss on property, plant and equipment	4	—	(593)	—	—
Net Impairment loss reversed/(recognised) on financial assets	30	930	(6,031)	—	2,210
Write-off of project costs previously capitalised		(2,794)	—	—	—
Loss on investments		(5)	(1,280)	—	—
Share of net profit of equity-accounted investees, net of tax	8	5,195	17,207	—	—
Profit before tax	28	990	57,722	32,585	7,442
Tax expense	29	(4,649)	(2,287)	—	—
(Loss)/Profit for the year		(3,659)	55,435	32,585	7,442

The accompanying notes form an integral part of these financial statements.

Statements of profit or loss and other comprehensive income (cont'd)
Year ended 31 December 2021

	Note	Group 2021 US\$'000	Group 2020 US\$'000	Company 2021 US\$'000	Company 2020 US\$'000
(Loss)/Profit attributable to:					
Owner of the Company		(12,584)	46,375		
Non-controlling interests	34	8,925	9,060		
		<u>(3,659)</u>	<u>55,435</u>		
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plan		16	(123)	-	-
Related tax	29	-	14	-	-
		<u>16</u>	<u>(109)</u>		
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(50,361)	34,560	-	-
Equity-accounted investees – share of OCI	8	(10,673)	18,719	-	-
Foreign currency translation differences on disposal of equity-accounted investee reclassified to profit or loss		-	27	-	-
		<u>(67,018)</u>	<u>53,306</u>		
Other comprehensive (loss)/income for the year		<u>(67,018)</u>	<u>53,306</u>		
Total comprehensive (loss)/income for the year		<u>(70,637)</u>	<u>108,837</u>	<u>33,845</u>	<u>7,443</u>
Total comprehensive (loss)/income attributable to:					
Owner of the Company		(74,522)	99,113		
Non-controlling interests	34	3,885	9,622		
		<u>(70,637)</u>	<u>108,837</u>		

* Amount less than US\$1,000

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2021

Group	Note	Attributable to owner of the Company					Non- controlling interests US\$'000	Total equity US\$'000
		Equity contribution US\$'000	Accumulated profits US\$'000	Translation reserve US\$'000	Other reserves US\$'000	Total US\$'000		
At 1 January 2021		1,566,719	63,718	17,077	49,973	1,697,487	81,020	1,778,507
Total comprehensive income for the year			(12,584)			(12,584)	8,925	(3,659)
Other comprehensive income								
Foreign currency translation differences				(51,311)		(51,311)	(5,050)	(56,361)
Equity-accounted investees' share of OCI				(10,673)		(10,673)		(10,673)
Defined benefit plan remeasurements					16	16		16
Total comprehensive income for the year	8		(12,584)	(61,984)	16	(74,552)	3,875	(70,677)
Transactions with owner, recognised directly in equity								
Contributions by and distributions to owner								
Issue of share capital	16	150,000				150,000		150,000
Dividends paid to non-controlling interests	34						(6,606)	(6,606)
Total contributions by and distributions to owner								
At 31 December 2021								

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2021

Group	Note	Attributable to owner of the Company					Non- controlling interests US\$'000	Total equity US\$'000
		Equity contribution US\$'000	Accumulated profits US\$'000	Translation reserve US\$'000	Other reserves US\$'000	Total US\$'000		
At 1 January 2020		1,690,245	17,343	(35,772)	65,756	1,737,572	79,620	1,817,192
Total comprehensive income for the year								
Profit for the year			46,375			46,375	9,060	55,435
Other comprehensive income								
Foreign currency translation differences								
Equity-accounted investees' share of OCI	8			34,107 18,715		34,107 18,715	462	34,569 18,715
Foreign currency translation differences on disposal of equity-accounted investees reclassified to profit or loss				27	(123)	27 (123)		27 (123)
Defined benefit plan remeasurements					14	14		14
Tax on other comprehensive income	29				(109)		9,522	108,637
Total comprehensive income for the year			46,375	52,849		99,115		
Transactions with owner, recognised directly in equity								
Contributions by and distributions to owner								
Issue of share capital	16	15,674				15,674		15,674
Conversion of advance from immediate holding company	16				(15,674)	(15,674)		(15,674)
Repurchase of shares	16	(139,200)				(139,200)		(139,200)
Dividends paid to non-controlling interests	34						(8,122)	(8,122)
Total contributions by and distributions to owner								
At 31 December 2020								

The accompanying notes form an integral part of these financial statements.

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

Year ended 31 December 2021

Statement of changes in equity
Year ended 31 December 2021

	Note	Equity contribution US\$'000	Other reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
Company					
At 1 January 2021		1,566,719	50,000	5,358	1,622,077
Total comprehensive income for the year					
Profit for the year		—	—	32,585	32,585
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owner					
Issue of share capital	16	150,000	—	—	150,000
Total contributions by and distributions to owner/Total transactions with owner		150,000	—	—	150,000
At 31 December 2021		1,716,719	50,000	37,943	1,804,662
At 1 January 2020		1,600,245	45,874	(2,000)	1,753,819
Total comprehensive income for the year					
Profit for the year		—	—	7,442	7,442
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owner					
Issue of share capital	16	15,874	—	—	15,874
Conversion of advance from immediate holding company	16	—	(15,874)	—	(15,874)
Repurchase of shares	16	(15,874)	—	—	(15,874)
Total contributions by and distributions to owner/Total transactions with owner		—	—	—	—
At 31 December 2020		1,600,245	45,874	(2,000)	1,753,819

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2021

Group	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit before tax		990	57,722
Adjustments for:			
Depreciation expense	4, 5	42,095	39,423
Amortisation expense	6	28,306	28,188
Finance income	26	(19,669)	(18,414)
Finance costs	26	83,625	78,240
Unrealised change in fair value of financial instruments	27	(9,283)	(25,960)
Unrealised foreign exchange loss		13,724	1,582
Impairment loss on property, plant and equipment	4	—	593
Write off of property, plant and equipment	4	—	169
Loss on disposal of property, plant and equipment		104	—
Impairment losses recognised/(reversed) on financial assets	30	(930)	6,031
Write-off of project costs previously capitalised		2,794	—
Impairment loss on asset disposal		—	435
Share of net profit of equity-accounted investees, net of tax	8	(5,195)	(17,207)
		136,561	150,802
Changes in:			
- Trade and other receivables		(37,602)	(23,845)
- Prepayments and other assets		(3,902)	(4,981)
- Trade and other payables		2,034	(13,260)
- Provisions and employee benefits		—	601
Cash generated from operating activities		97,091	109,317
Tax paid		(5,005)	(5,451)
Net cash from operating activities		92,086	103,866
Cash flows from investing activities			
Purchase of property, plant and equipment		(134,459)	(85,898)
Development expenditures under service concession arrangement	6	—	(303)
Acquisition of interest in equity-accounted investees	8	(10,262)	(793)
Proceeds from disposal of interest in equity-accounted investee		—	300
Proceeds from disposal of property, plant and equipment		5	—
Additions of project-related agreements and licences	6	(1,952)	(569)
Purchases of equity investments		(5,393)	(3,477)
Disposal of debt instruments		—	1,800
Settlement of derivatives		(2,580)	134
Disbursement of loan to related parties		(400,650)	(552,010)
Proceeds from repayment of loan receivables from related parties		371,224	700,626
Proceeds from repayment of loan receivables from equity-accounted investees		31,986	6,532
Proceeds from transaction related to loan receivables from related parties		1,134	1,864
Distributions from equity-accounted investees	8	21,092	19,867
Acquisition of subsidiary, net of cash acquired	35	(839)	—
Interest received		8,289	7,769
Net cash (used in)/from investing activities		(122,405)	95,842

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2021

Group	Note	2021 US\$'000	2020 US\$'000
Cash flows from financing activities			
Repurchase of ordinary shares	16	—	(139,200)
Proceeds from issuance of shares	16	150,000	—
Proceeds from drawdown of loans and borrowings			
- Revolving credit facility		425,000	509,892
- Project finance debt		108,688	168,815
- Working capital loans		1,346	14,740
- Intercompany loans		174,570	—
Proceeds from issuance of Euro Medium Term Note		178,638	325,000
Repayment of loans and borrowings			
- Revolving credit facility		(719,070)	(484,908)
- Corporate term loan		(7,510)	(336,056)
- Project finance debt		(61,192)	(149,986)
- Working capital loans		(1,125)	—
- Intercompany loans		(116,889)	—
Payment of transaction costs related to loans and borrowings			
- Revolving credit facility		(2,759)	—
- Project finance debt		(5,214)	(4,867)
Payment of transaction costs related to Euro Medium Term Note		(1,914)	(3,938)
Payment of lease liabilities		(6,324)	(5,724)
Interest paid on			
- Revolving credit facility		(1,248)	—
- Corporate term loan		(1,594)	(3,934)
- Project finance debt		(54,011)	(52,473)
- Working capital loans		(160)	—
- Euro Medium Term Note		(10,797)	(5,091)
Net interest received for derivatives		5,763	2,969
Dividends paid to non-controlling interests	34	(6,606)	(8,122)
Deposits unpledged/(pledged)	15	9,924	(36,455)
Net cash from/(used in) financing activities		57,516	(209,338)
Increase/(Decrease) in cash and cash equivalents		27,197	(9,630)
Cash and cash equivalents at 1 January		146,705	154,029
Effect of exchange rate fluctuations on cash held		(5,176)	2,306
Cash and cash equivalents at 31 December	15	168,726	146,705

Significant non-cash transactions

On 20 April 2020, the amount of US\$15,674,240 in capital reserves had been converted into 15,674,240 shares at a par value of US\$0.01 each and a share premium of US\$15,517,497.

On 21 May 2021, the corporate term loan amounting to US\$128,404,355 was deemed repaid and converted to revolving credit facilities of the same amount.

The repayment of the Company's intragroup loan due from related party, Vena Energy (Taiwan) Holdings Ltd ("VETHL"), amounting to US\$ nil (2020: US\$29,226,413) was made by the Company's direct subsidiary, Vena Energy Capital Pte Ltd, and off set via an intragroup loan to VETHL of an equivalent amount.

The accompanying notes form an integral part of these financial statements.

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

Year ended 31 December 2021

Statement of cash flows
Year ended 31 December 2021

Company	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit before tax		32,585	7,442
Adjustments for:			
Dividend income		(15,344)	(26,099)
Finance income	26	(1,915)	(2,186)
Finance costs	26	8,489	7,498
Unrealised change in fair value of financial derivatives		(610)	2,307
Impairment losses on trade and other receivables	30	—	(2,210)
Unrealised foreign exchange (gain)/loss		(22,811)	14,271
		394	1,023
Changes in:			
- Trade and other receivables		419	(114)
- Prepayment and other assets		5	—
- Trade and other payables		(214)	(378)
Net cash from operating activities		604	531
Cash flows from investing activities			
Capital injection on subsidiary		(102,460)	(78,273)
Distribution from subsidiary:			
- Dividend received		15,344	26,099
- Return of capital		65,979	65,088
Disbursement of loan to related parties		(296,138)	(424,144)
Proceeds from repayment of loan receivables from related parties		371,224	729,852
Settlement of derivatives		(2,580)	(130)
Interest received		3,034	32
Net cash from investing activities		54,403	318,524
Cash flows from financing activities			
Repurchase of ordinary shares		—	(139,200)
Proceeds from share issuance		150,000	—
Proceeds from drawdown of loan and borrowings:			
- Revolving credit facility		425,000	507,833
- Intercompany loan		261,780	186,321
Repayment of loan and borrowings:			
- Revolving credit facility		(719,070)	(484,908)
- Term loan		(7,510)	(336,056)
- Intercompany loans		(137,007)	—
Payment of transaction costs related to loans and borrowings		(5,004)	(2,787)
Interest paid on:			
- Revolving credit facility		(1,248)	—
- Term loan		(1,594)	(3,934)
- Intercompany loans		(2,794)	(1,220)
Net cash used in financing activities		(37,447)	(273,951)
Net increase in cash and cash equivalents		17,560	45,104
Cash and cash equivalents at 1 January		75,603	23,318
Effect of exchange rate fluctuations on cash held		5	7,181
Cash and cash equivalents at 31 December	15	93,168	75,603

Significant non-cash transactions

In 2020, the Company extinguished part of amount due to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$61 million by reducing share premium contribution.

In 2020, the amount of US\$15,674,240 in capital reserves was converted into 15,674,240 shares at a par value of US\$0.01 each and share premium of US\$15,517,497.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 May 2022.

1 Domicile and activities

Vena Energy Holdings Ltd (the 'Company') is incorporated in the Cayman Islands and has its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activity of the Group is that of developer, owner and operator of renewable energy assets in Asia Pacific.

The immediate holding company and ultimate controlling company of the Group as at 31 December 2021 are GIP Zenith Ltd and Global Infrastructure Investors III, LLC respectively, of which the former is incorporated in the Cayman Islands and the latter is incorporated in Delaware, U.S.A.

1.1 Purpose of financial statements

The financial statements were drawn up for the Board of Directors to discharge its fiduciary duties.

2 Basis of preparation**2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The changes in significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars ('US\$') which is the Company's functional currency and rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 6 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts;

Note 30 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

Note 31 – valuation of financial instruments held at fair value through profit or loss.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 31 Fair value of financial instruments.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

2 Basis of preparation (cont'd)**2.5 Changes in accounting policies (cont'd)****Specific policies applicable from 1 January 2021 for interest rate benchmark reform**

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

See Note 30 for related disclosures about risks and financial liabilities indexed to inter-bank lending rates (IBOR).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation*(i) Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Combined Group. In applying the acquisition method, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the substantive process significantly contributes to the ability to create outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognized amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises goodwill on a provisional basis if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. During the measurement period, such provisional amounts are retrospectively adjusted from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests (the 'NCI') in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) *Interest in associates (equity accounted investees)*

The Group accounts for indirectly held interests in subsidiaries through equity accounted investees by including such interests in the parent's share when determining the percentage of interest attributable to NCI.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ('OCI') of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) *Subsidiaries and associates in the separate financial statements*

Investment in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US\$ at monthly average exchange rate. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing items and restoring the site on which they are located; and
- capitalised borrowing costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of property, plant and equipment are as follows:

Building and leasehold improvements	5-40 years
Electric generator equipment	4-30 years
Vehicles	4-8 years
Computers, fittings and fixture and office equipment	3-10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

No depreciation is provided for plants under construction.

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill acquired in business combinations is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing.

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

- licences, permits and approvals to develop and operate an energy project, including governmental authorisations; land rights and environmental consents;
- connection rights; and
- power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment expenses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which are based on the useful life of the related wind or solar assets.

(iii) Service concession intangible assets

Service concession intangible assets represent intangible asset arising from a service concession arrangement when it has a right to charge the grantor for the provision of electricity.

Service concession intangible assets with finite useful lives are measured at cost less accumulated amortisation and impairment losses. These are amortised in the profit or loss on a straight-line basis over their estimated useful lives of 20 to 30 years, from the date on which assets are available for use.

3 Significant accounting policies (cont'd)

3.4 Intangible assets and goodwill (cont'd)

(iv) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Power purchase agreements 10-30 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non- derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debit investments at FVOCI

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non- derivative financial assets (cont'd)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cashflows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cashflows from specified assets (e.g. non-recourse features).

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non- derivative financial assets (cont'd)

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gain and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Condensed Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3.7 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium represents the excess amounts over the par value of each ordinary share issued and are classified as "equity contribution".

Share repurchase

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as ordinary shares and are presented under "equity contribution". When repurchased shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within "equity contribution".

3 Significant accounting policies (cont'd)**3.8 Impairment****(a) Non-derivative financial assets**

The Group recognises loss allowances for expected credit losses ('ECLs') on:

- financial assets measured at amortised costs; and
- contract assets (as defined in IFRS 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers the counterparty to be in default if the counterparty is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(a) Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3 Significant accounting policies (cont'd)**3.8 Impairment (cont'd)****(b) Non-financial assets (cont'd)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Asset retirement obligation

Provisions for environmental restoration and restructuring are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions are comprised of lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.10 Revenue**Sale of electricity**

Revenue from sale of electricity in the ordinary course of business is recognised in profit or loss when the Group satisfies a performance obligation ('PO') by transferring control of the electricity generated to the customer. The amount of revenue recognition is the amount of the transaction price allocated to the satisfied PO.

The transaction price is determined based on the applicable tariff rates. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised service. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

An element of significant financing component is deemed present for the Group's sale of electricity for contracts whereby the period between the satisfaction of PO and when the customer pays the transaction price exceeds one year. For these contracts, the Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at the contract inception, such that it reflects the credit characteristics of the party receiving the benefit of financing in the contract.

3 Significant accounting policies (cont'd)

3.10 Revenue (cont'd)

Service concession arrangements

Revenue related to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established. For unquoted equity securities, dividend income is recognised when the shareholders have approved the payment of a dividend.

3.11 Government grants

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

3.12 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

3 Significant accounting policies (cont'd)

3.12 Employee benefits (cont'd)

(iii) Defined benefit plans (cont'd)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Remeasurement are recognised in profit or loss in the period in which they arise.

3.13 Operating costs

Operating costs include expenditure that are incurred by the Group's renewable energy assets after these assets becomes operationally ready, as determined by management.

3.14 Shared services costs

Shared services costs include expenditure that are incurred by the Group's service entities in providing shared services and asset management services to renewable energy assets of the Group's affiliates.

3.15 Development costs

Development costs include expenditure that are incurred by the Group's renewable energy assets before these assets becomes operationally ready, as determined by management.

3.16 Finance income and finance costs

Finance income is comprised of interest income. Finance costs are comprised of interest expense on borrowings and other finance costs.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3 Significant accounting policies (cont'd)

3.16 Finance income and finance costs (cont'd)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals for existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.18 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessee (cont'd)

Sale and leaseback transactions as a seller-lessee

A sale and leaseback transaction is one where the Group sells an asset and immediately leases that asset back from the buyer.

For sale and leaseback transactions, the Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has transferred to the buyer.

Where the transfer is accounted for as a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Any gain or loss arising relates to the rights transferred to the buyer. If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the lease payments are not at market rates, the Group measures the sale proceeds at fair value by adjusting any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by buyer-lessor to the seller-lessee.

Where the transfer is not accounted for as a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The financial liability is accounted for as a financial liability at amortised cost.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Sale and leaseback transactions as a buyer-lessor

A sale and leaseback transaction is one where the Group buys an asset and immediately leases that asset back to the seller.

For sale and leaseback transactions, the Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has been acquired by the Group.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessor (cont'd)

Sale and leaseback transactions as a buyer-lessor (cont'd)

Where the transfer is accounted for as a sale, the Group recognises the underlying asset at the fair value and determines at lease inception whether each lease is a finance lease or an operating lease. If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the lease payments are not at market rates, the Group recognises the underlying asset at fair value by adjusting any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by buyer-lessor to the seller-lessee.

Where the transfer is not accounted for as a sale, the Group does not recognise the underlying asset and recognises a financial asset under IFRS 9 for the amount transferred to the seller. The financial asset is accounted for as a financial asset at amortised cost.

3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Annual Improvements to IFRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

Vena Energy Holdings Ltd and its subsidiaries
Financial statements
Year ended 31 December 2021

4 Property, plant and equipment

Group	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computers, fittings and fixture and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost							
At 1 January 2020	21,308	20,149	772,403	296	3,945	11,836	829,937
Additions	23,359	1,772	8,358	82	1,228	58,555	93,354
Disposals/write-offs	(82)	—	(141)	—	(22)	—	(245)
Reclassification	—	—	32,697	—	—	(32,697)	—
Effect of exchange rate changes	—	—	—	—	—	—	—
At 31 December 2020	45,602	22,603	810,065	302	5,275	39,489	923,516
At 1 January 2021	45,602	22,603	810,065	302	5,275	39,489	923,516
Additions	5,290	503	220	15	504	137,700	154,465
Disposals/write-offs	—	—	(250)	—	(23)	—	(273)
Reclassification	—	—	—	—	—	(52,000)	(52,000)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	—	—
At 31 December 2021	50,892	23,106	810,065	317	5,275	116,002	1,005,719

4 Property, plant and equipment (cont'd)

Group	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computers, fittings and fixture and equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Accumulated depreciation							
At 1 January 2020	-	2,144	53,668	88	1,793	-	57,693
Depreciation charge for the year	-	975	31,047	66	1,070	-	33,158
Impairment loss	-	-	593	-	-	-	593
Disposals/write-offs	-	-	(64)	-	(171)	-	(100)
Effect of exchange rate changes	-	188	(379)	-	60	-	(131)
At 31 December 2020	-	3,307	84,382	163	2,933	-	90,785
At 1 January 2021							
Depreciation charge for the year	-	1,507	84,305	160	1,157	-	87,129
Disposals/write-offs	-	(1,502)	9,617	54	(102)	-	15,686
Effect of exchange rate changes	-	(616)	(9,083)	(86)	(293)	-	(10,078)
At 31 December 2021	-	4,299	105,315	191	3,797	-	113,602
Carrying amounts							
At 1 January 2020	20,869	16,005	7,181,735	303	2,157	11,836	7,222,944
At 31 December 2020	15,602	19,386	7,251,701	229	2,360	39,465	7,428,743
At 31 December 2021	10,001	16,637	7,091,773	183	1,811	115,082	7,235,387

4 Property, plant and equipment (cont'd)

During the financial year, the Group entered into sale and leaseback transactions with related parties, in respect of several freehold land parcels in Japan to transfer ownership and associated obligations relating to the land parcels to its subsidiary. The freehold land parcels were bought at fair value and leased back over 20 to 35 years at market rentals. The total consideration for the sale of the land parcels amounted to US\$3,411,000 (2020: US\$16,821,000).

As at reporting date, property, plant and equipment of the Group with carrying amounts of US\$825 million (2020: US\$760 million) were pledged as collateral to secure project finance debts.

At 31 December 2020, the Group recognised an impairment loss of US\$593,000 with respect to electric generator equipment. These relates to solar panels which were damaged during a flood in Thailand and these solar panels were impaired to reflect its recoverable amount based on an external vendor quotation.

5 Right-of-use assets

	Land and buildings \$'000	Office lease \$'000	Others \$'000	Total \$'000
Group				
Cost				
At 1 January 2020	22,213	8,077	765	31,055
Additions	60	711	865	12,656
Lease modification	-	(3,200)	(81)	(3,281)
Effect of exchange rate changes	240	967	263	1,470
At 31 December 2020	22,513	7,555	1,806	31,874
At 1 January 2021	22,513	7,555	1,806	31,874
Additions	11,081	4,000	2,626	17,707
Effect of exchange rate changes	(2,113)	(2,045)	(1,225)	(5,383)
At 31 December 2021	31,481	20,410	3,007	54,898
Accumulated depreciation				
At 1 January 2020	145	2,761	235	3,141
Depreciation expense	915	3,602	745	5,262
Lease modification	-	(3,351)	(185)	(3,536)
Effect of exchange rate changes	73	645	145	863
At 31 December 2020	1,123	3,155	1,122	5,399
At 1 January 2021	1,123	3,155	1,122	5,399
Depreciation expense	925	4,375	907	6,207
Capitalisation of depreciation of right-of-use assets into property plant and equipment	285	-	-	285
Effect of exchange rate changes	(310)	(1,011)	(160)	(1,481)
At 31 December 2021	1,993	6,519	1,862	10,374
Carrying amounts				
At 1 January 2020	21,910	5,316	530	27,756
At 31 December 2020	21,390	4,400	684	26,474
At 31 December 2021	29,488	13,891	1,145	44,524

6 Intangible assets

Group	Goodwill US\$'000	Project-related agreements & licences US\$'000	Service concession intangible assets US\$'000	Total US\$'000
Cost				
At 1 January 2020	488,284	485,457	174,368	1,148,109
Additions	—	569	303	872
Effect of exchange rate changes	17,868	(3,432)	—	14,436
At 31 December 2020	506,152	482,594	174,671	1,163,417
Additions	—	4,916	—	4,916
Effect of exchange rate changes	(15,379)	(25,757)	(992)	(41,128)
At 31 December 2021	490,773	460,753	173,679	1,125,175
Accumulated amortisation and impairment losses				
At 1 January 2020	—	400,661	9,815	410,476
Amortisation expense	—	21,428	7,060	28,488
Effect of exchange rate changes	—	18	—	18
At 31 December 2020	—	621,107	16,875	637,982
Amortisation expense	—	21,068	6,030	27,103
Effect of exchange rate changes	—	(5,637)	(251)	(5,888)
At 31 December 2021	—	77,538	16,654	94,192
Carrying amounts				
At 1 January 2020	730,284	84,796	164,553	979,633
At 31 December 2020	506,152	420,757	157,796	1,084,705
At 31 December 2021	490,773	387,155	157,025	1,034,953

Amortisation of project related agreements and licences and service concession intangible assets will begin on the commercial operation date of the renewable asset as defined in the respective power purchase agreements.

As at reporting date, all service concession intangible assets of the Group were pledged as collateral to secure project finance debts.

7 Investment in subsidiaries (cont'd)

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	Sector	Project Name/ Activities	Status	Principal place of business	Effective interest 2021 %	2020 %
Tailem Bend Solar Operating Trust	Solar	Tailem Bend	Operating	Australia	100	100
Vena Energy Shivalik Wind Power Private Limited	Wind	Amreli	Operating	India	100	100
Vena Energy MH Wind Power Private Limited	Wind	Jath	Operating	India	100	100
Vena Energy JMD Power Private Limited	Wind	JMD	Operating	India	100	100
Vena Energy Fatanpur Power Private Limited	Wind	FTP	Operating	India	100	100
Vena Energy Patan Power Private Limited	Wind	PTN	Operating	India	100	100
Vena Energy Power Resources Private Limited	Wind	TGP1/2	Operating	India	100	100
Vena Energy KN Wind Power Private Limited	Wind	MNG	Operating	India	100	100
Vena Energy Solar India Power Resources Private Limited	Solar	TS	Operating	India	100	100
Vena Energy Solar Ravi India Power Resources Private Limited	Solar	KN	Operating	India	100	100
PT Energi Bayu Jeneponto	Wind	Tolo	Operating	Indonesia	100	100
PT Infrastruktur Terbarukan Adhiguna	Solar	Lombok	Operating	Indonesia	100	100
PT Infrastruktur Terbarukan Buana	Solar	Lombok 2	Operating	Indonesia	100	100
PT. Infrastruktur Terbarukan Cemerlang	Solar	Lombok 3	Operating	Indonesia	100	100
PT Infrastruktur Terbarukan Lestari	Solar	Minut	Operating	Indonesia	100	100
ESPP Co., Ltd.	Solar	ESPP	Operating	Thailand	70	70
Infinite Alpha Capital Co., Ltd	Solar	IAC	Operating	Thailand	70	70
Chiangmai Renewable Energy Co., Ltd.	Solar	CRE	Operating	Thailand	70	70
Golden Light Solar Co., Ltd.	Solar	GLS	Operating	Thailand	70	70
Bueng Samphan Solar Co., Ltd.	Solar	BSS	Operating	Thailand	70	70
Northwest Solar Co., Ltd	Solar	NWS	Operating	Thailand	70	70
Solartech Energy Co., Ltd	Solar	STE	Operating	Thailand	70	70
Nine A Solar Co., Ltd.	Solar	NAS	Operating	Thailand	70	70

Vena Energy Holdings Ltd and its subsidiaries
Financial statements
Year ended 31 December 2021

8 Equity-accounted investees

Interests in associates

Group	2021 US\$'000	2020 US\$'000
	367,488	383,796

Interests in associates

The Group has 5 (2020: 5) material associates and 11 immaterial associates which are equity accounted. The following are the material associates:

Associate entity name	Hangin Ng Amihan Holdings, Inc. and its subsidiaries ('HANGIN')	Vena Energy Wind Phil. Holdings Inc ('VEWPHI')	Helios Solar Energy Holdings Inc. and its subsidiaries ('HSEHI')	First Soleq Holdings Philippines Inc. ('FSHPI')	One Bukidnon Project Holdings Inc. ('OBPHI')
Nature of Associate	Investment holding entity for Altermery Wind One Corp. ("Project Pililia")	Investment holding entity for Altermery Wind One Corp. ("Project Pililia")	Investment holding entity for Helios Solar Energy Corp. ("Project Pollo")	Investment holding entity for First Solar Energy Corp. ("Project Ironman")	Investment holding entity for Asian Greenenergy Corp. ("Project Zorro")
Sector	54.0 MW wind	54.0 MW wind	132.5 MW solar	30.4 MW solar	10.5 MW solar
Principal place of business/ Country of incorporation	Philippines	Philippines	Philippines	Philippines	Philippines
Direct economic interest held in associate by the Group(%)	99.84%	100%	99.65%	99.56%	99.88%
Effective economic interest held on the underlying project (%)	54.94%	39.97%	99.65%	99.56%	99.88%
Direct Voting rights held in the associate by the Group (%)	38.51%	37.29%	37.73%	31.98%	38.56%

HANGIN held 55.2% and VEWPHI held 39.8% direct voting rights in Project Pililia. Through investment in HANGIN & VEWPHI, the Group aggregate economic interest in Project Pililia (54Mw Wind) is 94.91%.

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2021	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
Statement of financial position					
Property, plant and equipment	83,285	–	131,470	29,130	11,410
Intangible assets	709	–	–	–	–
Equity-accounted investees	–	16,007	–	–	–
Other non-current receivables	2,227	61	281	3,706	125
Right-of-use assets	627	–	6,446	678	150
Prepayment and other assets	35	–	86	–	–
Non-current assets	86,883	16,068	138,283	33,514	11,685
Trade and other receivables	16,447	–	15,435	4,730	2,867
Prepayment and other assets	680	–	1,332	254	58
Cash and cash equivalents	14,412	40	9,444	731	880
Current assets	31,539	40	26,211	5,715	3,805
Total assets	118,422	16,108	164,494	39,229	15,490
Loans and borrowings	65,848	–	106,447	20,041	7,914
Employee benefits	38	–	–	–	–
Asset retirement obligation	2,625	–	893	223	84
Deferred tax liabilities	132	–	464	26	19
Non-current liabilities	68,643	–	107,804	20,290	8,017
Loans and borrowings	4,524	–	3,957	413	573
Trade and other payables	2,601	1	1,031	1,052	1,742
Current tax liabilities	–	–	240	–	–
Current liabilities	7,125	1	5,228	1,465	2,315
Total liabilities	75,768	1	113,032	21,755	10,332
Net Assets	42,654	16,107	51,462	17,474	5,158

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2021

Statement of comprehensive income

Sale of energy
Other income

Revenue

Operating costs

Shared services costs charged by a subsidiary

Depreciation expenses

Finance income

Finance costs

Foreign exchange gain/(loss)

Net finance costs

Share of profits of associate

Profit before tax

Income tax credit/(expenses)

Profit from continuing operations

Other comprehensive income

Foreign operations – foreign currency translation differences

Total comprehensive income

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
22,779	–	30,951	7,504	2,822
19	–	1,023	–	–
22,798	–	31,974	7,504	2,822
(4,778)	(2)	(5,125)	(963)	(931)
(1,082)	–	(480)	(149)	(68)
(4,600)	–	(7,389)	(1,941)	(694)
(10,460)	(2)	(12,994)	(3,053)	(1,693)
255	–	323	102	30
(4,293)	–	(8,599)	(1,059)	(542)
(2)	–	49	(741)	3
(4,040)	–	(8,227)	(1,698)	(509)
–	3,438	–	–	–
8,298	3,436	10,753	2,753	620
41	–	(441)	(26)	2
8,339	3,436	10,312	2,727	622
(952)	(401)	(2,724)	(970)	(222)
7,387	3,035	7,588	1,757	400

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2021	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
Carrying amount of interest in associates at start of the year	59,063	42,839	219,109	45,794	11,742	5,249	383,796
Group's share of amortisation of intangible asset acquired through business combinations	(2,857)	(2,060)	(8,824)	(1,542)	(325)	–	(15,608)
Group's share of profit from continuing operations	4,479	3,436	10,223	2,724	621	(680)	20,803
Effect of exchange rate changes from project-related agreements & licences	(1,678)	(1,210)	(5,695)	(928)	(209)	–	(9,720)
Group's share of other comprehensive income	(555)	(401)	1,331	(969)	(222)	(137)	(953)
Group's share of total comprehensive income	(611)	(235)	(2,965)	(715)	(135)	(817)	(5,478)
Group's contribution during the year	–	–	–	–	–	10,262	10,262
Distribution during the year	–	–	(13,966)	(6,725)	(401)	–	(21,092)
Carrying amount of interest in associates at end of the year¹	58,452	42,604	202,178	38,354	11,206	14,694	367,488

¹ Included in carrying amount of interest in associates at end of year is project related agreements and licences amounting to US\$212,175,979.

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2020	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
Statement of financial position					
Property, plant and equipment	92,826	–	151,006	33,011	12,603
Intangible assets	740	–	–	–	–
Equity-accounted investees	–	12,681	–	–	–
Other non-current receivables	1,649	64	125	3,764	93
Right-of-use assets	2	–	5	2	4
Prepayment and other assets	37	–	90	102	34
Non-current assets	95,254	12,745	151,226	36,879	12,734
Trade and other receivables	13,074	–	14,711	4,458	2,501
Prepayment and other assets	646	–	1,061	209	57
Cash and cash equivalents	12,036	45	24,753	1,114	1,102
Current assets	25,756	45	40,525	5,781	3,660
Total assets	121,010	12,790	191,751	42,660	16,394
Loans and borrowings	72,002	–	125,403	14,602	8,702
Employee benefits	40	–	–	–	–
Asset retirement obligation	3,290	–	1,124	265	90
Deferred tax liabilities	179	–	275	–	22
Non-current liabilities	75,511	–	126,802	14,867	8,814
Loans and borrowings	4,570	–	5,836	3,365	579
Trade and other payables	4,892	4	1,511	1,914	1,757
Current tax liabilities	–	–	–	2	21
Current liabilities	9,462	4	7,347	5,281	2,357
Total liabilities	84,973	4	134,149	20,148	11,171
Net Assets	36,037	12,786	57,602	22,512	5,223

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2020

Statement of comprehensive income

Sale of energy
Other income

Revenue

Operating costs

Shared services costs charged by a subsidiary

Depreciation expenses

Finance income

Finance costs

Foreign exchange gain/(loss)

Net finance costs

Share of profits of associate

Profit before tax

Income tax credit/(expenses)

Profit from continuing operations

Other comprehensive income

Foreign operations – foreign currency translation difference s

Total comprehensive income

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
21,174	–	40,933	9,969	3,329
–	7	3,134	–	–
21,174	7	44,067	9,969	3,329
(4,531)	(5)	(5,222)	(1,333)	(1,010)
(1,090)	–	(991)	(438)	(193)
(4,600)	–	(7,192)	(1,863)	(694)
(10,221)	(5)	(13,405)	(3,634)	(1,897)
9 4	–	266	7	13
(4,446)	–	(10,156)	(1,043)	(598)
2	(1)	(199)	1,069	50
(4,350)	(1)	(10,089)	33	(535)
–	2,646	–	–	–
6,603	2,647	20,573	6,368	897
29	–	(773)	(2)	(18)
6,632	2,647	19,800	6,366	879
562	405	2,954	1,210	269
7,194	3,052	22,754	7,576	1,148

8 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

2020	Piilila HANGIN US\$'000	Piilila VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
Carrying amount of interest in associates at start of the year	55,381	40,176	7,638	212,787	42,542	11,029	5,100	374,653
Group's share of amortisation of intangible asset acquired through business combinations	(2,824)	(2,036)	–	(8,782)	(1,524)	(322)	–	(15,488)
Group's share of profit from continuing operations	3,660	2,647	(30)	19,737	6,361	878	(558)	32,695
Effect of exchange rate changes from project-related agreements & licences	2,284	1,647	–	7,828	1,262	283	–	13,304
Group's share of other comprehensive income	562	405	97	2,954	1,210	269	(86)	5,411
Group's share of total comprehensive income	3,682	2,663	67	21,737	7,309	1,108	(644)	35,922
Group's contribution during the year	–	–	–	–	–	–	793	793
Distribution during the year	–	–	–	(15,415)	(4,057)	(395)	–	(19,867)
Disposal of interests in associate	–	–	(7,705)	–	–	–	–	(7,705)
Carrying amount of interest in associates at end of the year¹	59,063	42,839	–	219,109	45,794	11,742	5,249	383,796

¹ Included in carrying amount of interest in associates at end of year is project related agreements and licences amounting to US\$237,561,190.

In 2019, the Group commenced the negotiation process of its sale of interest in Project Wawa and has received a cash consideration in advance amounted to US\$0.3 million. On 30 June 2020, the Group completed its sale of interest in Project Wawa for US\$7.3 million and recognised a loss on disposal of US\$0.4 million. Of the total sales consideration, the Group received US\$0.3 million in cash in 2020 in addition to the advance of US\$0.3 million received in 2019. The remaining US\$6.7 million of the sales consideration remain unpaid has been written off during the year.

9 Other investments

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Equity investment – mandatorily at FVTPL	23,548	26,340	–	–

Equity investment at FVTPL comprise the Group's interests in Tokumei Kumiai investments in renewable energy assets in Japan.

10 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Property, plant and equipment	–	–	(36,759)	(47,415)
Intangible assets	–	–	(2,484)	(1,482)
Loans and borrowings	–	–	(72)	(208)
Employee benefits	1,847	1,774	–	–
Provisions	97	148	–	–
Other items	910	371	–	–
Tax loss carry-forwards	28,968	38,134	–	–
Deferred tax assets/(liabilities)	31,822	40,427	(39,315)	(49,105)
Set off of tax	(25,543)	(31,919)	25,543	31,919
Net Deferred tax assets/(liabilities)	6,279	8,508	(13,772)	(17,186)

Unrecognized deferred tax liabilities

The subsidiaries of the Group were subject to a tax holiday period in certain jurisdictions from for a period of 10 years. Deferred tax liability in respect of timing differences that originate before or during the tax holiday period and are expected to reverse during such tax holiday period have not been recognized.

Unrecognised deferred tax assets

Deferred tax assets on tax losses of US\$94.3 million (2020: US\$100.5 million) have not been recognized in respect of tax losses which are expected to expire or be utilized during such tax holiday period because it is not probable that future taxable profits will be available against which the Group can utilize the benefits therefrom during such period.

10 Deferred tax (cont'd)**Movement in deferred tax balances – Group**

Group	Balance as at 1 January 2021 US\$'000	Recognised in profit or loss (Note 29) US\$'000	Recognised in OCI US\$'000	Exchange differences US\$'000	Balance as at 31 December 2021 US\$'000
2021					
Property, plant and equipment	(47,415)	(2,549)	–	13,205	(36,759)
Intangible assets	(1,482)	(924)	–	(78)	(2,484)
Loans and borrowings	(208)	119	–	17	(72)
Employee benefits	1,774	(144)	–	217	1,847
Provisions	148	(70)	–	19	97
Other items	371	1,701	–	(1,162)	910
Tax loss carry-forwards	38,134	3,028	–	(12,194)	28,968
	(8,678)	1,161	–	24	(7,493)

Group	Balance as at 1 January 2020 US\$'000	Recognised in profit or loss (Note 29) US\$'000	Recognised in OCI US\$'000	Exchange differences US\$'000	Balance as at 31 December 2020 US\$'000
2020					
Property, plant and equipment	(33,173)	(15,280)	–	1,038	(47,415)
Intangible assets	(1)	(1,490)	–	9	(1,482)
Loans and borrowings	(129)	(70)	–	(9)	(208)
Employee benefits	1,000	700	14	60	1,774
Provisions	(27)	98	–	77	148
Other items	883	(478)	–	(34)	371
Tax loss carry-forwards	19,026	19,709	–	(601)	38,134
Adoption of IFRS16	(1)	–	–	1	–
	(12,422)	3,189	14	541	(8,678)

11 Loans receivables

	Note	Group 2021 US\$'000	Group 2020 US\$'000	Company 2021 US\$'000	Company 2020 US\$'000
Non-current					
Loans receivables from:					
- Related parties		377,245	380,349	123,238	213,098
- Equity-accounted investees		–	29,016	–	–
- Other third parties		3,429	3,550	–	–
Other loans receivables		307	339	–	–
Promissory note receivables		7,609	8,328	–	–
		388,590	421,582	123,238	213,098
Less: Impairment loss	30	(1,430)	(1,674)	–	–
Total non-current loans receivables		387,160	419,908	123,238	213,098

11 Loans receivables (cont'd)

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Current					
Interest receivables from:					
- Related parties		2,608	3,067	1,001	2,224
- Equity-accounted investees		587	504	—	—
- Other loans receivables		13	11	—	—
- Promissory note receivables		494	441	—	—
- Cross currency swap		3,507	3,677	—	—
- Other third parties		1,174	1,193	—	—
Loan receivables from:					
- Equity-accounted investees		4,533	7,503	—	—
- Other third parties		3,430	6,860	—	—
		16,346	23,256	1,001	2,224
Less: Impairment loss	30	(82)	(89)	—	—
Total current loans receivables		16,264	23,167	1,001	2,224

The below table show the notional amount of the outstanding loans receivables not including transaction costs.

Gross loans receivables

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
Loans receivables from:					
- Related parties		379,405	381,903	123,238	213,098
- Equity-accounted investees		—	29,016	—	—
- Other third parties		3,429	3,550	—	—
Other loans receivables		307	339	—	—
Promissory note receivables		7,610	8,328	—	—
		390,751	423,136	123,238	213,098
Current					
Loan receivables from:					
- Equity-accounted investees		4,533	7,503	—	—
- Other third parties	(e)	3,430	6,860	—	—
		7,963	14,363	—	—
Total loans receivables		398,714	437,499	123,238	213,098

11 Loans receivables (cont'd)

Terms and conditions of loan receivables are as follows:

Group	Currency	Maturity date	Principal amount		Interest rate	
			2021 \$'000	2020 \$'000	2021 %	2020 %
Related parties ^(a)	JPY	On demand	123,239	213,098	1.35	1.35 - 1.375
Related parties ^(b)	JPY	2025	247,111	166,506	1.372 & 2.655	1.372
Subsidiaries of related parties ^(c)	JPY	2033 to 2035	1,301	2,299	6	6
Subsidiaries of related parties ^(a)	JPY	On demand	7,754	—	0.587	—
Equity-accounted investees ^(d)	USD	2022	4,533	36,519	5	3 - 5
Other third parties ^(e)	USD	2021	3,430	6,860	17	17
Other third parties ^(a)	USD	On demand	1,092	1,206	1.5	1.5
Other third parties ^(a)	USD	On demand	1,886	1,894	4.62	4.62
Other third parties ^(a)	USD	On demand	451	450	5.5	5.5
Promissory notes receivable ^(f)	THB	2027	7,610	8,328	—	—
Other loans receivables ^(a)	JPY	On demand	307	339	1	1
			<u>398,714</u>	<u>437,499</u>		
Company						
Related parties ^(a)	JPY	On demand	123,238	213,098	1.35	1.35-1.375
			<u>123,238</u>	<u>213,098</u>		

(a) The Group and the Company do not intend to demand these unsecured loans for repayment in the next 12 months.

(b) Loan receivables from related parties to Euro Medium Term Note Issuer are unsecured, with interest of 1.372% and 2.655% (2020: 1.372%) per annum and repayable biannually.

(c) Repayable within 20 years in equal and consecutive instalments of 33.33% with the first payment due 17 years from the date of origination and the same amount on the same day every year thereafter, or earlier at the demand of the Company. The Group does not intend to demand for repayment for the loans in the next 12 months.

11 Loans receivables (cont'd)

- (d) Loan receivables from equity-accounted investees are unsecured, with 5% (2020: 3% - 5%) per annum interest and repayable in 2022 (2021: repayable quarterly with maturity dates from 2021 to 2026).
- (e) The loan receivables of US\$3,430,000 (2020: US\$6,860,000) from San Lorenzo Ruiz Builders & Developers Group Inc. are secured, with 17 % (2020:17%) interest and have been repaid in 2022.
- (f) Promissory notes receivables are zero coupon, non-transferable and redeemable, with maturity date on 3 August 2027. At redemption date, the Group is entitled to receive a redemption amount equal to 1% of the principal amount plus accrued redemption fee per annum.

12 Derivative assets and liabilities

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Derivative assets				
Non-current				
Electricity derivative	141,147	176,353	—	—
Cross currency swaps	19,299	—	—	—
Interest rate swaps	2,194	—	—	—
	<u>162,640</u>	<u>176,353</u>	<u>—</u>	<u>—</u>
Current				
Electricity derivative	5,373	6,029	—	—
Forward exchange contract	875	1,350	875	1,350
Cross currency swaps	283	—	—	—
	<u>6,531</u>	<u>7,379</u>	<u>875</u>	<u>1,350</u>
Total derivative assets	<u>169,171</u>	<u>183,732</u>	<u>875</u>	<u>1,350</u>
Derivative liabilities				
Non-current				
Cross currency swaps	—	(11,201)	—	—
Interest rate swaps	(6,761)	(17,141)	—	—
	<u>(6,761)</u>	<u>(28,342)</u>	<u>—</u>	<u>—</u>
Current				
Forward exchange contract	(53)	(3,718)	(53)	(3,718)
Interest rate swaps	(2,694)	(3,239)	—	—
	<u>(2,747)</u>	<u>(6,957)</u>	<u>(53)</u>	<u>(3,718)</u>
Total derivative liabilities	<u>(9,508)</u>	<u>(35,299)</u>	<u>(53)</u>	<u>(3,718)</u>

In 2020, the Group entered into cross currency swaps which matures in 2025 and with an aggregate notional amount of JPY 36.0 billion, whereby the Group is required to make semi-annual interest payments calculated at fixed interest rates between 1.215% to 1.265%.

13 Prepayments and other assets

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current				
Other prepayments	4,414	4,727	—	—
Other assets	12,878	11,473	—	—
	<u>17,292</u>	<u>16,200</u>	<u>—</u>	<u>—</u>
Current				
Other prepayments	6,445	5,708	—	5
Other assets	2,329	2,109	—	—
	<u>8,774</u>	<u>7,817</u>	<u>—</u>	<u>5</u>
Total prepayments and other assets	<u>26,066</u>	<u>24,017</u>	<u>—</u>	<u>5</u>

14 Trade and other receivables

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
Other receivables	(e)	—	1,622	—	—
Amounts due from related party	(c)	6,574	—	—	—
		<u>6,574</u>	<u>1,622</u>	<u>—</u>	<u>—</u>
Current					
Trade receivables	(f)	92,456	72,905	—	—
Contract assets		17,640	14,242	—	—
Total trade receivables and contract assets		<u>110,096</u>	<u>87,147</u>	<u>—</u>	<u>—</u>
Amounts due from:					
- Indirect subsidiaries	(a)	—	—	1,869	2,287
- Equity-accounted investees	(b)	1,866	2,568	—	—
- Related parties	(c)	43,361	43,912	—	—
- Other third parties	(d)	11,967	15,947	—	—
Deposits		13,114	10,071	—	—
Other tax receivables		5,747	7,293	—	—
Other receivables	(e)	356	1,301	—	—
Total current other receivables		<u>76,411</u>	<u>81,092</u>	<u>1,869</u>	<u>2,287</u>
Less: Impairment loss					
- Trade receivables and contract assets		(3,082)	(3,956)	—	—
- Other receivables		(286)	(6,947)	—	—
Total current trade and other receivables		<u>183,139</u>	<u>157,336</u>	<u>1,869</u>	<u>2,287</u>
Total trade and other receivables		<u>189,713</u>	<u>158,958</u>	<u>1,869</u>	<u>2,287</u>

(a) The amount due from subsidiaries of US\$1.9 million (2020: US\$2.3 million) is non-trade, unsecured and non-interest bearing and repayable on demand.

(b) The amount due from equity-accounted investees of US\$1.9 million (2020: US\$2.6 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

14 Trade and other receivables (cont'd)

- (c) The amount due from related parties are intercompany advances, asset management fees and operation and maintenance service charges charged to subsidiaries of Zenith Japan Holdings Trust, and shared service charges charged to subsidiaries of Vena Energy (Taiwan) Holdings Ltd.
- (d) Included in the amounts due from other third parties are proceeds from sale of interest in equity accounted associate (Project Wawa) of US\$ nil (2020: US\$6.7 million) due from San Lorenzo Ruiz Builders & Developers Group Inc. The Group made a provision for impairment loss amounting to 100% of such receivables in 2020 and the said amount was written off in 2021 as the amount was assessed not to be recoverable.
- (e) Included in non-current and current other receivables are delay liquidated damages receivable from EPC contractors in Indonesia of US\$0.4 million (2020: US\$2.9 million).
- (f) During the year, trade receivables of US\$ nil (2020: US\$4,938,000) were written off as the amount was assessed not to be recoverable (Note 30).

As at reporting date, some trade and other receivables were pledged as collateral to secure project finance debts.

Disaggregation of trade receivables

A summary of the Group's exposure to credit risk for trade receivables by geographic region is as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
India	88,258	66,901
Indonesia	543	1,603
Thailand	3,651	4,391
Others	4	10
	92,456	72,905

15 Cash and cash equivalents

	Note	Group 2021 US\$'000	2020 US\$'000	Company 2021 US\$'000	2020 US\$'000
Bank balances		200,517	157,036	93,168	75,603
Short term deposits		20,421	51,805	—	—
Less: Impairment loss		(4)	—	—	—
Cash and cash equivalents in the statement of financial position		220,934	208,841	93,168	75,603
Restricted bank balances and deposits	(a)	(52,212)	(62,136)	—	—
Add: Impairment loss		4	—	—	—
Cash and cash equivalents in the statement of cash flows		168,726	146,705	93,168	75,603

- (a) As at 31 December 2021, US\$52.2 million (2020: US\$62.1 million) of the Group's cash and cash equivalents were held under Debt Service Reserve Accounts ("DSRA"), a reserve account for servicing of project finance debt.

As at reporting date, some cash and cash equivalents were pledged as collateral to secure project finance debts.

16 Equity contribution

	2021 US\$'000	2020 US\$'000
Group and Company		
Equity contribution		
Share capital at US\$0.01 per share	15,667	15,667
Share premium	1,701,052	1,551,052
	<u>1,716,719</u>	<u>1,566,719</u>
	2021 No. of shares (^{'000})	2020 No. of shares (^{'000})
Group and Company		
Issued and fully paid		
At beginning of the year	1,566,719	1,690,245
Issue of shares	(a) 15	15,674
Repurchase of shares	(b) —	(139,200)
At end of the year	<u>1,566,734</u>	<u>1,566,719</u>

(a) In 2019, the Group received an advance from the immediate holding company amounted to US\$15,674,240 for which shares were yet to be issued. The advance was classified as capital reserve. In 2020, 15,674,240 shares at a par value of US\$0.01 each and share premium of US\$15,517,497 were issued against the capital reserve.

In 2021, 15,000 number of shares at a par value of US\$0.01 each and share premium of US\$149,999,850 were issued.

(b) In 2020, the Company repurchased a total of 139,200,000 shares with a par value US\$0.01 and share premium of US\$137,808,000 for a consideration of US\$139,200,000 from its immediate holding company. The shares were issued and fully paid.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

17 Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Capital reserve	50,000	50,000	50,000	50,000
Translation reserve	(44,907)	17,077	—	—
Defined benefit reserve	(11)	(27)	—	—
	<u>5,082</u>	<u>67,050</u>	<u>50,000</u>	<u>50,000</u>

Capital reserve

The capital reserves comprise equity injections by shareholders for which ordinary shares have yet to be issued.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Defined benefit reserve

The defined benefit reserve comprises actuarial gains and losses and the return on plan assets (excluding interest).

18 Loans and borrowings and lease liabilities

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
Project finance debt		639,714	724,024	—	—
Corporate term loan		—	142,689	—	142,689
Revolving credit facility		—	179,090	—	179,090
Revolving credit facility - deferred financing cost		(2,162)	—	(2,162)	—
Loan from a related party	(d)	57,469	—	57,469	—
Euro Medium Term Note	(a)	499,093	321,415	—	—
Loan from Euro Medium Term Note Issuer	(b)	—	—	244,800	180,296
		<u>1,194,114</u>	<u>1,367,218</u>	<u>300,107</u>	<u>502,075</u>
Lease liabilities		<u>36,996</u>	<u>24,462</u>	<u>—</u>	<u>—</u>
		<u>36,996</u>	<u>24,462</u>	<u>—</u>	<u>—</u>
Current					
Project finance debt		149,841	54,611	—	—
Loan from direct subsidiary	(c)	—	—	—	16,714
External party loan		2,480	2,479	—	—
Working capital loan		14,965	14,740	—	—
Interest payable		7,504	6,532	1,975	1,513
		<u>174,790</u>	<u>78,362</u>	<u>1,975</u>	<u>18,227</u>
Lease liabilities		<u>5,754</u>	<u>4,132</u>	<u>—</u>	<u>—</u>
		<u>5,754</u>	<u>4,132</u>	<u>—</u>	<u>—</u>
Total loans and borrowings and lease liabilities		<u>1,411,654</u>	<u>1,474,174</u>	<u>302,082</u>	<u>520,302</u>

- (a) On 27 February 2020, a direct subsidiary, Vena Energy Capital Pte. Ltd. ("Euro Medium Term Note Issuer"), issued US\$325,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under a \$1 billion Global Medium Term Note Programme (the "Notes"). The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2020, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2020. The Notes will mature on 26 February 2025.

On 8 July 2021, the Euro Medium Term Note Issuer issued US\$175,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under the US\$1,000,000,000 Global Medium Term Note Programme (the "Notes"). The Notes were issued at a premium for a total consideration of US\$178,638,250. The Notes are to be consolidated and form a single series with the US\$325,000,000 3.133% per annum notes issued on 27 February 2020. The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

18 Loans and borrowings and lease liabilities (cont'd)

The EMTN proceeds were allocated to the Company, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) through intercompany loans.

The Company together with Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for this EMTN issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the EMTN will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

- (b) The loans from Euro Medium Term Note issuer is a 3.5 and 5 year (2020: 5-year) loans denominated in United States Dollar ('USD') and Japanese Yen ('JPY') (2020: JPY) with the contractual interest rate of 1.372% and 2.655% (2020: 1.372%) payable on a semi-annual basis.
- (c) The loan to direct subsidiary is a 12-month interest free, unsecured and repayable on demand.
- (d) The loan from a related party bears an interest rate of 1.375%, unsecured and repayable in 29 months.

Project finance debts are entered with reputable financial institutions by respective Group entities and are repayable on a quarterly basis with maturity date from 2022 to 2044 (2020: 2021 to 2037). The interest rates on these borrowings consist of fixed rates and floating rates.

Project finance debts are secured over the assets of the Group.

The below table show the notional amount of outstanding loans and borrowings not including transaction costs.

Gross debt

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Project finance debt	649,170	736,411	—	—
Corporate term loan	—	142,689	—	142,689
Revolving credit facility	—	179,090	—	179,090
Loan from a related party	57,469	—	57,469	—
Euro Medium Term Note	500,000	325,000	—	—
Loan from Euro Medium Term Note Issuer	—	—	246,925	181,994
	<u>1,206,639</u>	<u>1,383,190</u>	<u>304,394</u>	<u>503,773</u>
Current				
Project finance debt	151,346	55,293	—	—
Loan from direct subsidiary	—	—	—	16,714
External party loan	2,480	2,479	—	—
Working capital loan	14,965	14,740	—	—
	<u>168,791</u>	<u>72,512</u>	<u>—</u>	<u>16,714</u>
	<u>1,375,430</u>	<u>1,455,702</u>	<u>304,394</u>	<u>520,487</u>

18 Loans and borrowings and lease liabilities (cont'd)**Market and liquidity risk**

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 30.

Terms and conditions of loans and borrowings are as follows:

Group	Currency	Maturity date	Principal amount		Interest rate	
			2021 \$'000	2020 \$'000	2021 %	2020 %
Project finance debt	AUD	2044	115,264	126,554	BBSY+1.65	BBSY+1.65
Project finance debt	AUD	2025	65,163	18,300	BBSY+1.2	BBSY+0.1765
Project finance debt	INR	2035	93,675	98,401	10.25-10.45	10.25
Project finance debt	INR	2033	15,718	17,454	9.5-10	9.55
Project finance debt	INR	2033	19,164	21,473	9.50	9.50
Project finance debt	INR	2028	11,585	11,972	10.90	10.90
Project finance debt	INR	2033	42,808	47,865	8.55-10.05	10.05 - 10.09
Project finance debt	INR	2033	11,908	11,908	MCLR+1.5	MCLR+1.5
Project finance debt	INR	2037	58,157	63,176	9.25	9.25
Project finance debt	INR	2035	25,641	28,384	10.15-10.95	10.20
Project finance debt	INR	2033	68,536	74,149	10.15-15.25	10.22
Project finance debt	INR	2025	72,407	35,504	3M LIBOR+1.9	7.39
Project finance debt	THB	2027	65,507	92,636	4.2 & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2037	100,802	107,298	3 - 5.721	3.9 - 5.721
Project finance debt	USD	2037	11,808	12,654	3 - 5.7060	3 - 5.7060
Project finance debt	USD	2037	6,034	6,466	1.1 - 5.7060	1.1 - 5.7060
Project finance debt	USD	2037	16,339	17,510	1.5 - 5.7060	1.5 - 5.7060
External party loan	USD	2022	2,480	2,479	Interest free	Interest free
Term loan	JPY	2023	—	142,689	—	LIBOR+1.75
Revolving credit facility	JPY	2023	—	179,090	—	LIBOR+1.25
Working capital loan	INR	2022	14,965	14,740	10.9-11.45%	10.9-11.45%
Loan from a related party	JPY	On demand	57,469	—	1.375	—
Euro Medium Term Note	USD	2025	500,000	325,000	2.53 & 3.133	3.133
			<u>1,375,430</u>	<u>1,455,702</u>		

Company	Currency	Maturity date	Principal amount		Interest rate	
			2021 \$'000	2020 \$'000	2021 %	2020 %
Term loan	JPY	2023	—	142,689	—	LIBOR+1.75
Revolving credit facility	JPY	2023	—	179,090	—	LIBOR+1.25
Loan from a related party	JPY	On demand	57,469	—	1.375	—
Loan from direct subsidiary	JPY	On demand	—	16,714	—	Interest free
Loan from Euro Medium Term Note Issuer	JPY	2025	246,925	181,994	1.372 & 2.655	1.372
			<u>304,394</u>	<u>520,487</u>		

18 Loans and borrowings and lease liabilities (cont'd)**Market and liquidity risk (cont'd)**

The loans and borrowings contain debt covenants which are tested on a regular basis. A future breach of these covenants may require the Group to repay the loans and borrowings earlier than indicated in the table above. Except as disclosed below, the Group has not breached any debt covenants as at 31 December 2021 and 31 December 2020.

Some of the Group's loan agreements are subject to covenant clauses, whereby the Group is required to maintain certain reserve balance. The Group did not fulfil the debt service reserve account as required in the contract for a credit line of US\$111.7m, of which the Group has currently drawn an amount of US\$93.7m.

Due to this breach of the covenant clause, the lender is contractually entitled to request for immediate repayment of the outstanding loan amount of US\$93.7m. Accordingly, the outstanding balance is presented as a current liability as at 31 December 2021. The lender had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

US\$800,516,000 (2020: US\$791,703,000) of project finance debts are taken up by the subsidiaries of the Group where these debt obligations have no recourse to the Group.

Pledges for facility agreements

The Group has entered into several Facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US\$801 million (2020: US\$792 million) to the Group on a combination of fixed and floating rates.

The obligations of the Group to the banks are collateralised by the pledges of all the shares of the project entities and liens on and security interests in substantially all of the project entities' assets, its rights under various agreements, all of the project entities' revenues and all insurance proceeds payable to the project entities and require the project entities to comply with various administrative requirements.

The Group's assets directly pledged in relation to the facilities agreements are as disclosed in Notes 4, 6, 14 and 15 of the financial statement. The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Project entities' contribution to the net assets of the Group	<u>225,027</u>	<u>253,505</u>

18 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity					
	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Loan from a related party US\$'000	Interest payable US\$'000	Euro Medium Term Note US\$'000	Lease liabilities US\$'000	Share capital US\$'000	Capital reserve US\$'000	Non- controlling interests US\$'000	Total US\$'000
Balance at 1 January 2021	779,199	339,672	–	1,617	325,092	28,594	1,566,719	50,000	81,020	3,171,913
Changes from financing cash flows										
Proceeds from issuance of shares	–	–	–	–	–	–	150,000	–	–	150,000
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(6,606)	(6,606)
Proceeds from Euro Medium Term Note	–	–	–	–	178,638	–	–	–	–	178,638
Proceeds from loan and borrowing	108,688	426,346	174,570	–	–	–	–	–	–	709,604
Repayment of loan and borrowing	(61,192)	(727,705)	(116,889)	–	–	–	–	–	–	(905,786)
Payment of lease liabilities	–	–	–	–	–	(6,324)	–	–	–	(6,324)
Transaction costs related to loans and borrowings	(5,214)	(2,759)	–	–	(1,914)	–	–	–	–	(9,887)
Interest paid on loans and borrowings	(54,011)	(3,002)	–	–	(10,797)	–	–	–	–	(67,810)
Interest paid for derivatives	–	–	–	(4,250)	–	–	–	–	–	(4,250) ²
Total changes from financing cash flows	(11,729)	(307,120)	57,681	(4,250)	165,927	(6,324)	150,000	–	(6,606)	37,579
The effect of changes in foreign exchange rates										
	(37,253)	(17,912)	(225)	(4,008)	–	(2,478)	–	–	–	(61,876)
Other changes										
Liability-related										
IFRS 16	–	–	–	–	–	21,907	–	–	–	21,907
Finance costs	3,728	596	–	–	954	–	–	–	–	5,278
Interest expense	54,015	2,209	502	8,013	12,196	1,051	–	–	–	77,986
Total liability-related other changes	57,743	2,805	502	8,013	13,150	22,958	–	–	–	105,171
Equity-related										
NCI's share of total comprehensive income	–	–	–	–	–	–	–	–	3,875	3,875
Total equity-related other changes	–	–	–	–	–	–	–	–	3,875	3,875
Total other changes	57,743	2,805	502	8,013	13,150	22,958	–	–	–	109,046
Balance at 31 December 2021	787,960	17,445	57,958	1,372	504,169	42,750	1,716,719	50,000	78,289	3,256,662

¹ Working capital loan included term loan, revolving credit facility, working capital loan and external party loan.

² Statement of cash flows includes interest received from derivatives amounting to US\$10,013,000.

18 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Equity					
	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Interest payable US\$'000	Euro Medium Term Note US\$'000	Lease liabilities US\$'000	Share capital US\$'000	Capital reserve US\$'000	Non- controlling interests US\$'000	Total US\$'000
Balance at 1 January 2020	766,840	611,689	–	–	21,101	1,690,245	65,674	79,620	3,235,169
Changes from financing cash flows									
Proceeds from issuance of shares	–	–	–	–	–	(139,200)	–	–	(139,200)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(8,122)	(8,122)
Proceeds from Euro Medium Term Note	–	–	–	325,000	–	–	–	–	325,000
Proceeds from loan and borrowing	168,815	524,632	–	–	–	–	–	–	693,447
Repayment of loan and borrowing	(149,986)	(820,964)	–	–	–	–	–	–	(970,950)
Payment of lease liabilities	–	–	–	–	(5,724)	–	–	–	(5,724)
Transaction costs related to loans and borrowings	–	(4,867)	–	(3,938)	–	–	–	–	(8,805)
Interest paid on loans and borrowings	(52,472)	(3,935)	–	(5,091)	–	–	–	–	(61,498)
Interest paid for derivatives	–	–	(2,122)	–	–	–	–	–	(2,122) ²
Total changes from financing cash flows	(33,643)	(305,134)	(2,122)	315,971	(5,724)	(139,200)	–	(8,122)	(177,974)
The effect of changes in foreign exchange rates	(7,712)	26,257	(3,740)	–	637	–	–	–	15,442
Other changes									
Liability-related									
IFRS 16	–	–	–	–	11,514	–	–	–	11,514
Finance costs	1,272	2,531	–	353	–	–	–	–	4,156
Interest expense	52,442	4,329	7,479	8,768	1,066	–	–	–	74,084
Total liability-related other changes	53,714	6,860	7,479	9,121	12,580	–	–	–	89,754
Equity-related									
Conversion of advance from immediate holding company	–	–	–	–	–	–	(15,674)	–	(15,674)
Issue of shares	–	–	–	–	–	15,674	–	–	15,674
NCI's share of total comprehensive income	–	–	–	–	–	–	–	9,522	9,522
Total equity-related other changes	–	–	–	–	–	15,674	(15,674)	9,522	9,522
Total other changes	53,714	6,860	7,479	9,121	12,580	15,674	(15,674)	9,522	99,276
Balance at 31 December 2020	779,199	339,672	1,617	325,092	28,594	1,566,719	50,000	81,020	3,171,913

¹ Working capital loan included term loan, revolving credit facility, working capital loan and external party loan.

² Statement of cash flows includes interest received from derivatives amounting to US\$5,091,000.

19 Asset retirement obligation

	Group	
	2021	2020
	US\$'000	US\$'000
At 1 January	9,883	2,441
Provision made during the year	—	7,456
Unwind of discount	244	—
Effect of exchange rate changes	(700)	(14)
At 31 December	<u>9,427</u>	<u>9,883</u>

The Group has recorded asset retirement obligation primarily associated with the estimated cost to reinstate property involved in power generation.

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 2.6% - 4.4% (2020: 2.6% - 4.4%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 19 to 24 years after the commissioning of the power plants

20 Trade and other payables

		Group		Company	
	Note	2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current					
Deferred income	(a)	7,671	3,223	—	—
Current					
Amounts due to:					
- Direct subsidiary	(b)	—	—	3,482	2,101
- Indirect subsidiaries	(b)	—	—	4,109	4,104
- Related parties	(c)	5,003	11,841	—	—
- Equity-accounted investees	(d)	—	351	—	—
- Other third parties	(e)	10,716	11,137	—	—
Trade payables		12,331	10,130	—	—
Payables to EPC contractors		398	1,924	—	—
Other tax payable		5,706	7,268	—	—
Accrued operating expenses		30,229	24,924	200	221
Accrued staff costs		2,576	1,792	—	—
Deferred income	(f)	2,646	5,856	—	—
		<u>69,605</u>	<u>75,223</u>	<u>7,791</u>	<u>6,426</u>
Total trade and other payables		<u>77,276</u>	<u>78,446</u>	<u>7,791</u>	<u>6,426</u>

(a) Non-current deferred income includes contract liabilities which relates to advanced mobilization payments received from subsidiaries of Zenith Japan Holdings Trust of US\$2.5 million (2020: US\$1.9 million), amortized over period with regards to operations and maintenance agreements.

(b) The amount due to subsidiaries of US\$7.6 million (2020: US\$6.2 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

(c) Amounts due to related parties include US\$2.2 million (2020: US\$2.2 million) of advances received from subsidiaries of Zenith Japan Holdings Trust for asset management fees and operational and maintenance fees. It also includes US\$1.8 million (2020: US\$9.3 million) payables to subsidiaries of Zenith Japan Holdings Trust for purchase of land which was subsequently leased back to the same subsidiaries of the Zenith Japan Holdings Trust.

(d) The amount due to equity-accounted investees of US\$ nil (2020: US\$351,000) is non-trade, unsecured, non-interest bearing and repayable on demand.

20 Trade and other payables (cont'd)

- (e) Included in amounts due to other third parties are amounts due to seller of a subsidiary of Zenith Japan Holdings Trust upon acquisition amounting to US\$6 million (2020: US\$6 million).
- (f) Included in current deferred income is contract liabilities of US\$1.9 million (2020: US\$0.3 million) which relates to advances received from customers for services yet to be fulfilled, US\$0.4 million (2020: US\$4.9 million) which relates to government grants on project, amortized over PPA period of 25 years, US\$0.2 million (2020: US\$0.2 million) which relates to government grants on bond issuance, amortized over bond life of 5 years.

Reconciliation of amount due to/(from) direct subsidiary

As at the financial year, the reconciliation of the movement of amounts due to direct subsidiary is as follows:

	Note	2021 US\$'000	2020 US\$'000
Balance as at 1 January:			
Amount due from direct subsidiary	14	—	—
Amount due to direct subsidiary		2,101	63,265
Net amount due to /(from) direct subsidiary		2,101	63,265
Reduction in share premium contribution		—	(61,485)
Advances to direct subsidiary		1,579	—
Advances from direct subsidiary		—	—
Effect of exchange rate fluctuations		(198)	321
Net movement in amounts due to/(from) direct subsidiary		1,381	(61,164)
Balance as at 31 December:			
Amount due to direct subsidiary		3,482	2,101
Net amount due to direct subsidiary		3,482	2,101

During the year, the Company extinguished part of amount due to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$ nil (2020: US\$61 million) by actual purchase premium contribution.

21 Revenue

The Group's revenue comprises:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Dividend income	—	—	15,344	26,000
Sale of energy	18,325	17,953	—	—
Service concession income	—	303	—	—
Fee income:				
- Shared services fee income	16,121	14,824	—	—
- Operations & Maintenance service fees income	16,721	18,028	—	—
- Asset management fee income	33,776	38,740	—	—
- EPC income	14,950	—	—	—
	200,838	200,080	15,344	26,000

Included in fee income are shared services fee income from related parties of US\$16,121,000 (2020: US\$14,824,000), operations and maintenance service fees income from related parties of US\$5,966,000 (2020: US\$5,301,000), asset management fee income from related parties of US\$33,736,000 (2020: US\$27,064,000) and EPC income from related parties of US\$14,950,000 (2020: nil).

21 Revenue (cont'd)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Sale of energy

Nature of goods or services	Sale of renewable energy
When revenue is recognised	Revenue from sale of electricity is recognised in profit or loss when the electricity generated is dispatched to the customer. Revenue is determined based on the units of sales delivered at the applicable tariff rates.
Payment terms	30-90 days

Service concession arrangements

In 2016 and 2017, the Group entered into service concession agreements with Perusahaan Listrik Negara, a government-owned corporation (the grantor), to construct and operate 5 renewable energy plants. Under the terms of the agreement, the Group will operate the plant and provide electricity to the grantor for a concession period from 20-30 years, starting from the plants' commercial operation date. The Group will be responsible for any maintenance services required during the concession period. The Group does not expect major repairs to be necessary during the concession period.

The Group has received the right to receive a fixed tariff, adjusted for exchange rate differences, for the provision of electricity to the grantor. At the end of the concession period, the plant becomes the property of the grantor and the Group will have no further involvement in its operation or maintenance requirements.

During the year, the Group recorded the following in respect of its service concession arrangement:

	Group
	2021 US\$'000
	2020 US\$'000
Revenue	— 303

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the plant. The Group has recognised US\$ 155.3 million (2020: US\$162.9 million) in intangible asset (see Note 6) as at 31 December 2021.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products.

	2021 US\$'000	2020 US\$'000
Thailand	44,971	47,241
India	95,833	83,816
Australia	14,630	12,649
Indonesia	30,791	34,217
Total Revenue	186,225	177,923

21 Revenue (cont'd)**Contract balances**

Please refer to Note 14 for contract assets primarily relating to the Group's right to consideration for sale of renewable energy which have not been billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Please refer to Note 20 for contract liabilities primarily relating to advance consideration received from customers for performance of service contracts.

22 Other income

The Group's other income comprises:

	Group	
	2021 US\$'000	2020 US\$'000
Insurance claims	—	1,210
Government grants	622	794
Lease income	239	709
Liquidated damages	3,674	1,016
Others	2,239	1,645
	<u>6,774</u>	<u>5,374</u>

23 Operating costs

	Group	
	2021 US\$'000	2020 US\$'000
Operations and maintenance costs	24,188	21,804
Utilities and transmission costs	4,083	3,870
Asset related insurance	2,835	2,352
Professional fees	2,080	2,580
Rental - land & site office	348	499
Asset related tax and levies	492	295
Travel and entertainment expenses	170	178
Other general and administrative costs	1,550	1,449
	<u>35,746</u>	<u>33,027</u>

Staff costs of US\$5.4 million (2020: US\$4.7 million) is included within Operations and maintenance costs.

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

Year ended 31 December 2021

24 Shared services costs

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Staff costs	56,196	44,587	—	—
Directors and Investment Committee members fee	716	687	—	—
Occupancy costs	1,273	1,535	—	—
Professional fees	6,587	5,473	277	334
IT expenses	2,251	2,024	—	—
Secondment fee	—	509	—	—
Insurance	597	420	—	—
Travel and entertainment expenses	2,025	1,807	—	—
Other general and administrative costs	3,102	3,169	6	49
Cost of constructions	9,947	—	—	—
	82,694	60,211	283	383
Less: shared service costs capitalised	(1,823)	—	—	—
	80,871	60,211	283	383

25 Development costs

	Group	
	2021 US\$'000	2020 US\$'000
Directors and Investment Committee members fee	—	2
Professional fees	878	652
Travel and entertainment expenses	8	21
Occupancy costs	52	38
Other general and administrative costs	779	659
	1,517	1,582

26 Finance income and finance costs

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Finance income				
Interest income from:				
- Loan to related parties	5,301	4,079	1,915	2,154
- Loan to other third parties	973	467	—	—
- Loan to equity-accounted investees	1,097	2,054	—	—
- Cross currency swap	10,013	8,768	—	—
- Short term deposits	1,758	2,736	—	32
Other finance income	527	310	—	—
Total finance income	19,669	18,414	1,915	2,186

26 Finance income and finance costs (cont'd)

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Finance costs				
Interest expense on:				
- Project finance debt	(54,015)	(52,442)	—	—
- Term loan and revolving credit facility	(2,209)	(4,329)	(2,806)	(4,329)
- Loan from a related party	(502)	—	(502)	—
- Loan from Euro Medium Term Note Issuer	—	—	(3,902)	(2,080)
- Euro Medium Term Note	(12,196)	(8,768)	—	—
- Cross currency swap	(4,034)	(3,629)	—	—
- Interest rate swap	(3,979)	(3,850)	—	—
- Lease liabilities	(1,051)	(1,066)	—	—
Other finance costs	(5,639)	(4,156)	(1,279)	(1,089)
Total finance costs	(83,625)	(78,240)	(8,489)	(7,498)

Included in other finance costs are deferred financing costs of US\$2,271,000 (2020: US\$627,000) and unwinding of discount of asset retirement obligation of US\$244,000 (2020: nil).

27 Change in fair value of financial instruments at FVTPL

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Gain/(loss) on change in fair value:				
- Equity investment	(7,694)	(1,790)	—	—
- Electricity derivatives	(27,105)	48,101	—	—
- Forward contract	610	(6,127)	610	(2,307)
- Interest swaps	12,683	(3,023)	—	—
- Cross currency swaps	10,769	(11,301)	—	—
	9,263	25,960	610	(2,307)

28 Profit before tax

The following items have been included in arriving at profit before tax:

Staff costs

Wages and salaries

Ordinary bonus

Contributions to defined contribution plans

Employee insurance

Recruitment fee

Staff benefits, allowances and other

	Group	
	2021 US\$'000	2020 US\$'000
Wages and salaries	38,506	32,000
Ordinary bonus	7,000	7,740
Contributions to defined contribution plans	—	—
Employee insurance	—	—
Recruitment fee	—	—
Staff benefits, allowances and other	—	—
	45,506	39,740

29 Tax expense

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax expense				
Current year	2,830	2,705	—	—
Withholding tax	2,980	2,771	—	—
	5,810	5,476	—	—
Deferred tax credit				
Origination and reversal of temporary difference	7,026	(7,195)	—	—
Write-down of deferred tax assets	2,090	4,006	—	—
Recognition of tax effect of previously unrecognised tax losses	(10,277)	—	—	—
	(1,161)	(3,189)	—	—
Tax expense	4,649	2,287	—	—
Tax recognised in OCI				
Defined benefit plan remeasurements	—	(14)	—	—
Reconciliation of effective tax rate				
Profit before tax	990	57,722	32,585	7,442
Tax using Cayman Island tax rate of 0%	—	—	—	—
Effect of tax rates in foreign jurisdiction	14,721	29,040	—	—
Effects of results of equity-accounted investees presented net of tax	(6,242)	(9,809)	—	—
Expenses non-deductible for tax purposes	10,170	8,762	—	—
Tax-exempt income/non-taxable income	(11,631)	(29,833)	—	—
Tax incentives	—	(2,652)	—	—
Recognition of tax effect of previously unrecognised tax losses	(10,277)	—	—	—
Current-year losses for which no deferred tax asset is recognised	2,838	2	—	—
Withholding taxes	2,980	2,771	—	—
Write-down of deferred tax assets	2,090	4,006	—	—
	4,649	2,287	—	—

The Cayman Islands tax rate of 0% is used in the table above as this is the country in which the Company is domiciled.

30 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Impairment loss on financial assets included in the statement of comprehensive income

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Impairment loss (reversed)/ recognised on trade receivables	(754)	194	—	—
Impairment loss recognised /(reversed) on other receivables	64	6,575	—	(9)
Impairment loss reversed on loan receivables	(250)	(738)	—	(2,201)
Impairment loss recognised on cash and cash equivalents	10	—	—	—
	<u>(930)</u>	<u>6,031</u>	<u>—</u>	<u>(2,210)</u>

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Trade receivables and contract assets**

The Group's customers comprise mainly government or quasi-government offtakers of electricity, and a small number of private offtakers. Exposure to credit risk is influenced mainly by the individual characteristics of the offtaker and/or the government entity supporting the offtaker.

Most of the Group's customers have been transacting with the respective Group Entities for over 1 year, and no impairment loss has been recognised against these customers.

The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group Carrying amount		Company Carrying amount	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
India	94,445	72,109	—	—
Japan	30	208	—	—
Indonesia	2,414	3,688	—	—
Thailand	7,577	8,872	—	—
Philippines	740	963	—	—
Australia	4,890	1,302	—	—
Taiwan	—	5	—	—
Others ¹	—	—	—	—
	110,096	87,147	—	—

¹ Others includes offshore entities in Singapore, Cayman Islands and Netherlands.

A summary of the exposure to credit risk for trade receivables and contract assets is as follows:

	2021		2020	
	Not credit- impaired \$'000	Credit- impaired \$'000	Not credit- impaired \$'000	Credit- impaired \$'000
Group				
India	54,520	39,925	39,309	32,800
Japan	30	—	208	—
Indonesia	2,414	—	3,688	—
Thailand	7,577	—	8,872	—
Philippines	740	—	963	—
Australia	4,890	—	1,302	—
Taiwan	—	—	5	—
Others ¹	—	—	—	—
Total gross carrying amount	70,171	39,925	54,347	32,800
Loss allowance	(132)	(2,950)	(261)	(3,695)
	70,039	36,975	54,086	29,105

¹ Others includes offshore entities in Singapore, Cayman Islands and Netherlands.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Trade receivables and contract assets (cont'd)***Exposure to credit risk (cont'd)*

At 31 December 2021, the carrying amount of the Group's top five customers amounts to US\$102.6 (2020: US\$80.5 million), which accounts for 93.4% (2020: 92.4%) of the trade receivables and contract assets.

There is no concentration of customers' credit risk at the Company level.

Expected credit loss assessment for trade receivables and contract assets

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December:

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit- impaired
2021				
<u>Government or government-linked</u>				
Low	0.00*	7,577	—	No
<u>Real estate</u>	0.77	294	—	No
Low				
<u>Utilities industry</u>				
Low	0.57	62,300	132	No
High	4.46	39,925	2,950	Yes
		<u>110,096</u>	<u>3,082</u>	
2020				
<u>Government or government-linked</u>				
Low	0.00*	8,871	—	No
<u>Utilities industry</u>				
Low	0.57	45,476	261	No
High	11.30	32,800	3,695	Yes
		<u>87,147</u>	<u>3,956</u>	

* ECL rate is insignificant and is shown as 0.00% due to rounding.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)*****Movements in allowance for impairment in respect of trade receivables and contract assets***

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group US\$'000	Company US\$'000
At 1 January 2020	8,470	—
Effect of exchange rate changes	230	—
Receivables written off	(4,938)	—
Net Impairment loss recognised	194	—
At 31 December 2020	<u>3,956</u>	<u>—</u>
At 1 January 2021	3,956	—
Effect of exchange rate changes	(120)	—
Receivables written off	—	—
Net Impairment loss reversed	(754)	—
At 31 December 2021	<u>3,082</u>	<u>—</u>

Other receivables

Other receivables comprise mainly balances due from affiliates of the Group to which the Group has provided short term liquidity for strategic purposes.

Most of the Group's counterparties have been transacting with the respective Group entities for over 1 year, and no impairment loss has been recognised against these counterparties.

The Group does not require collateral in respect of other receivables.

Exposure to credit risk

The maximum exposure to credit risk for other receivables at the reporting date by geographic region was as follows:

	Group Carrying amount		Company Carrying amount	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
India	98	7,962	—	—
Japan	42,079	40,656	—	—
Indonesia	1,716	5,456	—	—
Thailand	290	297	—	—
Philippines	2,186	9,829	—	—
Australia	—	73	—	—
Taiwan	7,162	7,053	—	—
Malaysia	—	635	—	—
Korea	23	278	—	—
Others ¹	10,570	3,182	1,869	2,287
	<u>64,124</u>	<u>75,421</u>	<u>1,869</u>	<u>2,287</u>

¹ Others includes offshore entities in Singapore, Cayman Islands and the Netherlands.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Other receivables (cont'd)***Exposure to credit risk (cont'd)*

A summary of the exposure to credit risk for other receivables is as follows:

	2021		2020	
	12-month ECL US\$'000	Credit- impaired US\$'000	12-month ECL US\$'000	Credit- impaired US\$'000
Group				
India	98	—	7,962	—
Japan	42,079	—	40,656	—
Indonesia	1,716	—	5,456	—
Thailand	290	—	297	—
Philippines	2,186	—	3,129	6,700
Australia	—	—	73	—
Taiwan	7,162	—	7,053	—
Malaysia	—	—	635	—
Korea	23	—	278	—
Others ¹	10,570	—	3,182	—
Total gross carrying amount	64,124	—	68,721	6,700
Loss allowance	(286)	—	(247)	(6,700)
	63,838	—	68,474	—
Company				
Singapore	1,869	—	2,287	—
Total gross carrying amount	1,869	—	2,287	—
Loss allowance	—	—	—	—
	1,869	—	2,287	—

¹ Others includes offshore entities in Singapore, Cayman Islands and the Netherlands.

Expected credit loss assessment for other receivables

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Expected credit loss assessment for other receivables (cont'd)**

The following table provides information about the exposure to credit risk and ECLs for other receivables as at 31 December:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit- impaired
2021				
<u>Government or government-linked</u>				
Low	0.00*	9,236	—	No
<u>Telecommunication industry</u>				
Low	2.51	1	—	No
<u>Transportation industry</u>				
Low	2.00	12	—	No
<u>Financial industry</u>				
Low	0.64	18	—	No
<u>Real estate industry</u>				
Low	0.77	6,955	—	No
<u>Utilities industry</u>				
Low	0.44	47,902	286	No
		64,124	286	
2020				
<u>Government or government-linked</u>				
Low	0.00*	2,379	—	No
<u>Insurance industry</u>				
Low	0.30	1,942	6	No
<u>Financial industry</u>				
Low	0.66	—	—	No
<u>Real estate industry</u>				
Low	0.69	1,400	10	No
<u>Utilities industry</u>				
Low	0.37	63,000	231	No
High	100	6,700	6,700	Yes
		75,421	6,947	

* ECL rate is insignificant and is shown as 0.00% due to rounding.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Expected credit loss assessment for other receivables (cont'd)**

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Company Impairment loss allowance US\$'000	Credit- impaired
2021				
<u>Utilities industry</u>				
Low	0.00*	1,869	1,869	No
2020				
<u>Utilities industry</u>				
Low	0.00*	2,287	—	No

* ECL rate is insignificant and is shown as 0.00% due to rounding.

Movements in allowance for impairment in respect of other receivables

The movement in the allowance for impairment in respect of other receivables during the year was as follows:

	Group US\$'000	Company US\$'000
At 1 January 2020	1,861	9
Effect of exchange rate changes	2	—
Other Receivables Written off	(1,491)	—
Net Impairment loss recognised/(reversed)	6,575	(9)
At 31 December 2020	6,947	—
At 1 January 2021	6,947	—
Effect of exchange rate changes	(25)	—
Other Receivables Written off	(6,700)	—
Net Impairment loss recognised	64	—
At 31 December 2021	286	—

Loans receivables

Loans receivables comprises mainly balances due from equity-accounted investees and other affiliates of the Group to which the Group has provided financing for long term strategic purposes.

Most of the Group's counterparties have been transacting with the respective Group Entities for over 1 year, and no impairment loss has been recognised against these counterparties.

The Group does not require collateral in respect of loans receivables.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Loans receivables (cont'd)***Exposure to credit risk*

The maximum exposure to credit risk for loans receivables at the reporting date by geographic region was as follows:

	Group		Company	
	Carrying amount		Carrying amount	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
India	564	696	—	—
Japan	8,096	3,911	—	—
Indonesia	6	2,841	—	—
Thailand	8,079	8,751	—	—
Philippines	0	43,883	—	—
Singapore	260,522	—	—	—
Cayman Islands	127,669	384,756	124,239	215,322
	<u>404,936</u>	<u>444,838</u>	<u>124,239</u>	<u>215,322</u>

A summary of the exposure to credit risk for loans receivables is as follows:

The Group has no non-credit-impaired loan receivables with significant increase in credit risk.

	2021		2020	
	12-month	Credit-impaired	12-month	Credit-impaired
	ECL	US\$'000	ECL	US\$'000
	US\$'000		US\$'000	
Group				
India	564	—	696	—
Japan	8,096	—	3,911	—
Indonesia	6	—	2,841	—
Thailand	8,079	—	8,751	—
Philippines	0	—	43,883	—
Singapore	260,522	—	—	—
Cayman Islands	127,669	—	384,756	—
Total gross carrying amount	<u>404,936</u>	<u>—</u>	<u>444,838</u>	<u>—</u>
Loss allowance	(1,512)	—	(1,763)	—
	<u>403,424</u>	<u>—</u>	<u>443,075</u>	<u>—</u>
Company				
Cayman Islands	124,239	—	215,322	—
Total gross carrying amount	<u>124,239</u>	<u>—</u>	<u>215,322</u>	<u>—</u>
Loss allowance	—	—	—	—
	<u>124,239</u>	<u>—</u>	<u>215,322</u>	<u>—</u>

¹ Others includes offshore entities in Singapore and Cayman Islands.

Expected credit loss assessment for loans receivables

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)*****Expected credit loss assessment for loans receivables (cont'd)***

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for other receivables as at 31 December:

Credit risk grade	Loss rate %	Group		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2021				
<u>Utilities Industry</u>				
Low	0.44	404,936	1,512	No
2020				
<u>Utilities Industry</u>				
Low	0.40	444,838	1,763	No
Credit risk grade	Loss rate %	Company		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2021				
<u>Utilities industry</u>				
Low	0.43	124,239	—*	No
2020				
<u>Utilities industry</u>				
Low	0.43	215,322	—*	No

* Management has assessed impairment to be immaterial in 2021.

Movements in allowance for impairment in respect of loans receivables

The movement in the allowance for impairment in respect of loans receivables during the year was as follows:

	Group US\$'000	Company US\$'000
At 1 January 2020	2,501	2,201
Net impairment loss reversed	(738)	(2,201)
At 31 December 2020	1,763	—
At 1 January 2021	1,763	—
Effect of exchange rate changes	(1)	—
Net impairment loss reversed	(250)	—
At 31 December 2021	1,512	—

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Cash and cash equivalents**

The Group and the Company held cash and cash equivalents of US\$220.9 million and US\$93.2 million respectively at 31 December 2021 (2020: US\$208.8 million and US\$75.6 million respectively). These figures represent its maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- to BB (2020: AA to BB), based on S&P Global ratings and A1 to B3 (2020: A3 to Caa1), based on Moody Corporation ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

As at 31 December 2021 and 31 December 2020, the estimated impairment with respect to cash and cash equivalents is not significant.

Liquidity risk*Risk management policy*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Bank loans	(1,120,138)	(285,552)	(100,367)	(316,505)	(417,714)
Euro Medium Term Note	(554,828)	(15,665)	(15,665)	(523,498)	—
Loan from a related party	(57,958)	—	—	(57,958)	—
Lease liabilities	(57,061)	(6,047)	(6,049)	(8,981)	(35,984)
Trade and other payables*	(61,253)	(61,253)	—	—	—
	<u>(1,851,238)</u>	<u>(368,517)</u>	<u>(122,081)</u>	<u>(906,942)</u>	<u>(453,698)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(7,261)	(2,695)	(1,640)	(859)	(2,067)
Forward exchange contracts (gross-settled):					
- Outflow	(5,851)	(5,851)	—	—	—
- Inflow	5,798	5,798	—	—	—
	<u>(7,314)</u>	<u>(2,748)</u>	<u>(1,640)</u>	<u>(859)</u>	<u>(2,067)</u>
	<u>(1,858,552)</u>	<u>(371,265)</u>	<u>(123,721)</u>	<u>(907,801)</u>	<u>(455,765)</u>

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Liquidity risk (cont'd)****Exposure to liquidity risk (cont'd)**

Group	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
31 December 2020					
Non-derivative financial liabilities					
Bank loans	(1,196,257)	(73,750)	(67,630)	(586,244)	(468,633)
Euro Medium Term Note	(367,680)	(10,182)	(10,182)	(347,316)	—
Lease liabilities	(41,406)	(4,132)	(4,467)	(9,391)	(23,416)
Trade and other payables*	(62,099)	(62,099)	—	—	—
	<u>(1,667,442)</u>	<u>(150,163)</u>	<u>(82,279)</u>	<u>(942,951)</u>	<u>(492,049)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(20,485)	(3,246)	(3,408)	(7,430)	(6,401)
Forward exchange contracts (gross-settled):					
- Outflow	(127,587)	(127,587)	—	—	—
- Inflow	125,353	125,353	—	—	—
Cross currency swaps (gross-settled):					
- Outflow	(366,491)	(4,343)	(4,343)	(357,805)	—
- Inflow	367,680	10,182	10,182	347,316	—
	<u>(21,530)</u>	<u>359</u>	<u>2,431</u>	<u>(17,919)</u>	<u>(6,401)</u>
	<u>(1,688,972)</u>	<u>(149,804)</u>	<u>(79,848)</u>	<u>(960,870)</u>	<u>(498,450)</u>
Company					
31 December 2021					
Non-derivative financial liabilities					
Loan from a related party	(57,958)	—	—	(57,958)	—
Loan from Euro Medium Term Note Issuer	(248,411)	(1,486)	—	(246,925)	—
Trade and other payables*	(7,791)	(7,791)	—	—	—
	<u>(314,160)</u>	<u>(9,277)</u>	<u>—</u>	<u>(304,883)</u>	<u>—</u>
Derivative financial instruments					
Forward exchange contracts (gross-settled):					
- Outflow	(5,851)	(5,851)	—	—	—
- Inflow	5,798	5,798	—	—	—
	<u>(53)</u>	<u>(53)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(314,213)</u>	<u>(9,330)</u>	<u>—</u>	<u>(304,883)</u>	<u>—</u>
31 December 2020					
Non-derivative financial liabilities					
Bank loans	(322,412)	(633)	—	(321,779)	—
Loan from Euro Medium Term Note Issuer	(182,874)	(880)	—	(181,994)	—
Loan from direct subsidiary	(16,714)	(16,714)	—	—	—
Trade and other payables*	(6,426)	(6,426)	—	—	—
	<u>(528,426)</u>	<u>(24,653)</u>	<u>—</u>	<u>(503,773)</u>	<u>—</u>
Derivative financial instruments					
Forward exchange contracts (gross-settled):					
- Outflow	(127,587)	(127,587)	—	—	—
- Inflow	125,353	125,353	—	—	—
	<u>(2,234)</u>	<u>(2,234)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(530,660)</u>	<u>(26,887)</u>	<u>—</u>	<u>(503,773)</u>	<u>—</u>

* Excludes non-financial liabilities

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group entities. The currency giving rise to this risk are detailed in the table below.

The Group ensures that the net exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group enters into foreign currency forward contracts and cross currency swaps (as disclosed in Note 12) to manage its foreign currency cash flows.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Group	JPY US\$'000	AUD US\$'000	EUR US\$'000
2021			
Cash and cash equivalents	5,321	6	749
Derivative assets	19,299	—	—
Loan receivables	275,650	—	—
Loans and borrowings	(59,254)	—	—
Net exposure	241,016	6	749
2020			
Cash and cash equivalents	472	4	3,141
Loan receivables	382,633	—	—
Derivative liabilities	(11,201)	—	—
Loans and borrowings	(323,956)	—	—
Net exposure	47,948	4	3,141
Company			
2021			
Trade and other receivables	1,859	—	—
Cash and cash equivalents	5,320	6	749
Loan receivables	124,239	—	—
Loans and borrowings	(305,612)	—	—
Trade and other payables	(1,903)	—	—
Net exposure	(176,097)	6	749
2020			
Cash and cash equivalents	456	4	3,141
Loan receivables	215,322	—	—
Loans and borrowings	(503,588)	(15,134)	—
Net exposure	(287,810)	(15,130)	3,141

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Market risk (cont'd)****Currency risk (cont'd)***Sensitivity analysis*

A 5% strengthening or (weakening) of the dollar against the respective currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss US\$'000	Equity US\$'000	Profit or loss US\$'000	Equity US\$'000
31 December 2021				
JPY (5% strengthening)	(12,051)	(12,051)	8,805	8,805
AUD (5% strengthening)	—*	—*	—*	—*
EUR (5% strengthening)	(37)	(37)	(37)	(37)
JPY (5% weakening)	12,051	12,051	(8,805)	(8,805)
AUD (5% weakening)	—*	—*	—*	—*
EUR (5% strengthening)	37	37	37	37
31 December 2020				
JPY (5% strengthening)	(2,397)	(2,397)	14,391	14,391
AUD (5% strengthening)	—*	—*	757	757
EUR (5% strengthening)	(157)	(157)	(157)	(157)
JPY (5% weakening)	2,397	2,397	(14,391)	(14,391)
AUD (5% weakening)	—*	—*	(757)	(757)
EUR (5% weakening)	157	157	157	157

* Lesser than US\$1,000

Interest rate risk

Interest rate risk refers to the risk faced by the Group as a result of fluctuations in interest rates. The Group manages some of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Managing interest rate benchmark reform and associated risks**Overview**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to LIBOR.

The Board of Directors monitors and manages the Group's transition to alternative rates. The Board evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Market risk (cont'd)****Managing interest rate benchmark reform and associated risks****Interest rate risk (cont'd)****Non-derivative financial liabilities**

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included project finance debts indexed to LIBOR. The Group and all counterparties have agreed to continue the use of LIBOR for existing contracts until June 2023, but LIBOR will no longer be available for use of pricing of new contracts beyond 31 December 2021.

Exposure to interest rate risk

At the reporting date, the variable rate interest-bearing financial assets and liabilities that are subject to interest rate risk were as follows:

	Group		Company	
	Notional amount		Notional amount	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	398,714	437,499	123,238	213,098
Financial liabilities	(1,085,451)	(898,379)	(304,394)	(503,773)
Cross currency swaps	325,000	325,000	—	—
Variable rate instruments				
Financial liabilities	(330,249)	(571,177)	—	—
Interest rate swaps	257,936	237,489	—	—

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for fixed rate derivative assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates would have increased or decreased equity by approximately US\$0.01 million (2020: US\$0.01 million) for the Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
31 December 2021				
Variable rate instruments	(723)	723	—	—
31 December 2020				
Variable rate instruments	(3,337)	3,337	—	—

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Capital management**

The Group's objective in managing capital is to ensure a stable and strong capital base to maximise returns for its shareholders.

The Group defines capital as including all components of equity. The Group's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group.

The Group is not subject to externally imposed capital requirements.

31 Fair value of financial instruments**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at mid-price.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31 Fair value of financial instruments (cont'd)

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Mandatorily at FVTPL US\$'000	Carrying amount		Fair value			
			Amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
Group								
31 December 2021								
Loans receivables	11	–	403,424	–	403,424	–	407,097	–
Trade and other receivables*		–	183,966	–	183,966	–	–	–
Other investments	9	23,548	–	–	23,548	–	–	23,548
Electricity derivative	12	146,520	–	–	146,520	–	–	146,520
Forward exchange contract	12	875	–	–	875	–	875	–
Cross currency swaps	12	19,582	–	–	19,582	–	19,582	–
Interest rate swaps	12	2,194	–	–	2,194	–	2,194	–
Cash and cash equivalents	15	–	220,934	–	220,934	–	–	–
		192,719	808,324	–	1,001,043			
Loans and borrowings	18	–	–	(1,368,904)	(1,368,904)	–	(1,382,934)	–
Interest rate swaps	12	(9,455)	–	–	(9,455)	–	(9,455)	–
Forward exchange contract	12	(53)	–	–	(53)	–	(53)	–
Trade and other payables*		–	–	(61,253)	(61,253)	–	–	–
		(9,508)	–	(1,430,157)	(1,439,665)			

* Excludes non-financial assets and liabilities

31 Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

Group	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2020									
Loans receivables	11	–	443,075	–	443,075	–	446,392	–	446,392
Trade and other receivables*		–	151,665	–	151,665				
Other investments	9	26,340	–	–	26,340	–	–	26,340	26,340
Electricity derivative	12	182,382	–	–	182,382	–	–	182,382	182,382
Forward exchange contract	12	1,350	–	–	1,350	–	1,350	–	1,350
Cash and cash equivalents	15	–	208,841	–	208,841				
		210,072	803,581	–	1,013,653				
Loans and borrowings	18	–	–	(1,445,580)	(1,445,580)	–	(1,462,234)	–	(1,462,234)
Interest rate swaps	12	(20,380)	–	–	(20,380)	–	(20,380)	–	(20,380)
Forward exchange contract	12	(3,718)	–	–	(3,718)	–	(3,718)	–	(3,718)
Cross currency swaps	12	(11,201)	–	–	(11,201)	–	(11,201)	–	(11,201)
Trade and other payables*		–	–	(62,099)	(62,099)				
		(35,299)	–	(1,507,679)	(1,542,978)				

* Excludes non-financial assets and liabilities

31 Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount			Fair value				
	Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Company									
31 December 2021									
Loans receivables	11	–	124,239	–	124,239	–	124,239	–	124,239
Trade and other receivables	14	–	1,869	–	1,869	–	–	–	–
Forward exchange contract	12	875	–	–	875	–	875	–	875
Cash and cash equivalents	15	–	93,168	–	93,168	–	–	–	–
		875	219,276	–	220,151				
Loans and borrowings	18	–	–	(302,082)	(302,082)	–	(306,369)	–	(306,369)
Forward exchange contract	12	(53)	–	–	(53)	–	(53)	–	(53)
Trade and other payables	20	–	–	(7,791)	(7,791)	–	–	–	–
		(53)	–	(309,873)	(309,926)				

31 Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	
Company									
31 December 2020									
Loans receivables	–	215,322	–	215,322	–	215,322	–	215,322	
Trade and other receivables	–	2,287	–	2,287	–	–	–	–	
Forward exchange contract	1,350	–	–	1,350	–	1,350	–	1,350	
Cash and cash equivalents	–	75,603	–	75,603	–	–	–	–	
	1,350	293,212	–	294,562					
Loans and borrowings	–	–	(520,302)	(520,302)	–	(522,000)	–	(522,000)	
Forward exchange contract	(3,718)	–	–	(3,718)	–	(3,718)	–	(3,718)	
Trade and other payables	–	–	(6,426)	(6,426)	–	–	–	–	
	(3,718)	–	(526,728)	(530,446)					

31 Fair value of financial instruments (cont'd)**Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Other investments: Equity investments – at FVTPL	<i>Discounted cash flows:</i> The valuation model considers the present value of expected cash flows from the projects, discounted using a risk-adjusted discount rate.	Discount rate	The estimated fair value would increase (decrease) if: • the discount rate was lower (higher);
Other investments: Debt investments – at FVTPL	<i>Market comparison:</i> The fair value is estimated considering current or recent quoted prices for identical securities in markets that are not active.	Not applicable.	Not applicable.
Electricity derivative	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the expectation of spot rates for the duration of the contract.	Electricity Spot rate Discount rate	The estimated fair value would increase (decrease) if: • The electricity spot rate was lower (higher); • The discount rate was lower (higher);
Interest rate swaps	<i>Swap models:</i> The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.	Not applicable.	Not applicable.
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward rates at the reporting date and present value calculations based on yield curves in respective currencies.	Not applicable.	Not applicable.
Cross currency swaps	<i>Swap models:</i> Cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates of the respective currencies, matching maturities of the swaps.	Not applicable.	Not applicable.

31 Fair value of financial instruments (cont'd)**Valuation techniques and significant unobservable inputs (cont'd)****Financial instruments not measured at fair value**

Type	Valuation technique
Loans and borrowings / Loans receivables	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group			
	2021		2020	
	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000
At 1 January	26,340	182,382	24,643	117,992
Purchases	5,393	–	3,477	–
Total unrealised gains and losses recognised in profit or loss	(7,694)	(27,105)	(1,790)	48,101
Foreign currency translation recognised in OCI	(491)	(8,757)	10	16,289
At 31 December	23,548	146,520	26,340	182,382

Sensitivity analysis

For the fair values of contingent consideration and equity securities available for sale, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Equity Investment – at FVTPL

	Group (Profit or Loss)	
	Increase US\$'000	Decrease US\$'000
31 December 2021		
Discount rate (1% movement)	5,345	(5,345)
31 December 2020		
Discount rate (1% movement)	6,210	(6,210)

31 Fair value of financial instruments (cont'd)**Valuation techniques and significant unobservable inputs (cont'd)****Sensitivity analysis (cont'd)***Electricity derivatives*

For the fair values of electricity derivatives, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Group (Profit or Loss)	
	Increase US\$'000	Decrease US\$'000
31 December 2021		
Spot rate (0.1% movement)	(147)	147
Discount rate (0.1% movement)	(280)	280
31 December 2020		
Spot rate (0.1% movement)	109	(109)
Discount rate (0.1% movement)	2,020	(2,020)

32 Commitments*Construction agreements*

The commitments for construction of property, plant and equipment as at 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
	Balance US\$'000	Balance US\$'000
<u>Type of contracts</u>		
Supply Contract	89,431	91,523
Supply & Service Contract	77	17,770
Total	89,508	109,293

Acquisitions

In April 2020, the Group entered into a sale and purchase agreement to acquire 100% of Yokji. A portion of the purchase consideration is contingent upon Yokji achieving certain project milestones.

In May 2021, the Group made the contingent payment amounting to KRW2,200 million upon the execution of the grid connection agreement and recognised the contingent payment as part of the Group's project-related agreements and licenses in Note 6 Intangible assets.

The Group commits to pay the remaining contingent payments, amounting to KRW5,000 million, upon the submission of final and effective notice of the commencement of construction work to the competent Governmental Authority in relation to the project.

33 Related parties

Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd have identical board of directors through the periods presented in these financial statements. Zenith Japan Holdings Ltd (as trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous tokumei kumiai arrangements that gives Zenith Japan Trust an economic interest in its subsidiaries' assets in Japan (the "Japanese Assets"). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd.

As such, the Group has determined Vena Energy (Taiwan) Holdings Ltd and its subsidiaries ("VETHL Group"), Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group") as related parties in accordance with IAS 24. Accordingly, all mentions of related parties in the financial statements, except as otherwise defined, refer to entities within VETHL Group and ZJHT Group.

During the year, other than those disclosed elsewhere in the financial statements, there were no other significant transactions with related parties.

34 Non-controlling interests

Non-controlling interest denotes Prime Energy Capital Co., Ltd. ('PEC') in fully paid up equity shares of all subsidiaries domiciled in Thailand.

The following table summarises the financial information relating to the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	2021 US\$'000	2020 US\$'000
Non-current assets	353,217	394,639
Current assets	32,160	38,578
Non-current liabilities	(77,086)	(111,541)
Current liabilities	(25,308)	(24,537)
Net assets	282,983	297,139
Dividends paid by subsidiaries during the year	(22,020)	(27,073)
NCI percentage	30%	30%
Net assets attributable to NCI	78,289	81,020
Revenue	45,936	50,350
Profit	29,750	30,201
OCI	(16,834)	1,540
Total comprehensive income	12,916	31,741
Profit allocated to NCI	8,925	9,060
OCI allocated to NCI	(5,050)	462

Dividends

The following exempt (one-tier) dividends were declared and paid by subsidiaries to non-controlling interests by the Group:

	Group 2021 \$'000	2020 \$'000
Paid by subsidiaries to non-controlling interests		
\$14 dollars (2020: 17 dollars) per qualifying ordinary share	6,606	8,122

35 Acquisition of subsidiary**Asset acquisition**

In July 2021, in line with the Group's strategy growth objective, the Group entered into a Share and Purchase Agreement to acquire 100% interest in Chunji Energy Co., Ltd., a renewable wind energy development company for a total consideration of KRW 1 billion (US\$ 839,000). The assets in Chunji Energy Co., Ltd largely consists of other receivables without any substantive process.

The acquisition of Chunji Energy Co., Ltd has been assessed and accounted for as acquisition of assets in the financial statements by the Group as it does not meet the definition of a business.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Group	US\$'000
Cash consideration	839
Total cash consideration	839
Other receivables	709
Loans and borrowings	(2,834)
Intangible assets – Project-related agreements & licenses	2,964
Total identifiable net assets	839
Cash consideration paid	839
Less: Cash in acquired company	–
Total net cash outflow	839

36 Contingencies

A subsidiary is involved in a tax dispute which arose in the ordinary course of business. An Assessing Officer ("AO") in the Indian tax office has made the following adjustments to the tax returns of the subsidiary:

- Disallowed interest differential between 9.5%/11% and 15%/10.9% for NCD/RDB, respectively; and
- Disallowed certain Capex/Opex based expenditure.

The subsidiary has filed an appeal with the higher authorities against the claim made by AO and the outcome is still pending as at 31 December 2021. Based on external tax and legal advice, management believes that the outcome will not have a material adverse effect on the financial position of the Group.

37 Subsequent events**(i) Investment in a subsidiary**

Subsequent to 31 December 2021, there were material changes in the Company's investment in its wholly owned subsidiary, Vena Energy Ltd due to the following:

- Subscribing for additional shares issued by subsidiary for a total consideration of US\$138,602,876; and
- Return of investment amounting to US\$13,276,067 from subsidiary's share repurchase exercise.

37 Subsequent events (cont'd)

(ii) Acquisitions

On 17 January 2022, the Group entered into a sale and purchase agreement to acquire 100% of Taeon Wind Power Co., Ltd. ("Taeon") in stages. The total purchase consideration ranges from KRW50 billion to KRW140 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC construction contract that have yet to be finalised. On 15 March 2022, the Group acquired 45% of Taeon for KRW4.3 billion (US\$3.6 million).



**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
(incorporated in Cayman Islands)

Annual Report
Year ended 31 December 2021

*Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Statement by Directors
Year ended 31 December 2021*

Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS59 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and the consolidated financial performance, changes in equity and cash flows of the Group and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the International Financial Reporting Standards ('IFRS'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these consolidated financial statements for issue.

On behalf of the Board of Directors



Director

Mike O'Sullivan
13 May 2022



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Board of Directors
Vena Energy (Taiwan) Holdings Ltd

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Vena Energy (Taiwan) Holdings Ltd (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the non-statutory financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS59.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at 31 December 2021, the Group's consolidated financial performance, changes in equity and cash flows, and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the non-statutory financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the non-statutory financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the non-statutory financial statements, which describes the basis of preparation. Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the non-statutory financial statements used by the Board of Directors to discharge its fiduciary duties. Our report will be made available by you to the existing bondholders and the potential bond investors for their information only. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the non-statutory financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the non-statutory financial statements

Management is responsible for the preparation and fair presentation of these non-statutory financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
*Independent auditors' report
Year ended 31 December 2021*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written over the printed name.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
13 May 2022

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Statements of financial position
As at 31 December 2021

		Group		Company	
	Note	2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	4	352,141	133,862	—	—
Right-of-use assets	5	81,674	84,474	—	—
Intangible assets	6	52,552	53,262	—	—
Investment in subsidiaries	7	—	—	289,388	170,413
Equity-accounted investees	8	62,663	63,975	—	—
Deferred tax assets	9	118	262	—	—
Non-current assets		549,148	335,835	289,388	170,413
Loan receivables	10	—	140	—	—
Trade and other receivables	11	19,550	5,963	—	1,700
Prepayments and other assets	12	2,342	1,174	—	5
Cash and cash equivalents	13	48,022	24,227	1,391	798
Current assets		69,914	31,504	1,391	2,503
Total assets		619,062	367,339	290,779	172,916
Equity					
Equity contribution	14	125,497	125,497	125,497	125,497
Accumulated (losses)/profits		(14,836)	(19,359)	6,452	(6,755)
Reserves	15	5,837	6,888	—	—
Equity attributable to owner of the Company		116,498	113,026	131,949	118,742
Non-controlling interests	32	5,501	5,164	—	—
Total equity		121,999	118,190	131,949	118,742
Liabilities					
Asset retirement obligation	17	1,829	1,114	—	—
Derivative liabilities	19	227	392	—	—
Loans and borrowings	16	318,230	138,798	157,563	53,028
Lease liabilities	16	87,739	87,881	—	—
Non-current liabilities		408,025	228,185	157,563	53,028
Loans and borrowings	16	48,476	6,544	1,185	1,034
Lease liabilities	16	2,664	805	—	—
Trade and other payables	18	37,290	13,200	82	112
Current tax liabilities		608	415	—	—
Current liabilities		89,038	20,964	1,267	1,146
Total liabilities		497,063	249,149	158,830	54,174
Total equity and liabilities		619,062	367,339	290,779	172,916

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Statements of profit or loss and other comprehensive income
Year ended 31 December 2021

		Group		Company	
	Note	2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	20	17,627	15,368	–	–
Other income		30	19	–	–
Operating costs	21	(2,600)	(3,143)	(98)	(128)
Shared services costs	22	(5,217)	(4,789)	–	–
Management fee		(253)	(145)	–	–
Development costs	23	(3,813)	(746)	–	–
Depreciation expense	4, 5	(5,577)	(4,822)	–	–
Amortisation expense	6	(997)	(945)	–	–
Results from operating activities		(800)	797	(98)	(128)
Finance income	25	8	164	–	18
Finance costs	25	(5,173)	(3,498)	(2,313)	(1,030)
Change in fair value of financial instruments at FVTPL	27	170	(370)	–	–
Net foreign exchange gain/(loss)		16,074	(57)	15,618	(1,899)
Net finance income/(costs)		11,079	(3,761)	13,305	(2,911)
Write-off of project costs previously capitalised		(4,344)	–	–	–
Share of net profit of equity-accounted investees, net of tax	8	1,407	1,265	–	–
Profit/(loss) before tax	24	7,342	(1,699)	13,207	(3,039)
Tax expense	26	(1,643)	(946)	–	–
Profit/(loss) for the year		5,699	(2,645)	13,207	(3,039)
Profit/(loss) attributable to:					
Owner of the Company		4,711	(3,073)	13,207	(3,039)
Non-controlling interests	32	988	428	–	–
		5,699	(2,645)	13,207	(3,039)
Profit/(loss) for the year		5,699	(2,645)	13,207	(3,039)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		1,554	4,948	–	–
Equity-accounted investees – share of OCI	8	(2,719)	3,618	–	–
Other comprehensive (loss)/income for the year		(1,165)	8,566	–	–
Total comprehensive income/(loss) for the year		4,534	5,921	13,207	(3,039)
Total comprehensive income/(loss) attributable to:					
Owner of the Company		3,472	4,968	13,207	(3,039)
Non-controlling interests	32	1,062	953	–	–
		4,534	5,921	13,207	(3,039)

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Consolidated statement of changes in equity
Year ended 31 December 2021

	Note	Attributable to owner of the Company				
		Equity contribution US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000	Non-controlling interests US\$'000
Group						
At 1 January 2021		125,497	(19,359)	6,888	113,026	5,164
Total comprehensive income for the year						
Profit for the year		-	4,711	-	4,711	988
Other comprehensive income						
Foreign currency translation differences		-	-	1,480	1,480	74
Equity-accounted investees – share of OCI	8	-	-	(2,719)	(2,719)	-
Total comprehensive income/(loss) for the year		-	4,711	(1,239)	3,472	1,062
Transactions with owner, recognised directly in equity						
Contributions by and distributions to owner						
Reallocation of profits to legal reserve		-	(188)	188	-	-
Dividend declared	32	-	-	-	-	(725)
Total contributions by and distributions to owner		-	(188)	188	-	(725)
At 31 December 2021		125,497	(14,836)	5,837	116,498	5,501
						121,999

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2021

	Attributable to owner of the Company					Non- controlling interests US\$'000	Total equity US\$'000
	Note	Equity contribution US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000		
Group							
At 1 January 2020		126,623	(16,211)	(54)	110,358	4,500	114,858
Total comprehensive loss for the year		–	(3,073)	–	(3,073)	428	(2,645)
Loss for the year							
Other comprehensive income							
Foreign currency translation differences		–	–	4,423	4,423	525	4,948
Equity-accounted investees – share of OCI	8	–	–	3,618	3,618	–	3,618
Total comprehensive (loss)/income for the year		–	(3,073)	8,041	4,968	953	5,921
Transactions with owner, recognised directly in equity							
Contributions by and distributions to owner							
Issues of shares	14	1,174	–	–	1,174	–	1,174
Conversion of advance from immediate holdings company		–	–	(1,174)	(1,174)	–	(1,174)
Repurchase of shares	14	(2,300)	–	–	(2,300)	–	(2,300)
Reallocation of profits to legal reserve		–	(75)	75	–	–	–
Dividend declared	32	–	–	–	–	(289)	(289)
Total contributions by and distributions to owner		(1,126)	(75)	(1,099)	(2,300)	(289)	(2,589)
At 31 December 2020		125,497	(19,359)	6,888	113,026	5,164	118,190

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Statement of changes in equity
Year ended 31 December 2021

Company	Note	Equity contribution US\$'000	Accumulated profits/ (losses) US\$'000	Reserves US\$'000	Total US\$'000
At 1 January 2021		125,497	(6,755)	–	118,742
Total comprehensive income for the year					
Profit for the year		–	13,207	–	13,207
Total contributions by and distributions to owner/Total transactions with owner		–	13,207	–	13,207
At 31 December 2021		125,497	6,452	–	131,949
At 1 January 2020		126,623	(3,716)	1,174	124,081
Total comprehensive loss for the year					
Loss for the year		–	(3,039)	–	(3,039)
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owner					
Issue of shares	14	1,174	–	–	1,174
Conversion of advance from immediate holding company		–	–	(1,174)	(1,174)
Repurchase of shares	14	(2,300)	–	–	(2,300)
Total contributions by and distributions to owner/Total transactions with owner		(1,126)	–	(1,174)	(2,300)
At 31 December 2020		125,497	(6,755)	–	118,742

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Consolidated statement of cash flows
Year ended 31 December 2021

Group	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		7,342	(1,699)
Adjustments for:			
Depreciation expense	4, 5	5,577	4,822
Amortisation expense	6	997	945
Finance cost	25	5,173	3,498
Finance income	25	(8)	(164)
Write-off of project costs*		4,344	–
Unrealised change in fair value of financial instruments	27	(170)	370
Unrealised foreign exchange (gain)/loss		(14,549)	4,481
Share of profit of equity-accounted investees, net of tax	8	(1,407)	(1,265)
		7,299	10,988
Changes in:			
- Trade and other receivables		(13,425)	4,644
- Prepayment and other assets		(1,741)	(481)
- Trade and other payables		23,866	(3,589)
Cash from operating activities		15,999	11,562
Tax paid		(774)	(297)
Net cash from operating activities		15,225	11,265
Cash flows from investing activities			
Purchase of intangible assets	6	–	(323)
Purchase of property, plant and equipment	4	(219,895)	(11,955)
Interest received		148	306
Proceeds from repayment of loan receivable from an associate	10	–	1,650
Net cash used in investing activities		(219,747)	(10,322)
Cash flows from financing activities			
Proceeds from drawdown of loans and borrowings:			
- Loan from project finance debts		123,690	66,474
- Loan from a related party		194,397	14,157
- Loan from Euro Medium Term Note Issuer		6,585	–
Repayment of loans and borrowings			
- Loan from a related party		(80,928)	(68,180)
- Loan from project finance debts		(5,372)	(3,333)
Repayment of lease liabilities		(947)	(382)
Repurchase of own shares	14	–	(2,300)
Transaction costs related to loans and borrowings		(3,312)	(1,330)
Transaction costs related to issuance of Euro Medium Term Note		(77)	(289)
Interest paid for:			
- Project finance debts		(2,131)	(1,690)
- Related party		(1,393)	–
- Euro Medium Term Note Issuer		(446)	(208)
- Other finance costs		–	(543)
- Lease liabilities interest		(690)	(661)
Deposits unpledged	13	2,053	3,813
Dividend paid to non-controlling interest	32	(725)	(289)
Net cash from financing activities		230,704	5,239
Net increase in cash and cash equivalents		26,182	6,182
Cash and cash equivalents at 1 January		17,315	11,792
Effect of exchange rate fluctuations on cash held		(334)	(659)
Cash and cash equivalents at 31 December	13	43,163	17,315

* Included \$3.430 million written off of property plant and equipment (Note 4), \$0.341 million written off of intangible assets (Note 6) and \$0.573 million written off of other assets (Note 12)

The accompanying notes form an integral part of these financial statements.

***Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021***

**Consolidated statement of cash flows (cont'd)
Year ended 31 December 2021**

Significant non-cash transaction

The repayment of the Company's intragroup loan due to Vena Energy Holdings Ltd ("VEHL") amounting to US\$Nil (2020: US\$29,226,413) was made on behalf of the Company by Vena Energy Capital Pte. Ltd. ("VECPL") via an intragroup loan from VECPL during the financial year.

The accompanying notes form an integral part of these financial statements.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

Company statement of cash flows
Year ended 31 December 2021

Company	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		13,207	(3,039)
Adjustment for:			
Finance cost	25	2,313	1,030
Finance income	25	–	(18)
Unrealised foreign exchange (gain)/loss		(15,767)	1,899
		(247)	(128)
Changes in:			
- Prepayment and other assets		5	(5)
- Trade and other payables		(30)	(14)
Net cash used in operating activities		(272)	(147)
Cash flows from investing activities			
Subscription of additional shares in a subsidiary	7	(199,425)	(11,906)
Reduction of interest in subsidiary	7	80,450	70,249
Advances to subsidiary	11	–	(1,700)
Repayment of advances from subsidiaries	11	1,700	750
Interest received		–	18
Net cash (used in)/generated from investing activities		(117,275)	57,411
Cash flows from financing activities			
Repurchase of own shares	14	–	(2,300)
Proceeds from drawdown of loans and borrowings:			
- Loan from a related party		194,397	13,185
- Loan from Euro Medium Term Note Issuer		6,585	–
Repayment of loans from a related party		(80,928)	(68,180)
Payment of transaction costs related to loans and borrowings		(95)	(347)
Interest paid for:			
- Loan from a related party		(1,393)	(208)
- Loan from Euro Medium Term Note Issuer		(446)	–
- Other finance costs		–	(185)
Net cash generated from/(used in) financing activities		118,120	(58,035)
Net increase/(decrease) in cash and cash equivalents		573	(771)
Cash and cash equivalents at 1 January		798	1,569
Effect of exchange rate fluctuations on cash held		20	–
Cash and cash equivalents at 31 December	13	1,391	798

Significant non-cash transaction

The Company entered into the following non-cash transactions:

- a) The repayment of the Company's intragroup loan due to Vena Energy Holdings Ltd ("VEHL") amounting to US\$Nil (2020: US\$29,226,413) was made on behalf of the Company by Vena Energy Capital Pte. Ltd. ("VECPL") via an intragroup loan from VECPL.
- b) The Company's equity injection in its subsidiary, Vena Energy (Taiwan) Ltd, amounting to US\$Nil (2020: US\$972,232) was funded directly by VEHL via an intragroup loan.
- c) Extinguished amount due from its wholly owned subsidiary, Vena Energy (Taiwan) Ltd, amounting to US\$Nil (2020: US\$50,227,489) by of issuance of shares.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 May 2022.

1 Domicile and activities

Vena Energy (Taiwan) Holdings Ltd (the 'Company') is incorporated in the Cayman Islands and has its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activity of the Group is that of developer, owner and operator of renewable energy assets in Taiwan and Philippines.

The immediate holding company and ultimate controlling company of the Group as at 31 December 2021 are GIP Zenith (Taiwan) Ltd and Global Infrastructure Investors III, LLC respectively of which the former is incorporated in the Cayman Islands and the latter is incorporated in Delaware, U.S.A.

1.1 Purpose of financial statements

The financial statements were drawn up for the Board of Directors to discharge its fiduciary duties.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The changes in significant accounting policies are described in note 2.6.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in United States dollars ('US\$') which is the Company's functional currency and rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 6 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts; and

Note 28 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 28 Financial instruments.

2.5 Going concern

Notwithstanding the net current liabilities position of the Group as at 31 December 2021 amounted to US\$19.1 million, the consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities.

The net current liabilities of the Group as at 31 December 2021 is attributable to the following:

- a) During the year, the Group obtained short-term borrowings from DBS Bank (Taiwan) Ltd. amounting to US\$32.0 million to finance the construction of a project. The project became operational in January 2022 and management expects to refinance the short-term borrowings to a long-term project finance debt in May 2022.
- b) During the year, due to the breach of loan covenant, loan and borrowings amounted to US\$9.32 million is reclassified from non-current to current loans and borrowings in the statement of financial position as at 31 December 2021. On 31 March 2022, the Group has obtained a letter of waiver from Taipei Fubon Commercial Bank Co., Ltd. on 31 March 2022, that it will not recall its debts within the next 12 months.

In addition, the Group has existing undrawn credit facilities amounted to US\$239.5 million, sufficient to finance the Group's commitment of US\$123.3 million in the next 12 months.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

2. Basis of preparation (cont'd)

2.6 Changes in accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.6, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. In applying the acquisition method, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the substantive process significantly contributes to the ability to create outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises goodwill on a provisional basis if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. During the measurement period, such provisional amounts are retrospectively adjusted from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interest (the 'NCI') in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Interest in associates (equity-accounted investees)

The Group accounts for indirectly held interests in subsidiaries through equity accounted investees by excluding such interests in the parent's share when determining the percentage of interest attributable to NCI.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ('OCI') of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commence until the date that significant influence cease.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and associates in the separate financial statements

Investment in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

(i) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US\$ at monthly average exchange rate. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing items and restoring the site on which they are located; and
- capitalised borrowing costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of property, plant and equipment are as follows:

Building and leasehold improvements	2-10 years
Electric generator equipment	1-28 years
Computers, fittings and fixture and office equipment	2-5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

No depreciation is provided for assets under construction.

3 Significant accounting policies (cont'd)

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill acquired in business combinations is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to the cash-generating unit ('CGU') for the purpose of impairment testing.

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

- licences, permits and approvals to develop and operate an energy project, including governmental authorisations; land rights and environmental consents;
- connection rights; and
- power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment expenses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which are based on the useful life of the related wind or solar assets.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Power purchase agreements 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivation financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debit investments at FVOCI

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cashflows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cashflows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gain and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

3 Significant accounting policies (cont'd)

3.7 Share capital

Ordinary shares

Ordinary shares are classified as equity contribution. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium represents the excess amounts over the par value of each ordinary share issued and are classified as "equity contribution".

Share repurchase

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ('ECLs') on:

- financial assets measured at amortised costs; and
- contract assets (as defined in IFRS 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or counterparty;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- a breach of contract such as a default.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(ii) Non- financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (cont'd)

3.9 Provisions (cont'd)

(i) Asset retirement obligation

Provisions for environmental restoration and restructuring are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions are comprised of lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.10 Revenue

Sale of electricity

Revenue from sale of electricity in the ordinary course of business is recognised in profit or loss when the Group satisfies a performance obligation ('PO') by transferring control of the electricity generated to the customer. The amount of revenue recognition is the amount of the transaction price allocated to the satisfied PO.

The transaction price is determined based on the applicable tariff rates. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised service. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

An element of significant financing component is deemed present for the Group's sale of electricity for contracts whereby the period between the satisfaction of PO and when the customer pays the transaction price exceeds one year. For these contracts, the Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at the contract inception, such that it reflects the credit characteristics of the party receiving the benefit of financing in the contract.

Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established. For unquoted equity securities, dividend income is recognised when the shareholders have approved the payment of a dividend.

3.11 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3 Significant accounting policies (cont'd)

3.12 Operating costs

Operating costs include expenditure that are incurred by the Group's renewable energy assets after these assets becomes operationally ready, as determined by management.

3.13 Shared services costs

Shared services costs include expenditure that are incurred by the Group's service entities in providing shared services and asset management services to renewable energy assets of the Group's affiliates.

3.14 Development costs

Development costs include expenditure that are incurred by the Group's renewable energy assets before these assets becomes operationally ready, as determined by management.

3.15 Finance income and finance costs

Finance income is comprised of interest income. Finance costs are comprised of interest expense on borrowings and other finance costs.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3 Significant accounting policies (cont'd)

3.16 Tax (cont'd)

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals for existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

3 Significant accounting policies (cont'd)

3.17 Leases (cont'd)

As a lessee (cont'd)

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Annual Improvements to IFRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

4 Property, plant and equipment

Group	Note	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Computers, furniture and office equipment US\$'000	Assets under construction US\$'000	Vehicles US\$'000	Total US\$'000
Cost							
At 1 January 2020		51	109,723	145	8,120	—	118,039
Additions		—	239	27	11,604	85	11,955
Capitalisation from right-of-use asset		—	—	—	2,393	—	2,393
Effect of exchange rate changes	5	4	7,784	9	942	1	8,740
At 31 December 2020		55	117,746	181	23,059	86	141,127
Additions		—	684	—	220,038	126	220,848
Reclassification		—	11,763	—	(11,763)	—	—
Capitalisation from right-of-use asset	5	—	—	—	3,304	—	3,304
Written off		—	—	—	(3,430)	—	(3,430)
Effect of exchange rate changes		1	1,464	1	1,047	1	2,514
At 31 December 2021		56	131,657	182	232,255	213	364,363
Accumulated depreciation							
At 1 January 2020		29	2,647	22	—	—	2,698
Depreciation charge for the year		3	4,133	39	—	3	4,178
Effect of exchange rate changes		4	383	2	—	—*	389
At 31 December 2020		36	7,163	63	—	3	7,265
Depreciation charge for the year		10	4,782	16	—	28	4,836
Effect of exchange rate changes		1	120	—*	—	—*	121
At 31 December 2021		47	12,065	79	—	31	12,222
Carrying amounts							
At 1 January 2020		22	107,076	123	8,120	—	115,341
At 31 December 2020		19	110,583	118	23,059	83	133,862
At 31 December 2021		9	119,592	103	232,255	182	352,141

* Less than US\$1,000

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

4 Property, plant and equipment (cont'd)

As at reporting date, property, plant and equipment of the Group with carrying amounts of US\$119.6 million (2020: US\$110.6 million) were pledged as collateral to secure project finance debts.

During the financial year, shared services cost charged by a related party, Vena Energy Pte. Ltd. amounting to US\$2.867 million (2020: US\$1.188 million) has been capitalised for projects that are yet to reach its commercial operation date.

5 Right-of-use assets

	Note	Land US\$'000
Group		
Cost		
At 1 January 2020		29,421
Additions		53,604
Effect of exchange rate changes		5,656
At 31 December 2020		<u>88,681</u>
At 1 January 2021		88,681
Additions		257
Effect of exchange rate changes		1,059
At 31 December 2021		<u>89,997</u>
Accumulated depreciation		
At 1 January 2020		1,072
Depreciation expense		644
Capitalisation to property, plant and equipment	4	2,393
Effect of exchange rate changes		98
At 31 December 2020		<u>4,207</u>
At 1 January 2021		4,207
Depreciation expense		741
Capitalisation to property, plant and equipment	4	3,304
Effect of exchange rate changes		71
At 31 December 2021		<u>8,323</u>
Carrying amounts		
At 1 January 2020		<u>28,349</u>
At 31 December 2020		<u>84,474</u>
At 31 December 2021		<u>81,674</u>

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

6 Intangible assets

Group	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Cost			
At 1 January 2020	32,847	18,493	51,340
Additions	–	323	323
Effect of exchange rate changes	2,328	1,327	3,655
At 31 December 2020	35,175	20,143	55,318
Write-off	–	(341)	(341)
Effect of exchange rate changes	420	238	658
At 31 December 2021	35,595	20,040	55,635
Accumulated amortisation			
At 1 January 2020	–	996	996
Amortisation expense	–	945	945
Effect of exchange rate changes	–	115	115
At 31 December 2020	–	2,056	2,056
Amortisation expense	–	997	997
Effect of exchange rate changes	–	30	30
At 31 December 2021	–	3,083	3,083
Carrying amounts			
At 1 January 2020	32,847	17,497	50,344
At 31 December 2020	35,175	18,087	53,262
At 31 December 2021	35,595	16,957	52,552

Amortisation of project related agreements and licences will begin on the commercial operation date of the solar photovoltaic plants as defined in the respective power purchase agreements.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's groups of CGUs (operating divisions) as follows:

Group	Group 2021 US\$'000	2020 US\$'000
Taiwan	35,595	35,175

Operations in Taiwan

The recoverable amount of these groups of CGUs was based on fair value less costs of disposal, estimated using discounted cash flows method. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The discounted cash flows valuation is based on management's cash flow projections over 21 to 39 years and no terminal value is assumed. The post-tax discount rate of 6.20% to 7.70% (2020: 3.90% to 5.40%) are estimated based on historical industry average weighted-average cost of capital ('WACC') and applying a risk premium for under construction, shovel ready and development assets.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

7 Investment in subsidiaries

	Company	
	2021	2020
	US\$'000	US\$'000
Equity investment, at cost	289,388	170,413

The table below provides a reconciliation of the movement in investment in subsidiaries:

	Company	
	2021	2020
	US\$'000	US\$'000
Balance as at 1 January	170,413	177,557
Capital injection during the year	199,425	12,878
Reduction interest in subsidiary	(80,450)	(70,249)
Amount due from subsidiary (Note 11)	–	50,227
Balance as at 31 December	289,388	170,413

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	Sector	Project name/ Activities	Status	Principal place of business	Ownership interest	
					2021	2020
					%	%
Soleq Taiwan Solar Energy Ltd	Solar	1. Davis 2. Coltrane	Operating	Taiwan	100	100
Soleq Taiwan Two Energy Ltd	Solar	Brubeck	Operating	Taiwan	100	100
Vena Energy Taiwan Solar Energy Ltd	Solar	Mingus	Operating	Taiwan	70	70
Soleq Taiwan Renewables Ltd	Solar	Hancock	Operating	Taiwan	100	100
Shuo Li PV Energy Co. Ltd	Solar	Yunlin E2	Construction	Taiwan	100	100
Vena Energy Taiwan Renewables Ltd	Solar	Cole	Construction	Taiwan	100	100

8 Equity-accounted investees

Interest in associates

	Group	
	2021	2020
	US\$'000	US\$'000
Interests in associates		
As at 31 December	62,663	63,975

The Group has a material associate, RA Solar Energy Holdings Inc. and its subsidiaries ('RSEHI'), and an immaterial associate which are equity accounted. Project Garcia is wholly owned by RSEHI. The Group has one out of five representation in the board of directors of RSEHI. The Group has 99.91% economic interest in RSEHI which consist of 40% of voting shares and 99.91% of redeemable preferred shares ('RPS'). RPS are non-convertible, non-voting and are redeemable at the sole option of RSEHI. RSEHI is based in Philippines and principally engaged in investment holding entity for Mirae Asia Energy Corporation ("Project Garcia").

The Group has an effective economic interest of 99.97% in project Garcia through its holdings in RSEHI and the immaterial associate.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Interest in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

	Garcia RSEHI Group	
	2021	2020
	US\$'000	US\$'000
<u>Statement of financial position</u>		
Property, plant and equipment	25,277	28,171
Equity-accounted investees	5,471	4,433
Other non-current receivables	303	227
Non-current prepayment and other assets	34	127
Right-of-use assets	384	3
Non-current assets	31,469	32,961
Trade and other receivables	3,691	2,960
Prepayment and other assets	132	144
Cash and cash equivalents	532	989
Current assets	4,355	4,093
Total assets	35,824	37,054
Loans and borrowings	13,424	14,955
Asset retirement obligation	151	187
Deferred tax liabilities	25	106
Non-current liabilities	13,600	15,248
Loans and borrowings	1,831	4,784
Trade and other payables	693	1,072
Current tax liabilities	147	10
Current liabilities	2,671	5,866
Total liabilities	16,271	21,114
Net assets	19,553	15,940

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Interest in associates (cont'd)

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

	Garcia RSEHI Group	
	2021 US\$'000	2020 US\$'000
<u>Statement of comprehensive income</u>		
Sale of energy	6,569	7,198
Dividend income	725	289
Other income	117	155
	7,411	7,642
Operating costs	(1,236)	(1,237)
Shared services costs	(158)	(386)
Depreciation expenses	(1,555)	(1,554)
	4,462	4,465
Finance income	58	97
Finance costs	(979)	(1,158)
Net foreign exchange gain	758	1,284
Net finance (costs)/income	(163)	223
Profit before tax	4,299	4,688
Tax expense	(70)	(73)
Profit for the year	4,229	4,615
Other comprehensive (loss)/income	(549)	467
Total comprehensive income	3,680	5,082

	RSEHI Group US\$'000	Immaterial associate US\$'000	Total US\$'000
2021			
Group's interest in net assets of associates			
Share of profit of associates	4,229	—	4,229
Amortisation expenses of intangibles allocated to associates	(2,822)	—	(2,822)
Foreign currency translation difference on intangibles allocated to associates	(2,212)	—	(2,212)
Share of other comprehensive income	(507)	—	(507)
	(1,312)		(1,312)
Carrying amount of interest in associates at beginning of the year	63,975	—	63,975
Carrying amount of interest in associates at end of the year¹	62,663	—	62,663

¹ Included in carrying amount of interest in associates at end of year is project related agreements and licences amounting to US\$42,843,640.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Interest in associates (cont'd)

2020

Group's interest in net assets of associates

Share of profit of associates
Amortisation expenses of intangibles allocated to associates
Foreign currency translation difference on intangibles allocated to associates
Share of other comprehensive income

RSEHI Group US\$'000	Immaterial associate US\$'000	Total US\$'000
4,322	—	4,322
(3,057)	—	(3,057)
2,677	—	2,677
941	—	941
4,883	—	4,883
59,092	—	59,092
63,975	—	63,975

**Carrying amount of interest in associates
at beginning of the year**

**Carrying amount of interest in associates
at end of the year¹**

¹ Included in carrying amount of interest in associate end of year is project related agreement and license amounting to US\$ 47,877,998.

9 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Group				
Derivatives	45	78	—	—
Provision	5	—	—	—
Other items	118	25	(283)	(427)
Tax loss carry-forwards	233	586	—	—
Deferred tax assets/(liabilities)	401	689	(283)	(427)
Set off of tax	(283)	(427)	283	427
Net deferred tax assets	118	262	—	—

Unrecognised deferred tax assets

Deferred tax assets on tax losses have not been recognised in respect of tax losses which are expected to expire or be utilised during such tax holiday period because it is not probable that future taxable profits will be available which the Group can utilise the benefits therefrom during such period.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

9 Deferred tax (cont'd)

Movement in deferred tax balances

Group	Balance as at 1 January US\$'000	Recognised in profit or loss (Note 26) US\$'000	Exchange differences US\$'000	Balance as at 31 December US\$'000
2021				
Derivatives	78	(34)	1	45
Provision	—	5	—*	5
Tax loss carry-forward	586	(359)	6	233
Other items	(402)	241	(4)	(165)
	<u>262</u>	<u>(147)</u>	<u>3</u>	<u>118</u>
2020				
Derivatives	—	78	—*	78
Tax loss carry-forward	793	(264)	57	586
Other items	(326)	(53)	(23)	(402)
	<u>467</u>	<u>(239)</u>	<u>34</u>	<u>262</u>

* Less than US\$1,000

10 Loan receivables

	Group
	2021 US\$'000
	2020 US\$'000
Interest receivables from equity-accounted investee	<u>—</u> <u>140</u>

Loan receivable from an equity-accounted investee is denominated in USD, unsecured and repayable on demand. The loan bears an interest rate of 7% (2020: 7%) per annum. The loan is repaid during the financial year.

11 Trade and other receivables

		Group		Company
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000
				2020 US\$'000
Trade receivables		1,158	—	—
Contract assets		1,201	1,001	—
Amounts due from:				
- Subsidiary	(a)	—	—	1,700
- Other third parties		288	317	—
Deposit and advance		5,310	3,781	—
VAT receivable		11,593	864	—
		<u>19,550</u>	<u>5,963</u>	<u>1,700</u>

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

11 Trade and other receivables (cont'd)

- (a) The amounts due from a subsidiary is non-trade, unsecured, non-interest bearing and repayable on demand. As at 31 December 2021, the nature of the amount due from subsidiaries are as follows:

	2021 US\$'000	2020 US\$'000
Balance as at 1 January	1,700	50,977
Capitalised to investment in subsidiaries (Note 7)	—	(50,227)
Advances to subsidiary	—	1,700
Repayment of advances from subsidiary	(1,700)	(750)
Balance as at 31 December	<u>—</u>	<u>1,700</u>

12 Prepayments and other assets

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Other assets	139	592	—	—
Prepaid expenses	2,203	582	—	5
	<u>2,342</u>	<u>1,174</u>	<u>—</u>	<u>5</u>

13 Cash and cash equivalents

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Bank balances		48,022	22,215	1,391	798
Short term deposits		—	2,012	—	—
Cash and cash equivalents in the statement of financial position		<u>48,022</u>	<u>24,227</u>	<u>1,391</u>	<u>798</u>
Restricted bank balances and deposits	(a)	(4,859)	(6,912)	—	—
Cash and cash equivalents in the statement of cash flows		<u>43,163</u>	<u>17,315</u>	<u>1,391</u>	<u>798</u>

- (a) As at 31 December 2021, the Group's cash and cash equivalents of US\$4.9 million (2020: US\$4.9 million) were held under Debt Service Reserve Accounts ("DSRA"), a reserve account for servicing of project finance debt and US\$Nil (2020: US\$2 million) fixed deposit pledged in relation to banker's guarantees.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

14 Equity contribution

	Group and Company	
	2021	2020
	US\$'000	US\$'000
<u>Group and Company</u>		
<u>Equity contribution</u>		
Share capital at US\$0.01 per share	1,254	1,254
Share premium	124,243	124,243
	<u>125,497</u>	<u>125,497</u>
	Group and Company	
	2021	2020
	No. of shares	No. of shares
	('000)	('000)
Issued and fully paid		
At beginning of the year	125,497	126,623
Issued during the year	—	1,174
Repurchase of shares	—	(2,300)
At 31 December	<u>125,497</u>	<u>125,497</u>

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

15 Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Translation reserve	5,574	6,813	—	—
Legal reserve	263	75	—	—
	<u>5,837</u>	<u>6,888</u>	<u>—</u>	<u>—</u>

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal reserve

The Taiwan Companies Act requires that for profit making Taiwan registered companies, 10% of the profits shall be kept as a reserve which is non distributable. The legal reserve will be capped at amount equivalent to authorised share capital.

**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
Financial statements
Year ended 31 December 2021

16 Loans and borrowings and lease liabilities

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
Project finance debts		160,667	85,770	—	—
Loan from a related party		123,223	22,339	123,223	22,339
Loan from Euro Medium Term Note Issuer	(a)	34,340	30,689	34,340	30,689
		<u>318,230</u>	<u>138,798</u>	<u>157,563</u>	<u>53,028</u>
Lease liabilities		<u>87,739</u>	<u>87,881</u>	<u>—</u>	<u>—</u>
Current					
Project finance debts		46,891	5,310	—	—
Interest payables on:					
(i) Project finance debts		400	200	—	—
(ii) Loan from a related party		1,001	884	1,001	884
(iii) Loan from Euro Medium Term Note Issuer		184	150	184	150
		<u>48,476</u>	<u>6,544</u>	<u>1,185</u>	<u>1,034</u>
Lease liabilities		<u>2,664</u>	<u>805</u>	<u>—</u>	<u>—</u>

(a) On 27 February 2020, a direct subsidiary, Vena Energy Capital Pte. Ltd. ("Euro Medium Term Note Issuer"), issued US\$325,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under a \$1 billion Global Medium Term Note Programme (the "Notes"). The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2020, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2020. The Notes will mature on 26 February 2025.

On 8 July 2021, the Euro Medium Term Note Issuer issued US\$175,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under the US\$1,000,000,000 Global Medium Term Note Programme (the "Notes"). The Notes were issued at a premium for a total consideration of US\$178,638,250. The Notes are to be consolidated and form a single series with the US\$325,000,000 3.133% per annum notes issued on 27 February 2020. The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

The EMTN proceeds were allocated to the Company, Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) through intercompany loans.

The Company together with Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for this EMTN issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the EMTN will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

16 Loans and borrowings and lease liabilities (cont'd)

The below table shows the notional amount of the outstanding loans and borrowings not including transaction costs.

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Project finance debts	164,900	87,029	—	—
Loan from a related party	123,238	22,339	123,238	22,339
Loan from Euro Medium Term Note Issuer	34,627	30,978	34,627	30,978
	<u>322,765</u>	<u>140,346</u>	<u>157,865</u>	<u>53,317</u>
Current				
Project finance debts	46,904	5,323	—	—
	<u>369,669</u>	<u>145,669</u>	<u>157,865</u>	<u>53,317</u>

	Currency	Nominal interest rate %	Year of maturity	Principal amount US\$'000
2021				
Project finance debts	NTD	TAIBOR+1.5 to 1.7	2033 to 2040	211,804
Loan from a related party	JPY	1.35	Repayable on demand [#]	123,238
Loan from Euro Medium Term Note Issuer	JPY	1.372	2026	28,046
Loan from Euro Medium Term Note Issuer	USD	2.655	2026	6,581
2020				
Project finance debts	NTD	TAIBOR+1.5	2033 to 2038	92,352
Loan from a related party	JPY	1.35	Repayable on demand [#]	22,339
Loan from Euro Medium Term Note Issuer	JPY	1.372	2026	30,978

The project finance debts contain debt covenants which are tested on a regular basis. A breach of these covenants may require the Group to repay the project finance debts earlier than indicated in the table above. The Group has not breached any debt covenants as at 31 December 2021 and 31 December 2020 respectively, except for as disclosed below.

On 13 November 2020, the Group has secured the bank loan with a carrying amount of US\$9,445,434 at 31 December 2021 (2020: US\$ Nil), this loan is repayable in tranches within 1 year. The loan contains a covenant stating that at the end of each quarter, the debt to equity ratio shall be less than 4 times and the ratio of the aggregate of all of the Group's liabilities to the Group's paid in capital (maximum leverage ratio) does not exceed the ratio of 82:18 at any time throughout the duration of the agreement, otherwise the loan will be repayable on demand. The Group exceeded the maximum leverage ratio as at 31 December 2021. The above-mentioned bank loan has been reclassified from non-current to current as at 31 December 2021.

Project finance debts amounting to US\$211,804,000 (2020: US\$92,352,000) are taken up by the subsidiaries of the Company where these debt obligations have no recourse to the Company.

[#] The related party has agreed not to recall the loan in the next 12 months

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

16 Loans and borrowings and lease liabilities (cont'd)

Lease liabilities

- i. Amounts recognised in profit and loss

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Interest on lease liabilities	419	378	—	—

- ii. Amounts recognised in statement of cash flows

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Total cash outflow for leases	1,637	1,043	—	—

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Loan from a related party	Project finance debts	Lease liabilities	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	54,062	91,280	88,686	234,028
Changes from financing cash flows				
Proceeds from loans and borrowings	200,982	123,690	—	324,672
Repayment of loans and borrowings	(80,928)	(5,372)	—	(86,300)
Payment for financial lease liabilities	—	—	(947)	(947)
Transaction costs related to loans and borrowings	—	(3,312)	—	(3,312)
Transaction costs related to issuance of Euro Medium Term Note	(77)	—	—	(77)
Interest paid	(1,839)	(2,131)	(690)	(4,660)
Total changes from financing cash flows	172,200	204,155	87,049	463,404
Change in fair value	172,200	204,155	87,049	463,404
Other changes				
New leases	—	—	257	257
Interest expense	2,081	2,013	419	4,513
Foreign exchange difference	(15,533)	1,790	2,678	(11,065)
Total liability-related other changes	(13,452)	3,803	3,354	(6,295)
Balance at 31 December 2021	158,748	207,958	90,403	457,109

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

16 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

<u>Group</u>	Liabilities			
	Loan from related parties US\$'000	Project finance debts US\$'000	Lease liabilities US\$'000	Total US\$'000
Balance at 1 January 2020	105,900	22,150	28,984	157,034
Changes from financing cash flows				
Proceeds from loans and borrowings	43,383	66,474	–	109,857
Repayment of loans and borrowings	(97,406)	(3,333)	–	(100,739)
Payment for financial lease liabilities	–	–	(382)	(382)
Transaction costs related to loans and borrowings	(347)	(1,272)	–	(1,619)
Interest paid	(208)	(1,690)	(661)	(2,559)
Total changes from financing cash flows	51,322	82,329	27,941	161,592
Change in fair value	51,322	82,329	27,941	161,592
Other changes				
New leases	–	–	53,604	53,604
Interest expense	845	1,732	378	2,955
Foreign exchange difference	1,895	7,219	6,763	15,877
Total liability-related other changes	2,740	8,951	60,745	72,436
Balance at 31 December 2020	54,062	91,280	88,686	234,028

Pledges for facility agreements

The Group has entered into several Facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US\$211.8 million (2020: US\$92.4 million) to the Group on floating rates.

The obligations of the Group to the banks are collateralised by the pledges of all the shares of the project entities and liens on and security interests in substantially all of the project entities' assets, its rights under various agreements, all of the project entities' revenues and all insurance proceeds payable to the project entities and require the project entities to comply with various administrative requirements.

The Group's assets directly pledged in relation to the facilities agreements are as disclosed in Note 4 of the financial statement. The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Project entities' contribution to the net assets of the Group	22,741	23,456

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

17 Asset retirement obligation

	Group	
	2021	2020
	US\$'000	US\$'000
At 1 January	1,114	861
Provision made during the year	748	229
Unwind of discount	(46)	(39)
Effect of exchange rate changes	13	63
At 31 December	<u>1,829</u>	<u>1,114</u>

The Group has recorded asset retirement obligation primarily associated with the estimated cost to reinstate property involved in power generation.

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, The Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 2.5% (2020: 3.5%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 25 to 28 years after the commissioning of the power plants.

18 Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts due to:				
- Related parties	1,257	1,280	—	71
- Other third parties	194	679	—	—
Payables to EPC contractors	25,738	3,554	—	—
Shared services fees payables	6,589	6,419	—	—
Other tax payable	798	459	—	—
Accrued staff costs	24	14	—	—
Accrued operating expenses	2,690	795	82	41
	<u>37,290</u>	<u>13,200</u>	<u>82</u>	<u>112</u>

19 Derivative liabilities

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swaps	<u>227</u>	<u>392</u>	<u>—</u>	<u>—</u>

20 Revenue

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Sale of energy	<u>17,627</u>	<u>15,368</u>	<u>—</u>	<u>—</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

20 Revenue (cont'd)

Sale of Energy

Nature of goods or services	Sale of renewable energy
When revenue is recognised	Revenue from sale of electricity is recognised in profit or loss when the electricity generated is distributed to the customer. Revenue is determined based on the units of sales delivered at the applicable tariff rates.
Payment terms	15 – 30 days

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products.

	Group	
	2021 US\$'000	2020 US\$'000
Taiwan Solar	17,627	15,368

Contract balances

Please refer to note 11 for contract assets primarily relating to the Group's right to consideration for sale of renewable energy but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

21 Operating costs

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Operations and maintenance costs	1,135	1,226	–	–
Utilities and transmission costs	266	289	–	–
Directors fee	19	12	–	–
Professional fees	504	383	97	93
IT expenses	4	21	–	–
Insurance	323	693	–	–
Rental - land & site office	–	3	–	–
Occupancy cost	112	111	–	–
Travel and entertainment expenses	73	88	–	–
Other general and administrative costs	164	317	1	35
	<u>2,600</u>	<u>3,143</u>	<u>98</u>	<u>128</u>

Staff costs of US\$0.64 million (2020: US\$0.35 million) is included within operations and maintenance costs.

22 Shared services costs

Shared services costs have been incurred in respect of transactions with Vena Energy Pte. Ltd., Vena Energy Pte. Ltd., Taiwan branch and Vena Energy (Thailand) Co., Ltd.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

23 Development costs

	Group	
	2021 US\$'000	2020 US\$'000
Staff costs	4	2
Professional fees	2,283	342
Travel and entertainment expenses	208	177
Occupancy costs	184	76
IT expenses	2	8
Other general and administrative costs	1,132	141
	3,813	746

24 Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2021 US\$'000	2020 US\$'000
Staff cost		
Salaries	433	222
Bonus	49	46
Other staff benefits	155	78
	637	346

25 Finance income and finance costs

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Finance income				
Interest income from:				
- Short term deposit	3	52	—	—
- Loan receivable from equity-accounted investee	—	94	—	—
- Bank balances	5	8	—	8
- Other finance income	—	10	—	10
Total finance income	8	164	—	18
Finance costs				
Interest expense on:				
- Loan from a related party	(1,604)	(432)	(1,604)	(432)
- Loan from Euro Medium Term Note Issuer	(477)	(413)	(477)	(413)
- Project finance debts	(2,013)	(1,732)	—	—
- Lease liabilities	(419)	(378)	—	—
- Other finance costs	(660)	(543)	(232)	(185)
Total finance costs	(5,173)	(3,498)	(2,313)	(1,030)

Included in other finance costs are deferred financing costs of US\$392,000 (2020: US\$261,000).

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

26 Tax expense

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax expense				
Withholding tax	682	297	—	—
Corporate income tax	869	529	—	—
Changes in estimates related to prior years	(55)	(119)		
Deferred tax credit				
Origination and reversal of temporary difference	(212)	(25)	—	—
Recognition of tax effect of previously unrecognised tax losses	359	264	—	—
	147	239	—	—
Tax expense	1,643	946	—	—
Reconciliation of effective tax rate				
Profit/(loss) before tax	7,342	(1,699)	13,207	(3,039)
Tax using Cayman Island tax rate of 0% (2020: 0%)	—	—	—	—
Effect of tax rates in foreign jurisdictions	(1,092)	(436)	—	—
Expenses non-deductible for tax purposes	145	959	—	—
Tax-exempt income/non-taxable income	(32)	(16)	—	—
Withholding tax	682	297	—	—
Effects of results of equity-accounted investees presented net of tax	(281)	(253)	—	—
Changes in estimates related to prior years	(55)	(119)	—	—
Change in unrecognised temporary differences	(33)	—*	—	—
Recognition of tax effect of previously unrecognised tax losses	359	264	—	—
Current year losses for which no deferred tax assets recognised	1,950	250	—	—
	1,643	946	—	—

* Less than US\$1,000

The Taiwan tax rate is used in the table above as this is the country in which the Group's operations are primarily based.

27 Change in fair value of financial instrument at FVTPL

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
(Gain)/loss on change in fair value:				
- Interest rate swaps	(170)	370	—	—

28 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Impairment loss on financial assets included in the statement of comprehensive income

Trade receivables and contract assets

The Group's customers comprise mainly government or quasi-government offtakers of electricity, and a small number of private offtakers. Exposure to credit risk is influenced mainly by the individual characteristics of the offtaker and/or the government entity supporting the offtaker.

Most of the Group's customers have been transacting with the respective Group Entities for over 1 year, and no impairment loss has been recognised against these customers.

Exposure to credit risk

The Group has no significant concentration of credit risk other than trade and other receivables and loan receivable from an associate comprising of 3.8% and Nil (2020: 7% and 0.4%) of current assets respectively. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for customers as at 31 December 2021 and 31 December 2020

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include "Low", "Medium" and "High".

The maximum exposure to credit risk for trade and other receivables and loans receivable at the reporting date is as follows:

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other receivables	2,647	1,318	—	1,700
Loan receivable from an associate	—	140	—	—
	<u>2,647</u>	<u>1,458</u>	<u>—</u>	<u>1,700</u>

Impairment

A summary of the exposure to credit risk for trade and other receivables and loan receivable is as follows:

	Group		Company	
	Amortised cost		Amortised cost	
	Non-credit	Credit-	Non-credit	Credit-
	impaired	impaired	impaired	impaired
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2021				
Trade and other receivables	2,647	—	—	—
Loan receivable from equity-accounted investee	—	—	—	—
Less: loss allowance	—*	—	—	—
	<u>2,647</u>	<u>—</u>	<u>—</u>	<u>—</u>
31 December 2020				
Trade and other receivables	1,318	—	1,700	—
Loan receivable from equity-accounted investee	140	—	—	—
Less: loss allowance	—*	—	—	—
	<u>1,458</u>	<u>—</u>	<u>1,700</u>	<u>—</u>

* Less than US\$1,000

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Impairment (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and loan receivable from an associate as at 31 December 2021:

Credit risk grade	Loss rate %	Group		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2021				
Low	0.44	2,647	—*	No
2020				
Low	0.43	1,458	—*	No

* Less than US\$1,000

Credit risk grade	Loss rate %	Company		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2021				
Low	0.44	—	—	No
2020				
Low	0.43	1,700	—	No

Movements in allowance for impairment in respect of loan receivable

The movement in the allowance for impairment in respect of loan receivable during the year was as follows:

	Group \$'000
At 1 January 2020	—
Reversal of impairment loss	—*
At 31 December 2020	—*
At 1 January 2021	—*
Reversal of impairment loss	—*
At 31 December 2021	—*

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US\$48.0 million and US\$1.4 million (2020: US\$24.2 million and US\$0.8 million) respectively at 31 December 2021 – these figures represents its maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated BBB+ to AA- (2020: BBB+ to AA-), based on S&P Global ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

As at 31 December 2021 and 31 December 2020, the estimated impairment with respect to cash and cash equivalents is not significant.

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Project finance debts	(223,244)	(45,768)	(7,235)	(103,619)	(66,622)
Loan from a related party	(125,240)	(1,001)	(124,239)	–	–
Loan from Euro Medium Term Note Issuer	(35,547)	(184)	(184)	(35,179)	–
Lease liabilities	(113,190)	(4,699)	(5,717)	(17,113)	(85,661)
Trade and other payables*	(36,492)	(36,492)	–	–	–
	<u>(533,713)</u>	<u>(88,144)</u>	<u>(137,375)</u>	<u>(155,911)</u>	<u>(152,283)</u>
Derivative financial instruments					
Interest rate swaps (net settled)	(864)	(135)	(127)	(331)	(271)
	<u>(534,577)</u>	<u>(88,279)</u>	<u>(137,502)</u>	<u>(156,242)</u>	<u>(152,554)</u>
31 December 2020					
Non-derivative financial liabilities					
Project finance debts	(109,624)	(7,355)	(7,309)	(21,650)	(73,310)
Loan from a related party	(29,430)	(884)	(28,546)	–	–
Loan from Euro Medium Term Note Issuer	(31,880)	(150)	(6,346)	(25,384)	–
Lease liabilities	(113,175)	(1,490)	(4,634)	(16,916)	(90,135)
Trade and other payables*	(12,741)	(12,741)	–	–	–
	<u>(296,850)</u>	<u>(22,620)</u>	<u>(46,835)</u>	<u>(63,950)</u>	<u>(163,445)</u>
Derivative financial instruments					
Interest rate swaps (net settled)	(996)	(142)	(134)	(352)	(368)
	<u>(297,846)</u>	<u>(22,762)</u>	<u>(46,969)</u>	<u>(64,302)</u>	<u>(163,813)</u>

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

Exposure to liquidity risk (cont'd)

<u>Company</u>	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
31 December 2021					
Non-derivative financial liabilities					
Loan from a related party	(125,240)	(1,001)	(124,239)	–	–
Loan from Euro Medium Term Note Issuer	(35,547)	(184)	(184)	(35,179)	–
Trade and other payables*	(82)	(82)	–	–	–
	<u>(160,869)</u>	<u>(1,267)</u>	<u>(124,423)</u>	<u>(35,179)</u>	<u>–</u>
31 December 2020					
Non-derivative financial liabilities					
Loan from a related party	(29,430)	(884)	(28,546)	–	–
Loan from Euro Medium Term Note Issuer	(31,880)	(150)	(6,346)	(25,384)	–
Trade and other payables*	(112)	(112)	–	–	–
	<u>(61,422)</u>	<u>(1,146)</u>	<u>(34,892)</u>	<u>(25,384)</u>	<u>–</u>

* Excludes non-financial liabilities

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currency of Group entities. The currency giving rise to this risk are detailed in the table below.

The Group ensures that the net exposure to foreign currency risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Group	JPY US\$'000	SGD US\$'000	USD US\$'000	Others US\$'000
2021				
Trade and other receivables	—	254	—	—
Cash and cash equivalents	—	—	13,571	—
Loan from a related party	(124,224)	—	—	—
Loan from Euro Medium Term Note Issuer	(27,951)	—	—	—
Trade and other payables	—	(683)	(7,339)	(14)
Net exposure	(152,175)	(429)	6,232	(14)
2020				
Trade and other receivables	—	—	—	—
Cash and cash equivalents	—	—	4,703	—
Loan from a related party	(23,223)	—	—	—
Loan from Euro Medium Term Note Issuer	(30,839)	—	—	—
Trade and other payables	—	(673)	(4,596)	(7)
Net exposure	(54,062)	(673)	107	(7)
Company				
2021				
Loan from a related party	(124,224)	—	—	—
Loan from Euro Medium Term Note Issuer	(27,951)	—	—	—
Trade and other payables	—	(40)	—	—
Net exposure	(152,175)	(40)	—	—
2020				
Loan from a related party	(23,223)	—	—	—
Loan from Euro Medium Term Note Issuer	(30,839)	—	—	—
Trade and other payables	—	(101)	—	—
Net exposure	(54,062)	(101)	—	—

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A 5% strengthening or (weakening) of the dollar against the respective currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss US\$'000	Equity US\$'000	Profit or loss US\$'000	Equity US\$'000
31 December 2021				
JPY (5% strengthening)	7,609	7,609	7,609	7,609
SGD (5% strengthening)	21	21	2	2
USD (5% strengthening)	(312)	(312)	—	—
Others (5% strengthening)	1	1	—	—
JPY (5% weakening)	(7,069)	(7,069)	(7,609)	(7,609)
SGD (5% weakening)	(21)	(21)	(2)	(2)
USD (5% weakening)	312	312	—	—
Others (5% weakening)	(1)	(1)	—	—
31 December 2020				
JPY (5% strengthening)	2,703	2,703	2,703	2,703
SGD (5% strengthening)	34	34	5	5
USD (5% strengthening)	(5)	(5)	—	—
Others (5% strengthening)	—	—	—	—
JPY (5% weakening)	(2,703)	(2,703)	(2,703)	(2,703)
SGD (5% weakening)	(34)	(34)	(5)	(5)
USD (5% weakening)	5	5	—	—
Others (5% weakening)	—	—	—	—

Interest rate risk

Interest rate risk refers to the risk faced by the Group as a result of fluctuations in interest rates. The Group manages some of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that may be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to TAIBOR.

The Board of Directors monitors and manages the Group's transition to alternative rates. The Board evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Interest rate risk (cont'd)

Non-derivative financial liabilities

There have been no announcements on TAIBOR reform, and the Group expects TAIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the TAIBOR indexed loans and borrowings as at 31 December 2021 is US\$211,804,000 (Note 16).

Exposure to interest rate risk

At the reporting date, the variable rate interest-bearing financial assets and liabilities that are subject to interest rate risk were as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	—	2,012	—	—
Financial liabilities	(248,268)	(142,003)	(157,865)	(53,317)
	<u>(248,268)</u>	<u>(139,991)</u>	<u>(157,865)</u>	<u>(53,317)</u>
Variable rate instruments				
Financial assets	—	—	—	—
Financial liabilities	(211,804)	(92,352)	—	—
Interest rate swaps	32,936	32,855	—	—
	<u>(178,868)</u>	<u>(59,497)</u>	<u>—</u>	<u>—</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or (loss)		Equity	
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
31 December 2021				
Variable rate instruments	(2,118)	2,118	—	—
Interest rate swaps	329	(329)	—	—
Cash flow sensitivity (net)	<u>(1,789)</u>	<u>1,789</u>	<u>—</u>	<u>—</u>
31 December 2020				
Variable rate instruments	(924)	924	—	—
Interest rate swaps	329	(329)	—	—
Cash flow sensitivity (net)	<u>(595)</u>	<u>595</u>	<u>—</u>	<u>—</u>

29 Fair value of financial instruments

Capital management

The Group's objective in managing capital is to ensure a stable and strong capital base to maximise returns for its shareholders.

The Group defines capital as including all components of equity. The Group's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group.

The Group is not subject to externally imposed capital requirements.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at mid-price.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
Financial statements
Year ended 31 December 2021

29 Fair value of financial instruments (cont'd)

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Interest rate swaps	<i>Swap models:</i> The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Loans and borrowings	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

29 Fair value of financial instruments (cont'd)

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL	Amortised Cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2021									
Loan receivables	10	-	-	-	-	-	-	-	-
Trade and other receivables*	11	-	2,647	-	2,647	-	-	-	-
Cash and cash equivalents	13	-	48,022	-	48,022	-	-	-	-
		-	50,669	-	50,669	-	-	-	-
Loans and borrowings*	16	-	-	(366,706)	(366,706)	-	(371,254)	-	(371,254)
Trade and other payables*	18	-	-	(36,492)	(36,492)	-	-	-	-
Derivatives liabilities	19	(227)	-	-	(227)	-	(227)	-	(227)
		(227)	-	(403,198)	(403,425)	-	-	-	-
31 December 2020									
Loan receivables	10	-	140	-	140	-	-	-	-
Trade and other receivables*	11	-	1,318	-	1,318	-	-	-	-
Cash and cash equivalents	13	-	24,227	-	24,227	-	-	-	-
		-	25,685	-	25,685	-	-	-	-
Loans and borrowings*	16	-	-	(145,342)	(145,342)	-	(146,903)	-	(146,903)
Trade and other payables*	18	-	-	(12,741)	(12,741)	-	-	-	-
Derivatives liabilities	19	(392)	-	-	(392)	-	(392)	-	(392)
		(392)	-	(158,083)	(158,475)	-	-	-	-

*Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021*

29 Fair value of financial instruments (cont'd)

Company	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL	Amortised Cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2021									
Trade and other receivables*	11	-	-	-	-	-	-	-	-
Cash and cash equivalents	13	-	1,391	-	1,391	-	-	-	-
		-	1,391	-	1,391	-	-	-	-
Loans and borrowings*									
Trade and other payables*	16	-	-	(158,748)	(158,748)	-	(159,050)	-	(159,050)
	18	-	-	(82)	(82)	-	-	-	-
		-	-	(158,830)	(158,830)	-	-	-	-
31 December 2020									
Trade and other receivables*	11	-	1,700	-	1,700	-	-	-	-
Cash and cash equivalents	13	-	798	-	798	-	-	-	-
		-	2,498	-	2,498	-	-	-	-
Loans and borrowings*									
Trade and other payables*	16	-	-	(54,062)	(54,062)	-	(54,351)	-	(54,351)
	18	-	-	(112)	(112)	-	-	-	-
		-	-	(54,174)	(54,174)	-	-	-	-

* Excludes non-financial assets and liabilities

At the reporting date, the fair values of other assets and liabilities are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments

The fair value of loans and borrowings which are determined by discounting estimated future cash flows based on market interest rates approximates its carrying amounts.

**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
Financial statements
Year ended 31 December 2021

30 Commitments

Capital commitment

The commitments for acquisition of property, plant and equipment as at 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
	Balance	Balance
	US\$'000	US\$'000
<u>Type of contracts</u>		
Construction of power plant	135,894	18,670
Service of land conversion	—	345
Total	135,894	19,015

31 Related parties

Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd have identical board of directors through the periods presented in these financial statements. Zenith Japan Holdings Ltd (as trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous tokumei kumiai arrangements that gives Zenith Japan Trust an economic interest in its subsidiaries' assets in Japan (the "Japanese Assets"). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd.

As such, the Group has determined Vena Energy Holdings Ltd and its subsidiaries ("VEHL Group"), Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group") as related parties in accordance with IAS 24. Accordingly, all mentions of related parties in the financial statements, except as otherwise defined, refer to entities within VEHL Group and ZJHT Group.

During the year, other than those disclosed elsewhere in the financial statements, there were no other significant transactions with related parties.

Related parties transactions

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the financial year:

	2021	2020
	US\$'000	US\$'000
Related parties		
Interest expenses	1,604	432
Management fee	253	145
Shared services costs	5,217	4,789
Associates		
Interest income	—	94
Euro Medium Term Note Issuer		
Interest expenses	477	413

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2021

32 Non-controlling interest

Non-controlling interest denotes fully paid up equity shares of a subsidiary in Taiwan. It arises post-acquisition of subsidiaries and is a result of injection of share capital by the Group's material associate on 31 August 2018.

The following table summarises the information relating to the Group's subsidiaries that has material NCI, before any intra-group eliminations:

	2021 US\$'000	2020 US\$'000
Non-current assets	81,957	95,403
Current assets	10,167	13,196
Non-current liabilities	(67,463)	(82,955)
Current liabilities	(6,323)	(8,431)
Net assets	18,338	17,213
Dividend paid by subsidiary during the year	(2,417)	(963)
NCI percentage	30%	30%
Net assets attributable to NCI	5,501	5,164
Revenue	12,293	10,628
Profit	3,296	1,427
OCI	245	1,750
Total comprehensive income	3,541	3,177
Attributable to NCI:		
- Profit	988	428
- OCI	74	525
- Total comprehensive income	1,062	953
Cash flows generated from operating activities	8,871	792
Cash flows used in investment activities	(1,282)	(1,955)
Cash flows (used in)/generated from financing activities	(8,984)	2,479
Net (decrease)/increase in cash and cash equivalents	(1,395)	1,316

Dividends

The following exempt (one-tier) dividends were declared and paid by subsidiaries to non-controlling interest by the Group:

	Group 2021 \$'000	2020 \$'000
Paid by a subsidiary to non-controlling interest		
0.02 NTD per qualifying ordinary share	—	9
0.57 NTD per qualifying ordinary share	—	280
0.05 NTD per qualifying ordinary share	145	—
0.18 NTD per qualifying ordinary share	580	—
	725	289

33 Subsequent events

Investment in a subsidiary

In January 2022 to April 2022, the Company subscribed to 7,733,080 ordinary shares at par value of US\$1.00 each amounting to US\$7,733,080 in Vena Energy (Taiwan) Ltd, a wholly owned subsidiary of the Company.



Zenith Japan Holdings Trust and its subsidiaries

Annual Report
Year ended 31 December 2021

Statement by Directors of the Trustee

In the opinion of the Board of Directors of Zenith Japan Holdings Ltd (the 'Trustee'):

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS63 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in unitholder's fund and cash flows of the Group, and the statements of profit or loss and other comprehensive income, changes in unitholder's fund and cash flows of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2021, and the consolidated financial performance, changes in unitholder's fund and cash flows of the Group and the financial performance, changes in unitholder's fund and cash flows of the Trust for the year ended on the date in accordance with the International Financial Reporting Standards ('IFRS'); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors of the Trustee,

DocuSigned by:

54143219ADB2446...

Director

Gregg Myers

13 May 2022



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

The Trustee
Zenith Japan Holdings Trust

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Zenith Japan Holdings Trust (the 'Trust') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in unitholder's fund and cash flows for the Group and the statements of profit or loss and other comprehensive income, changes in unitholder's fund and cash flows for the Trust for the year then ended, and notes to the non-statutory financial statements including a summary of significant accounting policies, as set out on pages FS1 to FS63.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Trust as at 31 December 2021, the Group's consolidated financial performance, changes in unitholder's fund and cash flows, and the Trust's financial performance, changes in unitholder's fund and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the non-statutory consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the non-statutory financial statements, which describes the basis of preparation. Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the non-statutory financial statements used by the Board of Directors to discharge its fiduciary duties. Our report will be made available by you to the existing bondholders and the potential bond investors for their information only. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.

Other information

The Trustee's management (thereafter 'management') is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the non-statutory financial statements and our auditors' report thereon.

We have obtained the statement by the Directors of the Trustee prior to the date of this auditors' report.

Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



*Zenith Japan Holdings Trust
and its subsidiaries
Independent auditors' report
Year ended 31 December 2021*

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the non-statutory financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



*Zenith Japan Holdings Trust
and its subsidiaries
Independent auditors' report
Year ended 31 December 2021*

- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written over the printed text 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
13 May 2022

**Statement of financial position
As at 31 December 2021**

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Assets					
Property, plant and equipment	4	1,260,778	1,001,708	—	—
Right-of-use assets	5	233,283	219,087	—	—
Intangible assets	6	1,180,681	1,329,071	—	—
Investment in subsidiaries	7	—	—	1,764,623	1,668,500
Equity-accounted investees	8	56,801	46,147	—	—
Prepayment and other assets	10	4,559	3,816	—	—
Trade and other receivables	11	37,256	29,494	—	—
Non-current assets		2,773,358	2,629,323	1,764,623	1,668,500
Loan receivables	9	57,958	—	57,958	—
Prepayment and other assets	10	6,501	5,446	—	—
Trade and other receivables	11	52,494	381,709	—	350,000
Cash and cash equivalents	13	224,696	107,402	119,048	6,808
Current assets		341,649	494,557	177,006	356,808
Total assets		3,115,007	3,123,880	1,941,629	2,025,308
Unitholders' fund					
Units in issue	14	1,712,182	1,712,182	1,712,182	1,712,182
Accumulated profit/(loss)		39,204	16,266	17,310	(14,060)
Reserves	15	(45,993)	142,330	—	—
Equity attributable to unitholder of the Trust		1,705,393	1,870,778	1,729,492	1,698,122
Non-controlling interests	29	15,884	16,255	—	—
Total unitholders' fund		1,721,277	1,887,033	1,729,492	1,698,122
Liabilities					
Loans and borrowings	16	991,626	826,132	210,590	325,022
Lease liabilities	16	227,986	205,118	—	—
Derivative liabilities	12	11,429	13,130	—	—
Asset retirement obligation	17	38,327	26,489	—	—
Trade and other payables	18	642	759	—	—
Non-current liabilities		1,270,010	1,071,628	210,590	325,022
Loans and borrowings	16	34,925	69,044	1,370	1,996
Lease liabilities	16	5,396	6,529	—	—
Trade and other payables	18	82,800	88,703	177	168
Current tax liabilities		599	943	—	—
Current liabilities		123,720	165,219	1,547	2,164
Total liabilities		1,393,730	1,236,847	212,137	327,186
Total equity and liabilities		3,115,007	3,123,880	1,941,629	2,025,308

The accompanying notes form an integral part of these consolidated financial statements.

**Statement of profit or loss and other comprehensive income
Year ended 31 December 2021**

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	19	110,193	96,368	27,257	—
Other income	19	3,343	1,809	—	—
Operating costs	20	(21,593)	(16,939)	(250)	(306)
Asset management fees	21	(4,200)	(4,062)	—	—
Development costs	22	(1,557)	(1,116)	—	—
Depreciation expense	4,5	(31,602)	(26,882)	—	—
Amortisation expense	6	(26,282)	(25,798)	—	—
Results from operating activities		28,302	23,380	27,007	(306)
Finance income	23	501	1	500	—
Finance costs	23	(10,968)	(10,537)	(3,631)	(3,693)
Net foreign exchange gain/(loss)		15,080	(14,911)	7,494	(9,657)
Change in fair value of financial derivatives		587	(5,847)	—	—
Net finance income/(cost)		5,200	(31,294)	4,363	(13,350)
Impairment loss on financial assets	25	(25)	(44)	—	—
Loss on disposal of property, plant & equipment		(252)	(190)	—	—
Write off of project costs previously capitalized		(2,171)	—	—	—
Acquisition-related cost		(1,126)	(6,534)	—	—
Share of net loss of equity-accounted investees, net of tax	8	(162)	(2,170)	—	—
Profit/(Loss) before tax		29,766	(16,852)	31,370	(13,656)
Tax expense	24	(6,625)	(15,485)	—	—
Profit/(Loss) for the year		23,141	(32,337)	31,370	(13,656)
Profit/(Loss) attributable to:					
Unitholder of the Trust		22,938	(32,407)	31,370	(13,656)
Non-controlling interests		203	70	—	—
		23,141	(32,337)	31,370	(13,656)

The accompanying notes form an integral part of these consolidated financial statements.

Statement of profit or loss and other comprehensive income (cont'd)
Year ended 31 December 2021

	Note	Group 2021 US\$'000	2020 US\$'000	Trust 2021 US\$'000	2020 US\$'000
Other comprehensive (loss)/income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		(185,286)	98,699	—	—
Equity-accounted investees – share of OCI	8	(4,752)	2,010	—	—
Other comprehensive (loss)/income for the year		(190,038)	100,709	—	—
Total comprehensive (loss)/income for the year		(166,897)	68,372	31,370	(13,656)
Total comprehensive (loss)/income attributable to:					
Unitholders of the Trust		(165,385)	67,453	31,370	(13,656)
Non-controlling interests		(1,512)	919	—	—
		(166,897)	68,372	31,370	(13,656)

The accompanying notes form an integral part of these consolidated financial statements.

**Statement of changes in unitholder's fund
Year ended 31 December 2021**

Group	Note	Attributable to unitholder of the Trust				
		Units in issue US\$'000	Accumulated profits US\$'000	Translation reserves US\$'000	Total US\$'000	Non- controlling interest US\$'000
At 1 January 2021		1,712,182	16,266	142,330	1,870,778	16,255
Total comprehensive income for the year						
Profit for the year		–	22,938	–	22,938	203
Other comprehensive income						
Foreign currency translation differences		–	–	(183,571)	(183,571)	(1,715)
Equity-accounted investees – share of OCI	8	–	–	(4,752)	(4,752)	–
Total comprehensive income for the year		–	22,938	(188,323)	(165,385)	(1,512)
Changes in ownership interests in subsidiaries						
Issue of ordinary shares without a change in control		–	–	–	–	1,141
Total changes in ownership interests in subsidiaries		–	–	–	–	1,141
Total transactions with unitholder		–	–	–	–	1,141
At 31 December 2021		1,712,182	39,204	(45,993)	1,705,393	15,884
						1,721,277

Statement of changes in unitholder's fund (cont'd)
Year ended 31 December 2021

Group	Note	Attributable to unitholder of the Trust				
		Units in issue US\$'000	Unitholder's funds US\$'000	Accumulated profits US\$'000	Translation reserves US\$'000	Non- controlling interest US\$'000
At 1 January 2020		1,416,051	13,131	48,673	42,470	11,859
					1,520,325	1,532,184
Total comprehensive (loss)/income for the year (Loss)/profit for the year		-	-	(32,407)	-	70
					(32,407)	(32,337)
Other comprehensive income						
Foreign currency translation differences		-	-	-	97,850	849
Equity-accounted investees – share of OCI	8	-	-	-	2,010	2,010
Total comprehensive (loss)/income for the year		-	-	(32,407)	99,860	919
					67,453	68,372
Transactions with unitholder, recognised directly in equity						
Contributions by unitholder						
Conversion of advance from unitholder		13,131	(13,131)	-	-	-
Issue of units		350,000	-	-	-	-
Redemption of units		(67,000)	-	-	-	-
Total contributions of unitholder		296,131	(13,131)	-	-	-
					283,000	283,000
Changes in ownership interests in subsidiaries						
Issue of ordinary shares without a change in control		-	-	-	-	2,832
Transfer of TK interests with non-controlling interest		-	-	-	-	645
Total changes in ownership interests in subsidiaries		-	-	-	-	3,477
Total transactions with unitholder		-	-	-	-	3,477
At 31 December 2020		1,712,182	-	16,266	142,330	16,255
					1,870,778	1,887,033

**Statement of changes in unitholders' fund (cont'd)
Year ended 31 December 2021**

	Note	Units in issue US\$'000	Unitholder's funds US\$'000	Accumulated losses US\$'000	Total US\$'000
Trust					
At 1 January 2021		1,712,182	–	(14,060)	1,698,122
Total comprehensive income for the year		–	–	31,370	31,370
At 31 December 2021		1,712,182	–	17,310	1,729,492
At 1 January 2020		1,416,051	13,131	(404)	1,428,778
Total comprehensive loss for the year		–	–	(13,656)	(13,656)
Transactions with unitholder, recognised directly in equity					
Conversion of advance from unitholder	14	13,131	(13,131)	–	–
Issue of units	14	350,000	–	–	350,000
Redemption of units	14	(67,000)	–	–	(67,000)
Total transactions with unitholder		296,131	(13,131)	–	283,000
At 31 December 2020		1,712,182	–	(14,060)	1,698,122

*Zenith Japan Holdings Trust
and its subsidiaries
Financial statements
Year ended 31 December 2021*

**Consolidated statement of cash flows
Year ended 31 December 2021**

Group	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		29,766	(16,852)
Adjustments for:			
Depreciation expense	4,5	31,602	26,882
Amortisation expense	6	26,282	25,798
Loss on disposal of property, plant & equipment		252	190
Write off of project costs previously capitalized		2,171	—
Net changes in fair value of financial derivatives		(587)	5,847
Finance income	23	(501)	(1)
Finance costs	23	10,968	10,537
Impairment loss on trade and other receivables	25	25	44
Net foreign exchange (loss)/gain		(14,933)	13,892
Share of net loss of equity-accounted investees, net of tax	8	162	2,170
		<u>85,207</u>	<u>68,507</u>
Changes in:			
- Trade and other receivables		(31,067)	(9,248)
- Prepayments and other assets		(1,798)	2,105
- Trade and other payables		(5,527)	14,079
Cash generated from operating activities		<u>46,815</u>	<u>75,443</u>
Tax paid		(6,969)	(15,062)
Net cash generated from operating activities		<u>39,846</u>	<u>60,381</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		—	(90,455)
Acquisition of loan from seller		—	(42,867)
Acquisition of interest in equity-accounted investees	8	(15,568)	(18,156)
Purchase of property, plant and equipment		(382,885)	(238,301)
Additions of project-related agreements and licences		(3,027)	(20,416)
Disbursement of loan to related party		(175,369)	—
Proceeds from repayment of loan receivable from related party		116,993	—
Proceeds from disposal of property, plant and equipment		4,083	17,991
Interest received		1	—
Net cash used in investing activities		<u>(455,772)</u>	<u>(392,204)</u>

**Consolidated statement of cash flows (cont'd)
Year ended 31 December 2021**

Group	Note	2021 US\$'000	2020 US\$'000
Cash flows from financing activities			
Proceeds from issuance of units		350,000	—
Redemption of units		—	(67,000)
Subscriptions received from NCI		1,141	2,832
Proceeds from drawdown of loans and borrowings:			
- Project finance debt	16	374,790	201,048
- Loan from related parties	16	108,821	409,988
- Loan from Euro Medium Term Note Issuer	16	89,843	127,849
Repayment of loans and borrowings:			
- Project finance debt	16	(64,912)	(6,831)
- Loan from related parties	16	(291,120)	(632,446)
Interest paid			
- Project finance debt	16	(6,042)	(2,526)
- Loan from related parties	16	(1,660)	(984)
- Loan from Euro Medium Term Note issuer	16	(2,202)	(916)
- Lease liabilities	16	(1,378)	(777)
- Derivatives	23	(1,620)	(1,451)
Payment of transaction costs related to:			
- Project finance debt	16	(5,480)	(4,982)
- Loan from Euro Medium Term Note issuer	16	(1,079)	(1,517)
Principal payment of lease liabilities	16	(5,437)	(7,258)
Deposits pledge		(55,709)	315,278
Net cash generated from financing activities		487,956	330,307
Net increase/(decrease) in cash and cash equivalents		72,030	(1,516)
Cash and cash equivalents at 1 January	13	96,386	97,269
Effect of exchange rate fluctuations on cash held		(10,480)	633
Cash and cash equivalents at 31 December	13	157,936	96,386

*Zenith Japan Holdings Trust
and its subsidiaries
Financial statements
Year ended 31 December 2021*

**Statement of cash flows
Year ended 31 December 2021**

	Note	2021 US\$'000	2020 US\$'000
Trust			
Cash flows from operating activities			
Profit/(loss) before tax		31,370	(13,656)
Adjustments for:			
Dividend income	19	(27,257)	—
Finance income	23	(500)	—
Finance costs	23	3,631	3,111
Net foreign exchange (gain)/loss		(5,233)	13,295
		2,011	2,750
Changes in:			
- Trade and other payables		10	(240)
Net cash generated from operating activities		2,021	2,510
Cash flows from investing activities			
Distribution from subsidiary:			
- Dividend income	19	27,257	—
- Redemption of units	7	273,082	—
Capital contribution to subsidiary		(379,507)	—
Disbursement of loan to related party		(175,369)	—
Proceeds from repayment of loan receivable from related party		116,993	—
Advance to subsidiary		—	(305,001)
Repayment of advances from subsidiary		—	245,455
Net cash used in investing activities		(137,544)	(59,546)
Cash flows from financing activities			
Proceeds from issuance of units	14	350,000	—
Redemption of Units		—	(67,000)
Drawdown of loans and borrowings:			
- Loan from related party	16	100,783	272,853
- Loan from Euro Medium Term Note issuer	16	89,843	127,849
Repayment of loans and borrowings:			
- Loan from related party	16	(290,311)	(272,234)
- On behalf of subsidiary to related party		—	(313,586)
Interest paid:			
- Loan from related party		(1,644)	(984)
- Loan from Euro Medium Term Note issuer		(2,202)	(916)
Transaction costs related to loans and borrowings	16	(1,079)	(1,517)
Net cash generated from/(used in) financing activities		245,390	(255,535)
Net increase/(decrease) in cash and cash equivalents		109,867	(312,571)
Cash and cash equivalents at 1 January		6,808	318,160
Effect of exchange rate fluctuations on cash held		2,373	1,219
Cash and cash equivalents at 31 December		119,048	6,808

**Statement of cash flows (cont'd)
Year ended 31 December 2021**

Significant non-cash transaction

Excluded in the Statement of cash flows above were non-cash transactions that took place during the year. The significant non-cash transactions are disclosed below:

- 1) On 26 February 2020, total borrowings consisting of principal and accrued interest due to related party, Vena Energy Holdings Ltd, amounting to JPY 20 billion (US\$183 million) was novated from subsidiary, Zenith Japan Trust at an annual interest rate of 1.35% on the principal outstanding of JPY 20 billion (US\$182 million).
- 2) During the year ended 31 December 2020, the Trust increased its investment in the subsidiary by US\$239 million by extinguishing advances to subsidiaries.
- 3) During the year ended 31 December 2020, advance from unitholder amounting to US\$13 million was converted into units in issue. This amount was reclassified from 'unitholder's funds' to 'units in issue' in equity.
- 4) During the year ended 31 December 2020, 350 million units remain unpaid. A corresponding receivable from unitholder amounting to US\$350 million had been created in relation to the unpaid units.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 May 2022.

1 Domicile and activities

(i) Trust

Zenith Japan Holdings Trust (the '**Trust**') is constituted in the island of Guernsey under the trust deed dated 18 October 2017 and has the registered office at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, GY1 1AR, Guernsey.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Trust and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The principal activity of the Group is to invest in renewable energy assets via Tokumei Kumiai ('TK') agreements in Japan.

Zenith Japan Ltd in its capacity as Trustee of Zenith Trust, is the sole unitholder in the Trust.

(ii) Trustee

Zenith Japan Holdings Ltd is the trustee (the '**Trustee**') of Zenith Japan Holdings Trust. The Trustee shall manage and administer the Trust and the Trust Fund in accordance with the trust instrument and shall exercise all powers, duties and discretions exercisable under the Trust or conferred by law.

(iii) Asset Management Agreement

Nippon Renewable Energy K.K., Nippon Wind Energy K.K. and SPC Asset Management Inc. (each, the '**Asset Manager**') enters into the asset management agreements with the Group entities to manage the asset and business of the Group entities and in return to receive the asset management fees.

(iv) Operations & Maintenance Agreement

NRE Operations K.K. (the '**O&M Provider**') enters into the O&M agreements with the Group entities to provide the relevant operation and maintenance services to the Group entities.

(v) Purpose of financial statements

The financial statements were drawn up for the Board of Directors to discharge its fiduciary duties.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The changes in significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

Items included in the financial statements for each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in United States dollars ('US\$') which is the Trust's functional currency and have been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3.1(i) – accounting for acquisitions as business combinations or asset acquisitions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 6 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs; and

Note 25 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included Note 25 Financial instruments.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been consistently applied by the Group entities and to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the substantive process significantly contributes to the ability to create outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

In applying the acquisition method, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration is recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests ('NCI') that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises goodwill on a provisional basis if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. During the measurement period, such provisional amounts are retrospectively adjusted from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owner in their capacity as owner and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Asset acquisitions

Acquisitions that do not constitute as businesses are accounted for as asset acquisitions. Asset acquisitions are accounted for at cost. The cost of an asset acquisition includes the purchase consideration and transaction costs directly attributable to the asset acquisition.

The Group accounts for the difference between the cost of an asset acquisition and the fair value of the net assets acquired by first deducting from the cost, net assets initially measured at an amount other than cost in accordance with applicable standards, and then allocating the residual cost to the remaining net assets based on their relative fair values at the date of acquisition.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The Group accounts for indirectly held interests in subsidiaries through equity accounted investees by including such interests in the parent's share when determining the percentage of interest attributable to NCI.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iv) Interest in equity accounted investees

The Group's interests in equity accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in equity accounted investees are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ('OCI') of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Investments in equity accounted investees are derecognised when the Group loses significant influence or joint control. If the retained interest in the former equity accounted investee is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in the profit or loss.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and equity accounted investees in the separate financial statements

Investments in subsidiaries and equity accounted investees are stated in the Trust's statement of financial position at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividend income from investments in subsidiaries and equity accounted investees is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured. Dividend income is recognised in the profit or loss, unless the distribution represents a return of capital, in which case, it is recorded as a reduction of the cost of investment of the parent.

3 Significant accounting policies (cont'd)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US\$ at monthly exchange rate. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing items and restoring the site on which they are located; and
- capitalised borrowing costs.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of property, plant and equipment are as follows:

Building and leasehold improvement	25 years
Electric generator equipment	25 years
Vehicle	5 years
Office equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

No depreciation is provided for plants under construction.

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill acquired in business combinations is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to the cash-generating unit ('CGU') for the purpose of impairment testing.

3 Significant accounting policies (cont'd)

3.4 Intangible assets and goodwill (cont'd)

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

- licences, permits and approvals to develop and operate an energy project, including governmental authorisations; land rights and environmental consents;
- connection rights; and
- power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment expenses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which are based on the useful life of the related wind or solar assets.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Power purchase agreements 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets – Assessment whether contractual cashflows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cashflows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cashflows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measure at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gain and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3.7 Unitholders' Fund

Units in issue

Units in issue are classified as equity. Incremental costs directly attributable to the issuance of units are recognised as a deduction from equity, net of any tax effects. For unpaid units, the equity and corresponding receivable is recognised if the receivables meet the definition of a financial asset.

Redemption of units

When units recognised as equity are redeemed, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Redeemed units are presented under "units in issue". When redeemed units are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within equity.

Advance from unitholder

Advances from unitholder are classified as equity if there is no contractual obligation to repay the balance in cash or another financial asset and will not be settled by issuance of a variable number of units.

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ('ECLs') on:

- financial assets measured at amortised costs; and
- contract assets (as defined in IFRS 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or counterparty;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- a breach of contract such as a default.

The Group considers the counterparty to be in default if the counterparty is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the related assets.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the Group performs an impairment assessment on an annual basis and the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an equity accounted investee is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in equity accounted investee is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (cont'd)

3.9 Provisions (cont'd)

(i) Asset retirement obligation

Provisions for environmental restoration and restructuring are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions are comprised of lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.10 Revenue

Sale of electricity

Revenue from sale of electricity in the ordinary course of business is recognised in profit or loss when the Group satisfies a performance obligation ('PO') by transferring control of the electricity generated to the customer. The amount of revenue recognition is the amount of the transaction price allocated to the satisfied PO.

The transaction price is determined based on the applicable tariff rates. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised service. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

An element of significant financing component is deemed present for the Group's sale of electricity for contracts whereby the period between the satisfaction of PO and when the customer pays the transaction price exceeds one year. For these contracts, the Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at the contract inception, such that it reflects the credit characteristics of the party receiving the benefit of financing in the contract.

Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established. For unquoted equity securities, dividend income is recognised when the shareholders have approved the payment of a dividend.

3.11 Operating costs

Operating costs include expenditure that are incurred by the Group's renewable energy assets after these assets becomes operationally ready, as determined by management.

3.12 Asset management fees

Asset management fees are fees paid to the Asset Managers for the performance of the services as defined in the Asset Management Agreement.

3.13 Development costs

Development costs include expenditure that are incurred by the Group's renewable energy assets before these assets becomes operationally ready, as determined by management.

3 Significant accounting policies (cont'd)

3.14 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3.15 Finance income and finance costs

Finance income is comprised of interest income. Finance costs are comprised of interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

3 Significant accounting policies (cont'd)

3.16 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals for existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 Significant accounting policies (cont'd)

3.17 Leases (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a separate line item and lease liabilities in 'loans and borrowings' in the statement of financial position.

Sale and leaseback transactions

A sale and leaseback transaction is one where the Group sells an asset and immediately leases that asset back from the buyer.

For sale and leaseback transactions, the Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has transferred to the buyer.

Where the transfer is accounted for as a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Any gain or loss arising relates to the rights transferred to the buyer. If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the lease payments are not at market rates, the Group measures the sale proceeds at fair value by adjusting any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by buyer-lessor to the seller-lessee.

3 Significant accounting policies (cont'd)

3.17 Leases (cont'd)

Sale and leaseback transactions (cont'd)

Where the transfer is not accounted for as a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The financial liability is accounted for as a financial liability at amortised cost.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

3.18 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probably to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint venture cases once classified as held for sale or distribution.

3 Significant accounting policies (cont'd)

3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Annual Improvements to IFRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

4 Property, plant and equipment

	Note	Freehold land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Group Cost						
At 1 January 2020		46,200	10	408,823	259,150	714,183
Acquisition through asset acquisition of subsidiaries		–	–	–	42,280	42,280
Acquisition through business combination		–	–	55,220	–	55,220
Additions		1,904	4	2,480	239,641	244,029
Reclassifications	(a)	–	–	133,317	(159,705)	(26,388)
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	5	–	–	–	3,199	3,199
Disposal		(16,916)	–	(183)	(1,097)	(18,196)
Effect of exchange rate changes		2,179	1	32,200	18,737	53,117
At 31 December 2020/ 1 January 2021		33,367	15	631,857	402,205	1,067,444
Additions		103	–	29,463	368,094	397,660
Reclassifications		–	–	325,794	(325,794)	–
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	5	–	–	–	4,479	4,479
Disposal		(3,819)	–	(571)	–	(4,390)
Write off		–	–	(107)	(2,564)	(2,671)
Effect of exchange rate changes		(3,027)	(2)	(72,349)	(39,633)	(115,011)
At 31 December 2021		26,624	13	914,087	406,787	1,347,511

4 Property, plant and equipment (cont'd)

Group	Freehold land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Accumulated depreciation					
At 1 January 2020	—	1	38,548	—	38,549
Depreciation charge for the year	—	—*	24,008	—	24,008
Effect of exchange rate changes	—	—*	3,179	—	3,179
At 31 December 2020/ 1 January 2021	—	1	65,735	—	65,736
Depreciation charge for the year	—	—	28,345	—	28,345
Disposal	—	—	(55)	—	(55)
Write off	—	—	(9)	—	(9)
Effect of exchange rate changes	—	—	(7,284)	—	(7,284)
At 31 December 2021	—	1	86,732	—	86,733
Carrying amounts					
At 1 January 2020	46,200	9	370,275	259,150	675,634
At 31 December 2020	33,367	14	566,122	402,205	1,001,708
At 31 December 2021	26,624	12	827,355	406,787	1,260,778

* Amount less than US\$1,000.

(a) These pertain to recoverable taxes that were subsequently reclassified to "Trade and other receivables" during the financial year.

During the financial year, asset management fees expenses and engineering, procurement and construction ('EPC') expenses charged by related parties of the Group, Nippon Renewable Energy K.K. and Nippon Wind Energy K.K. amounting to US\$29 million (2020: US\$25 million) have been capitalised for projects that are yet to reach its commercial operation date.

5 Right-of-use assets

Group	Note	Land US\$'000	Office US\$'000	Total US\$'000
Cost				
At 1 January 2020		112,242	—	112,242
Acquisition through asset acquisition of subsidiaries		4,554	—	4,554
Acquisition through business combination		14,349	—	14,349
Additions		86,707	—	86,707
Effect of exchange rate changes		10,689	—	10,689
At 31 December 2020/1 January 2021		228,541	—	228,541
Additions		43,877	94	43,971
Effect of exchange rate changes		(23,184)	(3)	(23,187)
At 31 December 2021		249,234	91	249,325

*Zenith Japan Holdings Trust
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2021*

5 Right-of-use assets (cont'd)

Group	Note	Land US\$'000	Office US\$'000	Total US\$'000
Accumulated depreciation				
At 1 January 2020		3,001	—	3,001
Depreciation expense		2,874	—	2,874
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	4	3,199	—	3,199
Effect of exchange rate changes		380	—	380
At 31 December 2020/1 January 2021		9,454	—	9,454
Depreciation expense		3,257	—	3,257
Capitalisation of depreciation of right-of-use asset into property, plant and equipment	4	4,479	—	4,479
Effect of exchange rate changes		(1,148)	—	(1,148)
At 31 December 2021		16,042	—	16,042
Carrying amounts				
At 1 January 2020		109,241	—	109,241
At 31 December 2020		219,087	—	219,087
At 31 December 2021		233,192	91	233,283

6 Intangible assets

Group	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Cost			
At 1 January 2020	252,556	949,381	1,201,937
Acquisition through asset acquisition of subsidiaries	—	65,756	65,756
Acquisition through business combination	8,949	14,366	23,315
Additions	—	20,416	20,416
Effect of exchange rate changes	15,392	58,091	73,483
At 31 December 2020	276,897	1,108,010	1,384,907
Additions	—	3,027	3,027
Effect of exchange rate changes	(26,209)	(104,984)	(131,193)
At 31 December 2021	250,688	1,006,053	1,256,741
Accumulated amortisation			
At 1 January 2020	—	27,623	27,623
Amortisation expense for the year	—	25,798	25,798
Effect of exchange rate changes	—	2,415	2,415
At 31 December 2020	—	55,836	55,836
Amortisation expense for the year	—	26,282	26,282
Effect of exchange rate changes	—	(6,058)	(6,058)
At 31 December 2021	—	76,060	76,060
Carrying amounts			
At 1 January 2020	252,556	921,758	1,174,314
At 31 December 2020	276,897	1,052,174	1,329,071
At 31 December 2021	250,688	929,993	1,180,681

6 Intangible assets (cont'd)

Amortisation of the project-related agreements and licences will begin on the commercial operation date of the renewable assets as defined in the respective power purchase agreements.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's groups of CGUs (operating divisions) as follows:

	2021 US\$'000	2020 US\$'000
Group		
Japan	250,688	276,897

Operations in Japan

The recoverable amount of the groups of CGUs was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The discounted cash flows valuation is based on management's latest cash flow projection over 19 – 30 years (2020: 19 – 30 years) and no terminal value is assumed. The post-tax discount rates of 4.1% – 5.6% (2020: 4.2% – 5.7%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, shovel ready and development assets.

As at 31 December 2021, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amount to be below the carrying amount of the CGU.

7 Investment in subsidiaries

	Trust 2021 US\$'000	2020 US\$'000
Equity investments, at cost	1,764,623	1,668,500

The table below provides a reconciliation of the movement in investment in the subsidiaries:

	Trust 2021 US\$	2020 US\$
Balance as at 1 January	1,668,500	1,429,182
Capital injection during the year	369,205	239,318
Redemption during the year	(273,082)	–
Balance as 31 December	1,764,623	1,668,500

During the financial year, the Trust increased its investment in subsidiaries by US\$369,205,339 and redeemed 257,339,343 units at a price of US\$1.069 per unit for the aggregate consideration of US\$273,081,943.

During the year ended 31 December 2020, the Trust increased its investment in subsidiaries by US\$239,318,000 by extinguishing advances to subsidiaries.

7 Investment in subsidiaries (cont'd)

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	Sector	Project Name/ Activities	Status	Principal place of business	Ownership interest	
					2021 %	2020 %
Zenith Japan Trust	Investment holding company	—	Operating	Guernsey	100	100
GK KC-01 Investment	Solar	Sotsukozawa	Operating	Japan	99	99
GK NRE Sannan	Solar	Sannan	Operating	Japan	99	99
GK NRE-05 Investment	Solar	Shichinohe 3,6,8	Operating	Japan	99	99
GK NRE-10 Investment	Solar	Kawakami	Operating	Japan	99	99
GK NRE-13 Investment	Solar	Enokibayashi	Operating	Japan	99	99
GK NRE-15 Investment	Solar	Noheji	Operating	Japan	99	99
GK NRE-16 Investment	Solar	Tokai	Operating	Japan	99	99
GK NRE-17 Investment	Solar	Mito1	Operating	Japan	99	99
GK NRE-19 Investment	Solar	Hitachi Omiya	Operating	Japan	99	99
GK NRE-20 Investment	Solar	Wakuya	Operating	Japan	99	99
GK NRE-21 Investment	Solar	Shichinohe 9	Operating	Japan	99	99
GK NRE-24 Investment	Solar	Kawakami 2	Operating	Japan	99	99
GK NRE-36 Investment	Solar	Towada	Operating	Japan	99	99
GK NRE-39 Investment	Solar	Ono	Operating	Japan	99	99
GK NRE-42 Investment	Solar	Hitachi Omiya 2	Operating	Japan	99	99
KP Energy GK	Solar	Yaita 2	Operating	Japan	99	99
SEJ III GK	Solar	Nagasaki	Operating	Japan	98	98
Amakusa Wind GK	Wind	Reihoku 2	Operating	Japan	99	99
GK NWE-02 Investment	Wind	Reihoku 1	Operating	Japan	99	99

The Group has acquired Tokumei Kumiai interest ('TK Interests') of the special purpose vehicles ('GKs' or 'TK Operators') on 19 January 2019. The relationship between the Trust and the TK Operators is governed by the TK Agreements. The Trust, as the investor, will provide funds to the TK Operator in return for the right to receive distribution of profit generated from the operation of the GK. Under the TK Agreement, the net income of the TK business, comprising principally the income generated from the solar, will be passed up to the Trust. The Trust is entitled to 99% of the profits and losses of such business, while the Asset Manager is entitled to 1% of the allocated profits and losses respectively. The Trust is, therefore, entitled to receive substantially all of the economic interest from the TK Operator.

The Trust has assessed the economic reality of the Group and its investment activities through the TK Operators and concluded that the TK Operators meet the definition of subsidiaries of the Group (as defined by IFRS).

8 Equity-accounted investees

Interest in joint venture

	Group	
	2021	2020
	US\$'000	US\$'000
Interests in joint venture		
As at 31 December	56,801	46,147

During the financial year, the Group acquired 49% economic interest in Wind Power Energy Co., Ltd. ("WPE"). The remaining economic interest is substantially owned by a third party, Prominet Power K.K. and decisions in relation to key relevant activities over WPE require unanimous consent. The Group has assessed that it has joint control over WPE, and that its investment in WPE meets the definition of a joint venture (as defined by the Group's accounting policy). WPE is based in Japan, and principally engaged in development and operation of renewable energy assets.

In the previous financial year, the Group entered into a joint venture, Nanao Mega Solar GK ("Nanao") to acquire 69% economic interest in Nanao. The remaining economic interest is substantially owned by a third party, Kabushiki Kaisha Kyudenko FukuoSan Taiyoko Haitatudensho and decisions in relation to key relevant activities of Nanao require unanimous consent. The Group has assessed that it has joint control over Nanao, and that its investment in Nanao meets the definition of a joint venture (as defined by the Group's accounting policy). Nanao is based in Japan, and principally engaged in development and operation of renewable energy assets.

8 Equity-accounted investees (cont'd)

The following summarises the financial information of the Group's joint venture based on the financial statements prepared in accordance with the Group's accounting policies:

	Wind Power		Nanao		KK Kyudenko	
	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Property, plant and equipment	48,937	–	41,600	43,658	82,939	16,131
Right-of-use assets	10,925	–	15,321	17,393	49,900	57,921
Intangible assets	–	–	1,392	1,538	31,814	40,920
Non-current prepayments and other assets	–	–	1,751	1,917	191	97
Non-current assets	59,862	–	60,064	64,506	164,844	115,069
Prepayment and other assets	1	–	–	–	16	246
Trade and other receivables	229	–	–	221	70	33,177
Cash and cash equivalents	4,626	–	2,211	3,792	5,221	10,513
Current assets	4,856	–	2,211	4,013	5,307	43,936
Total assets	64,718	–	62,275	68,519	170,151	159,005
Loans and borrowings	26,015	–	36,763	40,813	129,448	109,958
Derivative liabilities	–	–	1,452	1,709	1,932	2,063
Non-current liabilities	26,015	–	38,215	42,522	131,380	112,021
Loans and borrowings	508	–	401	405	2,107	375
Trade and other payables	2,592	–	536	100	2	5,837
Current liabilities	3,100	–	937	505	2,109	6,212
Total liabilities	29,115	–	39,152	43,027	133,489	118,233
Net assets	35,603	–	23,123	25,492	36,662	40,772

**Zenith Japan Holdings Trust
and its subsidiaries**
Consolidated financial statements
Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

Statement of comprehensive income

	Wind Power		Nanao		KK Kyudenko	
	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Other income	1	—	—*	—*	1	—*
Development costs	(60)	—	(53)	(1,745)	(188)	(1,398)
Change in fair value of financial derivatives	—	—	130	—	(85)	—
(Losses)/Profit before tax	(59)	—	77	(1,745)	(272)	(1,398)
Tax expense	—	—	(1)	—*	—*	(2)
(Losses)/Profit for the year	(59)	—	76	(1,745)	(272)	(1,400)
Foreign currency translation differences	(1,294)	—	(2,141)	617	(3,836)	2,296
Total comprehensive (losses)/income	(1,353)	—	(2,065)	(1,128)	(4,108)	896

* Amount less than US\$1,000

Zenith Japan Holdings Trust
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2021

8 Equity-accounted investees (cont'd)

2021

Carrying amount of interest in joint ventures at 1 January 2021

Group's acquisition of share capital during the year
Group's contribution during the year
Share of (losses) / profit of joint ventures
Share of OCI of joint ventures

Carrying amount of interest in joint ventures at 31 December 2021

2020

Carrying amount of interest in joint ventures at 1 January 2020

Group's acquisition of share capital during the year
Share of losses of joint ventures
Share of OCI of joint ventures

Carrying amount of interest in joint ventures at 31 December 2020

Wind Power US\$'000	Nanao US\$'000	KK Kyudenko US\$'000	Total US\$'000
—	17,378	28,769	46,147
9,565	—	—	9,565
6,003	—	—	6,003
(29)	55	(188)	(162)
(628)	(1,477)	(2,647)	(4,752)
14,911	15,956	25,934	56,801
—	—	28,151	28,151
—	18,156	—	18,156
—	(1,204)	(966)	(2,170)
—	426	1,584	2,010
—	17,378	28,769	46,147

*Zenith Japan Holdings Trust
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2021*

9 Loan receivables

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Current				
Loan receivable from related party	57,469	—	57,469	—
Interest on loan receivable from related party	489	—	489	—
	<u>57,958</u>	<u>—</u>	<u>57,958</u>	<u>—</u>

Outstanding loan receivables from Vena Energy Holdings Ltd are unsecured, with interest of 1.375% per annum and repayable on demand.

10 Prepayments and other assets

	Group	
	2021 US\$'000	2020 US\$'000
Non-current		
Prepaid asset management fees	1,946	1,858
Prepaid O&M mobilisation fees	2,613	1,958
	<u>4,559</u>	<u>3,816</u>
Current		
Prepaid Insurance	1,083	689
Advance payments for construction costs	4,275	3,399
Other assets	1,143	1,358
	<u>6,501</u>	<u>5,446</u>
	<u>11,060</u>	<u>9,262</u>

11 Trade and other receivables

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
VAT receivables		36,706	28,912	—	—
Deposits		550	582	—	—
		<u>37,256</u>	<u>29,494</u>	<u>—</u>	<u>—</u>
Current					
Non-trade amounts due from:					
- Unitholder	(a)	—	350,000	—	350,000
- Related parties	(b)	588	9,314	—	—
- Asset Managers		131	137	—	—
- O&M Provider		89	13	—	—
Contract assets		7,910	5,150	—	—
VAT receivables		30,353	11,302	—	—
Deposits to EPC		9,165	1,248	—	—
Other deposits		4,405	4,645	—	—
		<u>52,641</u>	<u>381,809</u>	<u>—</u>	<u>350,000</u>
Less: Impairment loss	25	(147)	(100)	—	—
		<u>52,494</u>	<u>381,709</u>	<u>—</u>	<u>350,000</u>
		<u>89,750</u>	<u>411,203</u>	<u>—</u>	<u>350,000</u>

(a) Amount due from unitholder is unsecured, non-trade in nature, non-interest bearing and repayable on demand.

(b) Amount due from related parties (as defined in note 28) are unsecured, non-trade in nature, non-interest bearing and repayable on demand.

*Zenith Japan Holdings Trust
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2021*

12 Derivative

	Group	
	2021 US\$'000	2020 US\$'000
Derivative liabilities		
Non-current		
Interest rate swaps	11,429	13,130

The Group manages interest rate risk on variable rate borrowings by entity into floating-to-fixed interest rate swaps.

13 Cash and cash equivalents

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Bank balances		224,697	107,438	119,048	6,808
Less: Impairment loss	25	(1)	(36)	—	—
Cash and cash equivalents in the statement of financial position		224,696	107,402	119,048	6,808
Restricted bank balances and deposits		(66,761)	(11,052)	—	—
Add: impairment loss		1	36	—	—
Cash and cash equivalents in the statement of cash flows		157,936	96,386	119,048	6,808

As at 31 December 2021, US\$66.7 million (2020: US\$11 million) of the Group's cash and cash equivalents were restricted. Out of this, US\$15.1 million (2020: US\$11 million) were held under Debt Service Reserve Accounts ("DSRA"), a reserve account for servicing of project finance debt.

14 Units in issue

	Group and Trust	
	2021 No. of units (‘000)	2020 No. of units (‘000)
Issued		
At 1 January	1,712,872	1,416,051
Redemption during the year	—	(66,310)
Advance from unitholder converted to units in issue	—	13,131
Units issued during the year	—	350,000
At 31 December	1,712,872	1,712,872

Units

Each unit in the Trust represents an equal undivided interest in the Trust.

As at 31 December 2021, all were issued and fully paid.

15 Reserves

The reserves of the Group comprise the following balances:

	2021 US\$'000	2020 US\$'000
Translation reserve	(45,993)	142,330

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16 Loans and borrowings and lease liabilities

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current					
Project finance debt	(a)	774,005	498,472	—	—
Bond issued by O&M Provider		307	339	—	—
Loan from:					
- Related parties	(b)	6,724	193,058	—	190,759
- Euro Medium Term Note Issuer	(c)	210,590	134,263	210,590	134,263
		991,626	826,132	210,590	325,022
Lease liabilities		227,986	205,118	—	—
Current					
Project finance debt	(a)	31,147	66,997	—	—
Loan from:					
- Related parties	(b)	2,329	—	—	—
Interest payable on:					
- Project finance debt	(a)	12	4	—	—
- Loan from related parties	(b)	54	1,376	—	1,340
- Euro Medium Term Note Issuer	(c)	1,370	656	1,370	656
- Bond issued by O&M Provider		13	11	—	—
		34,925	69,044	1,370	1,996
Lease liabilities		5,396	6,529	—	—
		1,259,933	1,106,823	211,960	327,018

16 Loans and borrowings and lease liabilities (cont'd)

(a) Project finance debt

	Currency	Nominal interest rate %	Year of maturity	Principal amount US\$'000
2021				
Project finance debt	JPY	3M TIBOR+0.5 to 0.8	2023 to 2039	549,193
Project finance debt	JPY	6M TIBOR+0.83 to 1.0	2024 to 2040	214,785
Project finance debt	JPY	3M LIBOR+0.9 *	2023	54,128
Bond issued by O&M Provider	JPY	1.0	—	307
Loan from related parties	JPY	0.6 to 0.84	2024 to 2035	9,053
Loan from Euro Medium Term Note Issuer	JPY	1.372	2026	122,700
Loan from Euro Medium Term Note Issuer	USD	2.655	2026	89,785
2020				
Project finance debt	JPY	3M TIBOR+0.62 to 0.7	2033 to 2038	542,042
Project finance debt	JPY	3M LIBOR+0.9 *	2023	31,423
Bond issued by O&M Provider	JPY	1.0	—	339
Loan from related parties	JPY	0.76 to 0.84	2035	193,058
Loan from Euro Medium Term Note Issuer	JPY	1.372	2026	135,528

* The Group and all counterparties have agreed to change LIBOR indexed project finance debts to TONAR from 1 January 2022 (Note 25).

The project finance debt contains debt covenants which are tested on a regular basis. A future breach of these covenants may require the Group to repay the loans and borrowings earlier than its year of maturity. The Group has not breached any debt covenants as at 31 December 2021 and 31 December 2020, respectively.

(b) Loan from related parties

As at 31 December 2021, the Group obtained a loan from Nippon Wind Energy K.K. with an annual interest of 0.6% on the principal outstanding. The loan is repayable within 3 years with maturity date in 2024.

The Group has another loan from Vena Energy Solar (Japan) Pte. Ltd. with an annual interest of 0.8% (2020: 0.8%) on the principal outstanding and will be paid within 14 years (2020: 15 years) in equal and consecutive instalments of 33.33% (2020: 33.33%) with a first payment 11 years (2020: 12 years) from the date signed and the same amount on the same day every year thereafter, or earlier upon demand.

(c) Loan from Euro Medium Term Note Issuer

On 27 February 2020, a related company, Vena Energy Capital Pte. Ltd. ("Euro Medium Term Note Issuer"), issued US\$325,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under a \$1 billion Global Medium Term Note Programme (the "Notes").

On 8 July 2021, the Euro Medium Term Note Issuer, issued US\$175,000,000 3.133% per annum notes due in 2025 listed on Singapore Exchange Securities Trading Limited ("SGX-ST") under the US\$1,000,000,000 Global Medium Term Note Programme (the "Notes"). EMTN is to be consolidated and form a single series with the US\$325,000,000 3.133% per annum notes issued on 27 February 2020.

EMTN bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. EMTN will mature on 26 February 2025.

EMTN proceeds were allocated to the Trust through intercompany loans.

16 Loans and borrowings and lease liabilities (cont'd)

(c) Loan from Euro Medium Term Note Issuer (cont'd)

The Trust together with Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for this EMTN issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the EMTN will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

The below table shows the notional amount of the outstanding loans and borrowings excluding transaction costs.

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Gross debt				
Non-current				
Loan from:				
Project finance debt	785,613	505,600	—	—
Bond issued by O&M Provider	307	339	—	—
Loan from:				
- Related parties	6,724	193,058	—	190,759
- Euro Medium Term Note Issuer	212,485	135,528	212,485	135,528
	<u>1,005,129</u>	<u>834,525</u>	<u>212,485</u>	<u>326,287</u>
Current				
Project Finance Debt	32,493	67,870	—	—
Loan from:				
- Related parties	2,329	—	—	—
	<u>34,822</u>	<u>67,870</u>	<u>—</u>	<u>—</u>
	<u>1,039,951</u>	<u>902,395</u>	<u>212,485</u>	<u>326,287</u>

(d) Pledges for facilities agreements

The Group has entered into several facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US\$818 million (2020: US\$573 million) to the Group on a combination of fixed and floating rates.

The obligations of the Group to the banks are collateralised by the pledges of all the shares of the project entities and liens on and security interests in substantially all of the project entities' assets, its rights under various agreements, all of the project entities' revenues and all insurance proceeds payable to the project entities and require the project entities to comply with various administrative requirements.

The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
Project entities' contribution to the net assets of the Group	<u>768,424</u>	<u>639,255</u>

Market and liquidity risk

Information about the Group's and the Trust's exposure to interest rate, foreign currency and liquidity risks is included in note 25.

16 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Note	Liabilities					Total US\$'000
		Project finance debt US\$'000	Bond issued by O&M provider US\$'000	Loan from related parties US\$'000	Loan from Euro Medium Term Note Issuer US\$'000	Lease liabilities US\$'000	
Balance at 1 January 2021		565,473	350	194,434	134,919	211,647	1,106,823
Changes from financing cash flows							
Proceeds from borrowings		374,790	–	108,821	89,843	–	573,454
Repayment of borrowings		(64,912)	–	(291,120)	–	–	(356,032)
Repayment of finance lease liabilities		–	–	–	–	(5,437)	(5,437)
Transaction costs related to loans and borrowings		(5,480)	–	–	(1,079)	–	(6,559)
Interest paid		(6,042)	–	(1,660)	(2,202)	(1,378)	(11,282)
Total changes from financing cash flows		298,356	–	(183,959)	86,562	(6,815)	194,144
The effect of changes in foreign exchange rates							
		(63,365)	(33)	(1,712)	(12,842)	(18,310)	(96,262)
Other changes							
Liability-related							
IFRS 16		–	–	–	–	45,999	45,999
Interest expense	23	3,946	3	344	3,321	861	8,475
Other finance costs	23	754	–	–	–	–	754
Total liability-related other changes		4,700	3	344	3,321	46,860	55,228
Balance at 31 December 2021		805,164	320	9,107	211,960	233,382	1,259,933

16 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

Group	Note	Liabilities					Total US\$'000
		Project finance debt US\$'000	Bond issued by O&M provider US\$'000	Loan from related parties US\$'000	Loan from Euro Medium Term Note Issuer US\$'000	Lease liabilities US\$'000	
Balance at 1 January 2020		314,035	327	408,137	–	104,525	827,024
Changes from financing cash flows							
Proceeds from borrowings		201,048	–	409,988	127,849	–	738,885
Repayment of borrowings		(6,831)	–	(632,446)	–	–	(639,277)
Repayment of finance lease liabilities		–	–	–	–	(7,258)	(7,258)
Transaction costs related to loans and borrowings		(4,982)	–	–	(1,517)	–	(6,499)
Interest paid		(2,526)	–	(984)	(916)	(777)	(5,203)
Total changes from financing cash flows		186,709	–	(223,442)	125,416	(8,035)	80,648
Changes arising from acquisition of subsidiaries							
The effect of changes in foreign exchange rates		42,055	–	–	–	18,694	60,749
		18,040	20	8,001	7,706	7,835	41,602
Other changes							
Liability-related		–	–	–	–	87,851	87,851
IFRS 16		–	–	–	–	–	–
Interest expense	23	4,634	3	1,738	1,797	777	8,949
Total liability-related other changes		4,634	3	1,738	1,797	88,628	96,800
Balance at 31 December 2020		565,473	350	194,434	134,919	211,647	1,106,823

16 Loans and borrowings and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

<u>Trust</u>	Liabilities		Total US\$'000
	Loan from related parties US\$'000	Loan from Euro Medium Term Note Issuer US\$'000	
Balance at 1 January 2021	192,099	134,919	327,018
Changes from financing cash flows			
Proceeds from borrowings	128,040	89,843	217,883
Repayment of borrowings	(290,311)	—	(290,311)
Transactions costs related to loans and borrowings	—	(1,079)	(1,079)
Interest paid	(1,644)	(2,202)	(3,846)
Total changes from financing cash flows	(163,915)	86,562	(77,353)
The effect of changes in foreign exchange rates	(1,237)	(12,842)	(14,079)
Other changes			
Liability-related			
Interest expense	310	3,321	3,631
Dividend received from related party to set off loan	(27,257)	—	(27,257)
Total liability-related other changes	(26,947)	3,321	(23,626)
Balance at 31 December 2021	—	211,960	211,960
Balance at 1 January 2020	—	—	—
Changes from financing cash flows			
Proceeds from borrowings	272,853	127,849	400,702
Repayment of borrowings	(272,234)	—	(272,234)
Transactions costs related to loans and borrowings	—	(1,517)	(1,517)
Interest paid	(984)	(916)	(1,900)
Total changes from financing cash flows	(365)	125,416	125,051
The effect of changes in foreign exchange rates	8,056	7,706	15,762
Other changes			
Liability-related			
Novation of loan from subsidiary	182,110	—	182,110
Novation of loan interest from subsidiary	984	—	984
Interest expense	1,314	1,797	3,111
Total liability-related other changes	184,408	1,797	186,205
Balance at 31 December 2020	192,099	134,919	327,018

17 Asset retirement obligation

	Group	
	2021 US\$'000	2020 US\$'000
At 1 January	26,489	16,779
Acquisitions through business combinations	—	2,390
Provision made during the year	14,775	5,728
Unwind of discount	119	137
Effect of exchange rate changes	(3,056)	1,455
At 31 December	<u>38,327</u>	<u>26,489</u>

The Group has recorded asset retirement obligation primarily associated with the estimated cost to reinstate property involved in power generation.

17 Asset retirement obligation (cont'd)

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, The Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 0.3% - 0.8% (2020: 0.3% - 0.8%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 18 to 30 years (2020: 19 to 30 years) after the commissioning of the power plants.

18 Trade and other payables

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current				
Deferred income	642	759	—	—
	642	759	—	—
Current				
Trade payables	5,637	13,795	—	—
Other tax payables	3,608	4,424	—	—
Advances received	51	56	—	—
Accrued expenses	29,942	30,719	91	108
Non-trade amounts due to:				
- Asset Managers	28,771	26,850	—	—
- O&M Provider	1,316	1,115	—	—
- Related parties	10,312	8,049	86	60
- Other third parties	3,163	3,695	—	—
	82,800	88,703	177	168
	83,442	89,462	177	168

Non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

19 Revenue and other income

The Group's revenue and other income comprises:

	Group		Trust	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<u>Revenue:</u>				
Sale of energy	110,193	96,368	—	—
Dividend income	—	—	27,257	—
	110,193	96,368	27,257	—
<u>Other income:</u>				
Insurance claims	3,343	1,752	—	—
Others	—	57	—	—
	3,343	1,809	—	—
	113,536	98,177	27,257	—

19 Revenue and other income (cont'd)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature of goods or services	Sale of renewable energy
When revenue is recognised	Revenue from sale of electricity is recognised in profit or loss when the electricity generated is distributed to the customer. Revenue is determined based on the units of sales delivered at the applicable tariff rates.
Payment terms	15 to 30 days

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products.

	Group	
	2021 US\$'000	2020 US\$'000
Japan Solar	108,088	96,368
Japan Wind	2,105	—
	<u>110,193</u>	<u>96,368</u>

Contract balances

Please refer to note 11 for contract assets primarily relating to the Group's right to consideration upon fulfilment of performance obligations for sale of renewable energy but not billed as at reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

20 Operating costs

	Group		Trust
	2021 US\$'000	2020 US\$'000	2021 US\$'000
Operations and maintenance costs	9,537	5,963	—
Asset related tax and levies	7,067	5,609	—
Site office maintenance costs	545	990	—
Professional fees	1,460	1,187	129
Asset related insurance	2,122	1,543	—
Utilities and transmission costs	555	452	—
Service fees	—	—	120
Other general and administrative costs	307	1,195	1
	<u>21,593</u>	<u>16,939</u>	<u>250</u>
			<u>306</u>

21 Asset management fee

	Group
	2021 US\$'000
Asset management fees	<u>4,200</u>
	<u>4,062</u>

21 Asset management fee (cont'd)

In accordance with the Asset Management Agreements, for each accounting period the Asset Managers who are related parties of the Group, shall be entitled to receive an annual fee equal to the sum of:

- (i) The actual reasonable expenses incurred by the Asset Managers on their own accounts for the performance of the Services (as opposed to expenses incurred on behalf of the GKs) to the extent falling within the Operating Budget, and
- (ii) 10% of the amount in (i) or the maximum asset management fees, as agreed.

Services are defined in the Asset Management Agreements as general duties performed by the Asset Managers within reasonable requirements of GK in connection with the management of the Assets and the Business and the performance of the services as are customarily provided by managers of properties of comparable class and standing; and do all such other things as may reasonably and properly be required to be within the scope of the Asset Managers' duties to GKs relating to the management of the Assets and the Business and the performance of the Services.

22 Development costs

	Group	
	2021 US\$'000	2020 US\$'000
Professional fees	611	518
Business related taxes	355	271
Insurance	43	9
Occupancy costs	—	45
Utilities and transmission costs	31	—
Other general and administrative costs	517	273
	1,557	1,116

23 Finance income and finance costs

		Group		Trust	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Finance income					
Interest income on:					
- Loan to related party		500	—	500	—
- Others		1	1	—	—
Total finance income		501	1	500	—
Finance costs					
Interest expense on:					
- Loan from related parties	16	(344)	(1,738)	(310)	(1,314)
- Loan from Euro Medium Term Note Issuer	16	(3,321)	(2,379)	(3,321)	(2,379)
- Bond with O&M Provider	16	(3)	(3)	—	—
- Project finance debt	16	(3,946)	(3,217)	—	—
- Lease liabilities	16	(861)	(777)	—	—
- Interest rate swaps		(1,620)	(1,451)	—	—
Other finance costs		(873)	(972)	—	—
Total finance cost		(10,968)	(10,537)	(3,631)	(3,693)

Included in other finance costs are deferred financing costs of US\$754,000 (2020: US\$835,000) and unwinding of discount of asset retirement obligation of US\$119,000 (2020: US\$137,000).

24 Tax expense

	Group	
	2021	2020
	US\$'000	US\$'000
Current tax expense		
Withholding tax	6,568	15,430
Current year	57	55
	6,625	15,485
 Reconciliation of effective tax rate		
Profit/(Loss) before tax	29,766	(16,852)
Tax using Cayman Island tax rate of 0% (2020: 0%)	–	–
Effect of Japan tax rates in foreign jurisdiction 19.09% (2020: 28%)	5,683	(4,719)
Expenses non-deductible for tax purposes	18,228	26,150
Tax-exempt income	(23,911)	(21,431)
Withholding tax expense	6,568	15,430
Others	57	55
	6,625	15,485

The Japan tax rate is used in the table above as this is the country in which the Group's operations are primarily based.

25 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and non-trade receivables from related parties.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

The carrying amount of financial assets in the statement of financial position represents the Group and the Trust's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Trust do not hold any collateral in respect of its financial assets.

Impairment loss on financial assets included in the statement of profit or loss and other comprehensive income

	2021 US\$'000	2020 US\$'000
(Write back)/impairment loss on cash	(28)	36
(Write back)/impairment loss on trade receivables	(10)	11
Impairment/(write back) on other receivables	63	(3)
	25	44

Trade receivables and contract assets

The Group's customers comprise mainly government or quasi-government offtakers of electricity, and a small number of private offtakers. Exposure to credit risk is influenced mainly by the individual characteristics of the offtaker and/or the government entity supporting the offtaker.

Most of the Group's customers have been transacting with the respective Group entities for over 1 year, and no impairment loss has been recognised against these customers.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group Carrying amount 2021 US\$'000	2020 US\$'000
Japan	7,910	5,150

Impairment

A summary of the exposure to credit risk for trade receivables is as follows:

	2021	Group	2020	
	Not credit- impaired US\$'000	Credit- impaired US\$'000	Not credit- impaired US\$'000	Credit- impaired US\$'000
Japan	7,910	—	5,150	—
Total gross carrying amount	7,910	—	5,150	—
Loss allowance	—	—	(11)	—
	7,910	—	5,139	—

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for trade receivables and contract assets

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include 'Low', 'Medium' and 'High'.

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 December:

Credit risk grade	Loss rate %	Group		Credit impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2021				
<u>Government or government-linked</u>				
Low	0.00*	7,910	—	No
2020				
<u>Government or government-linked</u>				
Low	0.00*	2,255	—	No
<u>Utilities industry</u>				
Low	0.43	2,895	11	No
		5,150	11	

* ECL rate is insignificant and is shown as 0.00% due to rounding.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group	2021 US\$'000	2020 US\$'000
At 1 January	11	—
Impairment loss allowance recognised	—	11
Impairment loss written back	(10)	—
Effect of exchange rate changes	(1)	—
At 31 December	—	11

Other receivables

Other receivables comprise mainly balances due from affiliates of the Group to which the Group has provided short term liquidity for strategic purposes.

Most of the Group's counterparties have been transacting with the respective Group entities for over 1 year, and no impairment loss has been recognised against these counterparties.

The Group does not require collateral in respect of other receivables.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

Exposure to credit risk

The maximum exposure to credit risk for other receivables at the reporting date by geographic region was as follows:

	Group Carrying amount	
	2021	2020
	US\$'000	US\$'000
Guernsey	—	350,000
Japan	14,929	15,939
	<u>14,929</u>	<u>365,939</u>

A summary of the exposure to credit risk for other receivables is as follows:

	2021		2020	
	Not credit- impaired US\$'000	Credit- impaired US\$'000	Not credit- impaired US\$'000	Credit- impaired US\$'000
Group				
Guernsey	—	—	350,000	—
Japan	14,929	—	15,939	—
Total gross carrying amount	<u>14,929</u>	<u>—</u>	<u>365,939</u>	<u>—</u>
Loss allowance	(147)	—	(89)	—
	<u>14,782</u>	<u>—</u>	<u>365,850</u>	<u>—</u>

Expected credit loss assessment for other receivables

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include "Low", "Medium" and "High".

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment.

The following table provides information about the exposure to credit risk and ECLs for other receivables for customers as at 31 December:

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit impaired
2021				
<u>Utilities industry</u>				
Low	0.00* - 0.44	<u>14,929</u>	<u>147</u>	No

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for other receivables (cont'd)

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2020				
<u>Government or government-linked</u>				
Low	0.00*	2,914	—	No
<u>Utilities industry</u>				
Low	0.00* - 0.43	359,464	62	No
<u>Financial institutions</u>				
Low	0.66	1,435	9	No
<u>Real estate industry</u>				
Low	0.84	2,126	18	No
		<u>365,939</u>	<u>89</u>	

* ECL rate is insignificant and is shown as 0.00% due to rounding.

The movement in the allowance for impairment in respect of other receivables during the year was as follows:

Group	2021 US\$'000	2020 US\$'000
At 1 January	89	92
Impairment loss allowance recognised	63	—
Impairment loss written back	—	(3)
Effect of exchange rate changes	(5)	—
At 31 December	<u>147</u>	<u>89</u>

Loan receivables from related party

The Group has assessed that the related party has strong financial capacity to meet the contractual obligation of US\$58 million (2020: US\$NIL) and considered to have low credit risk. The loan is measured on 12 months expected credit losses and subject to immaterial credit loss.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A- to A (2020: A), based on Rating Agency S&P global ratings and A1 to A3 (2020: Nil) based Moody's global ratings.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of US\$224.7 million and US\$119.0 million at 31 December 2021 (2020: US\$107.4 million and US\$6.8 million). These carrying amounts represent the Group's and the Trust's maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated BBB to A+ (2020: A to A+), based S&P global ratings, BAA1 to Aa3, based on Moody's global ratings.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Cash and cash equivalents (cont'd)

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. As at 31 December 2021, impairment loss on cash and cash equivalents is not significant (2020: US\$36,000).

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Asset Managers to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Project Finance Debt	(915,399)	(47,281)	(114,237)	(204,821)	(549,060)
Bond issued by O&M Provider	(320)	—	—	—	(320)
Lease liabilities	(271,918)	(6,233)	(7,146)	(26,996)	(231,543)
Loan from related parties	(9,308)	(1,115)	(6,780)	(30)	(1,383)
Loan from Euro Medium Term Note Issuer	(225,245)	(4,053)	(4,033)	(217,159)	—
Trade and other payables*	(79,141)	(79,141)	—	—	—
	<u>(1,501,331)</u>	<u>(137,823)</u>	<u>(132,196)</u>	<u>(449,006)</u>	<u>(782,306)</u>
Derivative financial instruments					
Interest rate swaps (net settled)	(19,012)	(2,478)	(2,339)	(15,805)	1,610
	<u>(1,520,343)</u>	<u>(140,301)</u>	<u>(134,535)</u>	<u>(464,811)</u>	<u>(780,696)</u>
31 December 2020					
Non-derivative financial liabilities					
Project Finance Debt	(611,530)	(71,371)	(55,911)	(104,534)	(379,714)
Bond issued by O&M Provider	(350)	—	—	—	(350)
Lease liabilities	(245,506)	(8,653)	(8,626)	(25,702)	(202,525)
Loan from related parties	(194,693)	(1,377)	(190,778)	(55)	(2,483)
Loan from Euro Medium Term Note Issuer	(138,807)	(656)	(656)	(137,495)	—
Trade and other payables*	(84,223)	(84,223)	—	—	—
	<u>(1,275,109)</u>	<u>(166,280)</u>	<u>(255,971)</u>	<u>(267,786)</u>	<u>(585,072)</u>
Derivative financial instruments					
Interest rate swaps (net settled)	(14,807)	(1,696)	(1,640)	(4,352)	(7,119)
	<u>(1,289,916)</u>	<u>(167,976)</u>	<u>(257,611)</u>	<u>(272,138)</u>	<u>(592,191)</u>

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US\$'000	12 months or less US\$'000	1-2 years US\$'000	2-5 years US\$'000	More than 5 years US\$'000
Trust					
31 December 2021					
Non-derivative financial liabilities					
Loan from Euro Medium Term Note Issuer	(225,245)	(4,053)	(4,033)	(217,159)	—
Trade and other payables*	(177)	(177)	—	—	—
	<u>(225,422)</u>	<u>(4,230)</u>	<u>(4,033)</u>	<u>(217,159)</u>	<u>—</u>
31 December 2020					
Non-derivative financial liabilities					
Loan from related parties	(192,099)	(1,340)	(190,759)	—	—
Loan from Euro Medium Term Note Issuer	(138,807)	(656)	(656)	(137,495)	—
Trade and other payables*	(168)	(168)	—	—	—
	<u>(331,074)</u>	<u>(2,164)</u>	<u>(191,415)</u>	<u>(137,495)</u>	<u>—</u>

* Excludes non-financial liabilities

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk are detailed in the table below.

The Group ensures that the net exposure to foreign currency risk is monitored on an ongoing basis and the Trust endeavours to keep the net exposure at an acceptable level.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	2021 JPY US\$'000	2020 JPY US\$'000
Group		
Loan receivables	57,958	—
Trade and other receivables	1	—
Cash and cash equivalents	119,138	6,867
Loan from related parties	—	(192,099)
Loan from Euro Medium Term Note Issuer	(123,242)	(134,919)
Trade and other payables	(2,347)	(2,989)
Net exposure	<u>51,508</u>	<u>(323,140)</u>

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	2021 JPY US\$'000	2020 JPY US\$'000
Trust		
Loan receivables	57,958	–
Cash and cash equivalents	118,797	6,789
Loan from a related party	–	(192,099)
Loan from Euro Medium Term Note Issuer	(123,242)	(134,919)
Net exposure	<u>53,513</u>	<u>(320,229)</u>

Sensitivity analysis

A 5% strengthening or (weakening) of the dollar against the respective currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Trust	
	Profit or loss US\$'000	Equity US\$'000	Profit or loss US\$'000	Equity US\$'000
31 December 2021				
JPY (5% strengthening)	<u>(2,575)</u>	<u>(2,575)</u>	<u>(2,676)</u>	<u>(2,676)</u>
JPY (5% weakening)	<u>2,575</u>	<u>2,575</u>	<u>2,676</u>	<u>2,676</u>
31 December 2020				
JPY (5% strengthening)	<u>16,157</u>	<u>16,157</u>	<u>16,011</u>	<u>16,011</u>
JPY (5% weakening)	<u>(16,157)</u>	<u>(16,157)</u>	<u>(16,011)</u>	<u>(16,011)</u>

Interest rate risk

Interest rate risk refers to the risk faced by the Group as a result of fluctuations in interest rates. The Group manages some of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to LIBOR and yen TIBOR.

The Board of Directors monitors and manages the Group's transition to alternative rates. The Board evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 includes project finance debts indexed to LIBOR and yen TIBOR. The Group and all counterparties have agreed to change LIBOR indexed project finance debts to TONAR from 1 January 2022.

In 2021, JBA TIBOR Administration ("JBATA") has announced that it will consult on its intention to retain yen TIBOR and the Group expects that yen TIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the yen TIBOR indexed loans and borrowings as at 31 December 2021 is US\$763,978,000 (Note 16(a)).

Exposure to interest rate risk

At the reporting date, the fixed and variable rate interest-bearing financial instruments that are subject to interest rate risk were as follows:

	Group		Trust	
	Nominal amount		Nominal amount	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial liabilities				
- Bond issued by O&M Provider	(320)	(350)	—	—
- Lease liabilities	(233,382)	(211,647)	—	—
- Loan from related parties	(9,107)	(194,434)	—	(192,099)
- Loan from Euro Medium Term Note Issuer	(211,960)	(134,919)	(211,960)	(134,919)
	<u>(454,769)</u>	<u>(541,350)</u>	<u>(211,960)</u>	<u>(327,018)</u>
Variable rate instruments				
Financial liabilities				
- Project finance debt	(805,164)	(565,473)	—	—
Effect of interest rate swaps	478,194	389,356	—	—
	<u>(326,970)</u>	<u>(176,117)</u>	<u>—</u>	<u>—</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Non-derivative financial liabilities (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Group		Equity	
	Profit or loss			
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
31 December 2021				
Variable rate instruments	8,052	(8,052)	—	—
Interest rate swap	(4,782)	4,782	—	—
Cash flow sensitivity (net)	3,270	(3,270)	—	—
31 December 2020				
Variable rate instruments	5,655	(5,655)	—	—
Interest rate swap	(3,894)	3,894	—	—
Cash flow sensitivity (net)	1,761	(1,761)	—	—

Capital management

The Group's objective in managing capital is to ensure a stable and strong capital base to maximise returns for its shareholders.

The Group defines capital as including all components of unitholders' fund. The Group's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the Board of Directors' fiduciary duties towards the Group.

The Group is not subject to externally imposed capital requirements.

26 Fair value of financial instruments

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at mid-price.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

26 Fair value of financial instruments (cont'd)

Fair value measurement (cont'd)

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Additionally, it excludes fair value information for lease liabilities as it is not required.

Group	Note	Carrying amount			Fair value			
		Mandatorily	Amortised	Total	Level 1	Level 2	Level 3	Total
		at FVTPL	cost					
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2021								
Trade and other receivable*	11	–	22,838	22,838				
Cash and cash equivalents	13	–	224,697	224,697				
Loan receivables	9	–	57,958	57,958		57,958		57,958
		–	305,493	305,493				
Loans and borrowings	16	–	1,026,551	1,026,551		1,041,400		1,041,400
Lease liabilities	16	–	233,382	233,382				
Derivative liabilities	12	11,429	–	11,429		11,429		11,429
Other financial liabilities (net of advances)*	18	–	79,141	79,141				
		11,429	1,339,074	1,350,503				
31 December 2020								
Trade and other receivable*	11	–	371,089	371,089				
Cash and cash equivalents	13	–	107,438	107,438				
		–	478,527	478,527				
Loans and borrowings	16	–	895,176	895,176		904,442		904,442
Lease liabilities	16	–	211,647	211,647				
Derivative liabilities	12	13,130	–	13,130		13,130		13,130
Other financial liabilities (net of advances)*	18	–	84,223	84,223				
		13,130	1,191,046	1,204,176				

* Excludes non-financial assets and liabilities

26 Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

	Note	Carrying amount			Fair value			
		Mandatorily	Amortised	Total	Level 1	Level 2	Level 3	Total
		at FVTPL	cost					
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trust								
31 December 2021								
Cash and cash equivalents	13	—	119,048	119,048				
Loan receivables	9	—	57,958	57,958		57,958		57,958
		—	177,006	177,006				
Loans and borrowings and lease liabilities	16	—	211,960	211,960		213,855		213,855
Other financial liabilities (net of advances)*	18	—	177	177				
		—	212,137	212,137				
31 December 2020								
Trade and other receivable*	10	—	350,000	350,000				
Cash and cash equivalents	13	—	6,808	6,808				
		—	356,808	356,808				
Loans and borrowings and lease liabilities	16	—	327,018	327,018		328,282		328,282
Other financial liabilities (net of advances)*	18	—	168	168				
		—	327,186	327,186				

* Excludes non-financial assets and liabilities

At the reporting date, the fair values of trade and other receivables, cash and cash equivalents and trade and other payables are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments.

26 Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique
Loans and borrowings/Loan receivables	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

27 Commitments

Capital commitments

The Group entered into various contracts to construct renewable energy power plants. The total and remaining construction costs as at reporting date were:

	2021	2020
	Balance US\$'000	Balance US\$'000
<u>Type of contracts</u>		
Property, plant and equipment	494,080	649,892

28 Related parties

Zenith Japan Holdings Ltd (as trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous Tokumei Kumiai arrangements that gives Zenith Japan Trust an economic interest in its subsidiaries' assets in Japan (the "Japanese Assets"). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd. As such, Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group"), Vena Energy Holdings Ltd and its subsidiaries ("VEHL Group") has been determined as related parties in accordance with IAS 24. Accordingly, all mentions of related parties in the financial statements, except as otherwise defined, refer to entities within ZJHT Group and VEHL Group.

During the year, in addition to those disclosed elsewhere in the financial statements, the following were significant transactions with related parties.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the financial year:

	2021 US\$'000	2020 US\$'000
Operations and maintenance costs	5,932	5,217

Sale and leaseback

During the financial year, the Group entered into sale and leaseback transactions with a related party of the Group, NRE Land Management GK, in respect of several freehold land parcels in Japan to transfer ownership and associated obligations relating to the land parcels to its related party. The freehold land parcels were sold at fair value and leased back over 20 to 35 years at market rentals.

The total consideration for the sale of the land parcels amounted to US\$3,410,639 (2020: US\$16,821,000). Right-of-use assets and lease liabilities relating to sale and leaseback transactions with related party amounted to US\$4,536,109 and US\$4,341,876 (2020: US\$10,057,000 and US\$9,787,000) respectively.

As at 31 December 2021, the carrying amount of lease liabilities (Note 16) included US\$12,095,822 (2020: US\$9,786,938) arising from sales and leaseback transactions with related party.

29 Non-controlling interest

Non-controlling interest denotes Nippon Renewable Energy K.K, Nippon Wind Energy K.K and Zeini Solar (S) Pte Ltd in fully paid up equity shares of all group entities domiciled in Japan.