



SUSTAINABILITY AND FINANCIAL REPORT 2020 APPENDIX

**Accelerating the Energy
Transition in Asia-Pacific**



**VENA
ENERGY**

**THIS APPENDIX IS AN INTEGRAL PART OF VENA ENERGY'S
SUSTAINABILITY AND FINANCIAL REPORT 2020**

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 Statements²¹ 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 2020, 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 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 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 and project finance debt from 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 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 2020	31 Dec 2019
Proportionate Revenue ^(a)	371.6	352.9
Proportionate EBITDA ^(b)	278.0	261.0
Proportionate EBITDA Margin ^(c)	75%	74%
Corporate Net Debt ^(d)	236.9	274.3
Funds from Operational Assets (“ FFOA ”)	161.3	162.7
Corporate Net Debt to FFOA ^(e)	1.5x	1.7x

²¹ “**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 2020. The Audited Financial Statements for the financial year ended 31 December 2020 were prepared in accordance with 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 Year 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 Companies on an unconsolidated or standalone basis less the aggregated cash & cash equivalents of Vena Companies on an unconsolidated or standalone basis less the contribution from Equity Holders.

^(e) Corporate Net Debt to FFOA is a non-IFRS financial measure and represents an indicator of the ability of the Vena Companies 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 2020	Year ended 31 Dec 2019
<i>(USD in millions)</i>		
Revenue	297.1	337.5
Other income	7.2	8.0
Total income	304.3	345.5
Less: Service concession income	(0.3)	(35.6)
Less: Total income attributable to non controlling interest	(13.9)	(15.2)
Add: Total income of equity-accounted investees	81.5	58.2
Proportionate Revenue	371.6	352.9

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

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
<i>(USD in millions)</i>		
Profit for the Year	40.1	98.6
Less: Service concession income	(0.3)	(35.6)
Add: Cost of service concession income	0.3	35.6
Add: Development costs	3.2	3.6
Add: Depreciation and amortisation expense	125.9	117.2
Add: Net finance costs	34.8	52.1
Add: Impairment loss	7.6	12.4
Less: Gain on transfer of TK interests	-	(72.2)
Add: Acquisitions costs	6.5	-
Add: Loss on disposal/ write-off of property, plant and equipment & investment	1.3	0.1
Less: Share of net results of equity-accounted investees, net of tax	(16.3)	6.8
Add: Tax expense	18.7	9.9
Adjusted EBITDA	221.8	228.5
Less: Adjusted EBITDA attributable to non-controlling interest	(13.0)	(13.7)
Add: Adjusted EBITDA of equity-accounted investees	69.2	46.2
Proportionate EBITDA	278.0	261.0

FUNDS FROM OPERATIONAL ASSETS

The following tables present the Funds from Operational Assets of Vena Companies for the year ended 31 December 2020 and 31 December 2019.

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 country were aggregated and presented in the following tables.

(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

(USD in millions)	Australia	India	Indonesia	Japan	Philippines	Taiwan	Thailand	Total
YEAR ENDED 31 DECEMBER 2019								
Revenue	8.5	99.1	28.7	105.4	62.6	8.7	50.2	363.2
Less: Operating Expenses								
- Operation and maintenance costs	(0.7)	(7.7)	(1.2)	(7.2)	(4.4)	(0.4)	(1.2)	(22.8)
- Asset management & shared service fees	(0.8)	(2.8)	(0.5)	(3.9)	(2.6)	(0.8)	(0.8)	(12.2)
- Business related taxes	-	(0.2)	(0.1)	(7.2)	(3.6)	-	(0.2)	(11.3)
- Land rent and occupancy costs	(0.2)	(0.6)	(0.2)	(3.9)	(0.5)	(0.7)	(1.0)	(7.1)
- General and administrative expenses	(0.8)	(3.4)	(3.1)	(2.9)	(6.0)	(0.9)	(1.6)	(18.7)
Results from Operational Assets^(a)	6.0	84.4	23.6	80.3	45.5	5.9	45.4	291.1
Less: Share of economic interest attributable to other shareholder ^(b)	-	-	-	-	(0.6)	-	(13.6)	(14.2)
Proportionate results from Operational Assets	6.0	84.4	23.6	80.3	44.9	5.9	31.8	276.9
Add: Interest income received ^(c)	0.2	3.0	-	-	0.8	-	-	4.0
Less: Debt service ^(d) and tax payments	(4.7)	(62.0)	(13.5)	(11.0)	(15.1)	(1.6)	(10.3)	(118.2)
Funds from Operational Assets^(e)	1.5	25.4	10.1	69.3	30.6	4.3	21.5	162.7

^(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 instruments, foreign exchange gain or loss, impairment loss, gain on transfer of 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 shareholder who is unrelated to Vena Energy based on its effective economic interest in the relevant subsidiaries or equity-accounted investees of Vena Energy.

^(c) Interest income received represents the Vena Companies' 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 Companies' 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 payments 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: FY2020 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 2020, (b) combined statements of comprehensive income of Vena Entities for the year 31 December 2020, and (c) combined statements of cash flows of Vena Entities for the year ended 31 December 2020 (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 2020, 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 Condensed Combined Interim Financial Statements are based upon available information and assumptions that Vena Energy's management believes to be reasonable.



VENA ENERGY

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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 2020



Independent auditors' report

Board of Directors
Vena Energy Pte Ltd

Opinion

We have audited the combined financial statements of Vena Energy Holdings Ltd., Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trust and their subsidiaries ("Vena Energy Group"), which comprise the combined statement of financial position as at 31 December 2020, the combined statements of 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 FS83.

In our opinion, the accompanying combined financial statements of Vena Energy Group for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 of the 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 Vena Energy 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 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 preparation and restriction of distribution and use

We draw attention to Note 3 to the combined financial statements, which describes the Basis of Preparation and Note 2 to the combined financial statements, which describes the approach to and the purpose for preparing them. The combined financial statements are prepared for the purpose of a potential bond issuance and reporting to external counterparties for existing bonds issued. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Vena Energy Group, the existing bond holders and potential bond investors for their information only. We do not assume responsibility to anyone other than the Vena Energy 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 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, India, Thailand and Phillipines' cash generating unit 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 consolidated 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 Vena Energy 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 Vena Energy 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 sentivity 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 forecastings process. Based on audit procedures performed, we found that valuation of the Australia, Indonesia, India, Thailand and Phillipines' cash generating unit are within an acceptable range of estimates.

Responsibilities of Management for the combined financial statements

Management is responsible for the preparation of these 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Vena Energy Group's financial reporting process.

Auditors' responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 controls.
- Obtain an understanding of internal controls 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 Vena Energy Group's internal controls.
- 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 Vena Energy Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Vena Energy 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 2020*

We communicate with those charged with governance 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 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

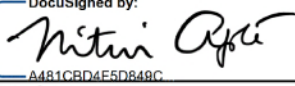
*Public Accountants and
Chartered Accountants*

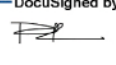
Singapore
25 May 2021

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 2020

Combined statement of financial position
As at 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
Assets			
Property, plant and equipment	5	1,954,001	1,551,954
Right-of-use assets	6	326,729	164,785
Intangible assets	7	2,475,047	2,330,545
Equity-accounted investees	8	493,918	454,257
Other investments	9	2,433	5,062
Deferred tax assets	10	9,197	21,886
Loans receivables	11	40,594	64,252
Derivative assets	12	176,353	117,992
Prepayment and other assets	13	16,108	17,541
Trade and other receivables	14	31,210	—
Non-current assets		5,525,590	4,728,274
Loans receivables	11	20,152	4,607
Trade and other receivables	14	487,700	134,990
Prepayment and other assets	13	17,711	8,720
Derivative assets	12	7,379	3,888
Cash and cash equivalents	15	340,469	634,461
Asset held for sale		—	7,638
Current assets		873,411	794,304
Total assets		6,399,001	5,522,578
Equity			
Share capital and units in issue	16	3,404,399	3,232,919
Retained earnings		65,565	34,930
Reserves	18	194,818	86,261
Equity attributable to owners of the Holding Companies		3,664,782	3,354,110
Non-controlling interests	19	84,593	82,528
Total equity		3,749,375	3,436,638
Liabilities			
Loans and borrowings	20	1,951,458	1,655,596
Lease liabilities	20	306,626	147,522
Employee benefits		716	110
Trade and other payables	22	2,082	—
Derivative liabilities	12	41,865	19,902
Asset retirement obligation	21	37,486	20,082
Deferred tax liabilities	10	17,613	33,841
Non-current liabilities		2,357,846	1,877,053
Loans and borrowings	20	150,889	68,025
Lease liabilities	20	11,014	7,087
Derivative liabilities	12	6,957	2,501
Trade and other payables	22	121,078	130,348
Current tax liabilities		1,842	926
Current liabilities		291,780	208,887
Total liabilities		2,649,626	2,085,940
Total equity and liabilities		6,399,001	5,522,578

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 Nitin Srinivas Apte
 Director, Vena Energy Pte Ltd
 Date: 25 May 2021

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 Rupert Charles Collinson Hall
 Director, Vena Energy Pte Ltd
 Date: 25 May 2021

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 2020

Combined statement of comprehensive income
Year ended 31 December 2020

	Note	Year ended 31 Dec 2020 US\$'000	Year ended 31 Dec 2019 US\$'000
Sale of energy		289,660	296,232
Service concession income		303	35,621
Fee income		7,182	5,574
Total revenue	23	297,145	337,427
Other income	24	7,217	8,028
Cost of service concession income		(303)	(35,621)
Operating costs	25	(46,951)	(43,110)
Shared services costs	26	(35,246)	(38,222)
Development costs	27	(3,199)	(3,585)
Depreciation expense	5, 6	(70,977)	(65,512)
Amortisation expense	7	(54,931)	(51,737)
Results from operating activities		(211,607)	(237,787)
Finance income	28	14,191	12,691
Finance costs	28	(87,950)	(112,234)
Change in fair value of financial instruments	29	43,522	48,693
Foreign exchange loss		(4,538)	(1,250)
Net finance costs		(34,775)	(52,100)
Gain on transfer of TK interests		–	72,228
Acquisition costs	37	(6,534)	–
Write off of property, plant and equipment		(169)	–
Loss on disposal of investments		(863)	–
Loss on disposal of property, plant and equipment		(310)	(59)
Impairment loss on financial assets	30	(6,960)	(8,130)
Impairment loss on property, plant and equipment	5	(593)	–
Impairment loss on asset held for sale		–	(4,234)
Share of net profit of equity-accounted investees, net of tax	8	16,290	(6,826)
Profit before tax	31	58,841	108,547
Tax expense	32	(18,717)	(9,929)
Profit for the year		40,124	98,618
Profit attributable to:			
Owners of the Holding Companies		30,635	89,095
Non-controlling interests	19	9,489	9,523
		40,124	98,618
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(123)	(18)
Related tax	32	14	2
		(109)	(16)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		138,563	7,292
Effective portion of hedge of net investment in foreign operation	33	(23,288)	–
Equity-accounted investees – share of OCI	8	24,358	10,295
Other comprehensive income for the year		139,524	17,571
Total comprehensive income for the year		179,648	116,189
Total comprehensive income attributable to:			
Owners of the Holding Companies		169,172	104,219
Non-controlling interests	19	10,476	11,970
		179,648	116,189

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
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Combined statement of changes in equity
Year ended 31 December 2020

	Note	Share capital and units in issue US\$'000	Attributable to owners of the Holding Companies						Total equity 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	
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	33	-	-	-	(23,288)	-	(23,288)	-	(23,288)
Equity-accounted investees – share of OCI	8	-	-	-	24,358	-	24,358	-	24,358
Defined benefit plan remeasurements		-	-	-	-	(123)	(123)	-	(123)
Tax on other comprehensive income	32	-	-	-	-	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	18	379,980	-	-	-	-	379,980	-	379,980
Conversion of advance from immediate holding company / unitholder	18	-	(29,980)	-	-	-	(29,980)	-	(29,980)
Repurchase of shares and redemption of units	18	(208,500)	-	-	-	-	(208,500)	-	(208,500)
Dividends paid	19	-	-	-	-	-	-	(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.

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Combined statement of changes in equity (cont'd)
Year ended 31 December 2020

	Note	Share capital and units in issue US\$'000	Attributable to owners of the Holding Companies					Total equity US\$'000
			Capital reserves US\$'000	Accumulated profit/ (losses) US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Non-controlling interest US\$'000	
At 1 January 2019		3,232,919	79,980	(37,025)	(9,867)	98	78,027	3,344,132
Adjustment on initial application of Combined Group's accounting policy on leases (net of tax)		–	–	(17,140)	926	–	(220)	(16,434)
		3,232,919	79,980	(54,165)	(8,941)	98	77,807	3,327,698
Total comprehensive income for the year		–	–	89,095	–	–	9,523	98,618
Other comprehensive income		–	–	–	–	–	–	–
Foreign currency translation differences		–	–	–	4,845	–	2,447	7,292
Equity-accounted investees – share of OCI	8	–	–	–	10,295	–	–	10,295
Defined benefit plan remeasurements		–	–	–	(18)	–	–	(18)
Tax on other comprehensive income	32	–	–	–	2	–	–	2
Total comprehensive income for the year		–	–	89,095	15,140	(16)	11,970	116,189
Transactions with owners, recognised directly in equity		–	–	–	–	–	–	–
Dividends declared	19	–	–	–	–	–	(7,023)	(7,023)
Transfer of TK interests		–	–	–	–	–	(226)	(226)
Total transactions with owners		–	–	–	–	–	(7,249)	(7,249)
At 31 December 2019		3,232,919	79,980	34,930	6,199	82	82,528	3,436,638

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
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Year ended 31 December 2020

Combined statement of cash flows
Year ended 31 December 2020

	Note	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Cash flows from operating activities			
Profit before tax		58,841	108,547
Adjustments for:			
Depreciation expense	5, 6	70,977	65,512
Amortisation expense	7	54,931	51,737
Gain on transfer of TK interests		–	(72,228)
Loss on disposal of property, plant and equipment		310	59
Impairment loss on property, plant and equipment	5	593	–
Loss on disposal of investments	8	399	–
Impairment losses on financial assets	30	6,960	8,130
Finance income	28	(14,191)	(12,691)
Finance costs	28	87,950	112,234
Impairment loss on asset held for sale		–	4,234
Changes in fair value of financial instruments	29	(43,522)	(48,693)
Unrealised foreign exchange loss		18,781	8,783
Share of net profit of equity-accounted investees, net of tax	8	(16,290)	6,826
		225,739	232,450
Changes in:			
- Trade and other receivables		1,868	(256,010)
- Prepayments and other assets		(6,470)	(7,608)
- Trade and other payables		(28,876)	72,958
- Provisions and employee benefits		606	(78)
Cash generated from operating activities		191,429	41,712
Tax paid		(20,820)	(4,227)
Net cash from operating activities		170,609	37,485
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	37	(90,831)	–
Acquisition of shareholder loan	37	(42,867)	–
Acquisition of interest in equity-accounted investees	8	(18,899)	(31,862)
Repayment of loan from equity-accounted investees		8,182	18,768
Distributions from equity-accounted investees	8	19,817	99,891
Proceeds from disposal of equity-accounted investees		300	–
Purchase of property, plant and equipment		(314,301)	(324,940)
Purchase of intangible assets	7	(21,611)	(39,761)
Proceeds from disposal of property, plant and equipment		–	6,577
Development expenditure under service concession arrangement	7	–	(34,861)
Proceeds from transfer of TK interests		–	408,708
Disposal of financial instruments		1,934	(4,351)
Interest received		8,075	22,476
Net cash (used in)/from investing activities		(450,201)	120,645

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

Vena Energy Holdings Ltd and its subsidiaries
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Combined statement of cash flows (cont'd)
Year ended 31 December 2020

	Note	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Cash flows from financing activities			
Repurchase of ordinary shares and units	17	(208,500)	–
Dividends paid to non-controlling interests	19	(8,411)	(7,023)
Proceeds from issuance of Euro Medium Term Note	20	325,000	–
Proceeds from drawdown of loans and borrowings	20	946,229	392,987
Repayment of loans and borrowings	20	(981,114)	(286,629)
Payment of lease liabilities	20	(13,850)	(4,746)
Transaction costs related to loans and borrowings	20	(11,120)	(5,769)
Transaction costs related to issuance of Euro Medium Term Note	20	(3,938)	–
Interest paid to loans and borrowings	20	(70,050)	(101,715)
Net Interest received from derivatives		2,969	–
Deposits unpledged/(pledged)		282,636	(304,528)
Net cash from/(used in) financing activities		259,851	(317,423)
Net decrease in cash and cash equivalents			
		(19,741)	(159,293)
Cash and cash equivalents at 1 January	15	263,090	424,596
Effect of exchange rate fluctuations on cash held		2,280	(2,213)
Cash and cash equivalents at 31 December	15	245,629	263,090

Significant non-cash transactions

During the financial year, Vena Energy Holdings Ltd converted an advance from its immediate holding company of US\$15,674,240 in 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 US\$1 per unit.

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

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Combined Financial Statements
Year ended 31 December 2020

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	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, 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.

Vena Energy Holdings Ltd and its subsidiaries
Vena Energy (Taiwan) Holdings Ltd and its subsidiaries
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Combined Financial Statements
Year ended 31 December 2020

2 Basis of combination

The combined financial statements consists of the historical audited 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 2020 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 prepared 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.

The purpose of the combined financial statements is to show the combined financial position, financial performance, changes in equity and cash flows of the Combined Group as a single performance unit as at and for the year ended 31 December 2020.

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;

3 Basis of preparation (cont'd)

3.3 Use of estimates and judgements (cont'd)

- 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.

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

The combined financial statements applies the accounting policy of the Combined Group. The Combined Group has adopted the following new accounting policies that are effective for the first time for the annual period beginning on 1 January 2020:

- Definition of a Business (amendments to Combined Group accounting policies on *Business Combinations*)
- Amendments to References to Conceptual Framework in Combined Group accounting policies
- Definition of Material (amendments to Combined Group accounting policies on *Presentation of Financial Statements* and on *Changes in Accounting Policies, Changes in Accounting Estimates and Errors*)
- Interest Rate Benchmark Reform (amendments to Combined Group accounting policies on *Financial Instruments* and *Financial Instruments: Disclosures*)

The adoption of the above amendments to standards did not have a material effect on the combined financial statements.

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.

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.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

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 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.

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 Significant accounting policies (cont'd)

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.

(ii) Foreign currency transactions

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 retranslated 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 retranslated 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 retranslation 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 Significant accounting policies (cont'd)

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.

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	25 years
Electric generator equipment	20-30 years
Vehicles	5 years
Computers, fittings and fixtures and 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 assets under construction.

4 Significant accounting policies (cont'd)

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.

(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.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

Non-derivative financial assets and financial liabilities (cont'd)

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.

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.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

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

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.

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.

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)

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 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.

4 Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

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.

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 Significant accounting policies (cont'd)

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.

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.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

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

General approach (cont'd)

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.

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.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

(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.

4.9 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.

4 Significant accounting policies (cont'd)

4.9 Provisions (cont'd)

(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.

4 Significant accounting policies (cont'd)

4.12 Employee benefits (cont'd)

(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.

4.13 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 Significant accounting policies (cont'd)

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.

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.

4 Significant accounting policies (cont'd)

4.18 Leases (cont'd)

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.

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.

4 Significant accounting policies (cont'd)

4.18 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 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.

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.

4 Significant accounting policies (cont'd)

4.18 Leases (cont'd)

As a lessor (cont'd)

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.

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 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 yet adopted

A number of new standards, interpretations and amendments to the Combined Group accounting policies are effective for annual periods beginning after 1 January 2020 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.

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4 Significant accounting policies (cont'd)

4.20 New standards and interpretations not yet adopted (cont'd)

The following amendments to Combined Group accounting policies are not expected to have a significant impact on the Combined Group's combined financial statements.

- Interest Rate Benchmark Reform – Phase 2 (amendments to Combined Group accounting policies on *Financial Instruments*, *Financial Instruments: Disclosures*, and *Leases*)
- Onerous Contracts – Cost of Fulfilling a Contract (amendments to Combined Group accounting policies on *Provisions*, *Contingent Liabilities and Contingent Assets*)
- Property, Plant and Equipment: Proceeds before Intended Use (amendments to Combined Group accounting policies on *Property, Plant and Equipment*)
- Reference to the Conceptual Framework (amendments to Combined Group accounting policies on *Business Combinations*)
- Classification of Liabilities as Current or Non-current (Amendments to Combined Group accounting policies on *Presentation of Financial Statements*)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to Combined Group accounting policies on *Consolidated Financial Statements* and *Investments in Associates and Joint Ventures*)
- Covid-19 Related Rent Concessions Amendments to Combined Group accounting policies on *Leases*)

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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 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	63,637
Disposal/write-off		52	–	(324)	–	(22)	306,866	329,583
Reclassification		–	–	166,014	–	–	(1,097)	(1,391)
Reclassification from right-of-use asset	6	–	–	–	–	–	(192,402)	(26,388)
Effect of exchange rate changes		–	–	–	–	–	5,228	5,228
At 31 December 2020		79,198	22,765	1,559,669	478	5,456	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

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5 Property, plant and equipment (cont'd)

	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computer, fixtures and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost							
At 1 January 2019	58,779	32,569	1,321,409	224	2,884	289,734	1,705,599
Recognition of right-of-use asset on initial application	–	(17,757)	–	–	–	–	(17,757)
Adjusted balance at 1 January 2019	58,779	14,812	1,321,409	224	2,884	289,734	1,687,842
Additions	19,788	5,167	8,273	61	1,059	290,592	324,940
Transfer of TK interests	(4,813)	(171)	(366,107)	–	–	(111)	(371,202)
Disposal/write-off	(6,290)	(124)	(188)	–	–	(1,191)	(7,793)
Reclassification	–	–	312,106	–	–	(312,106)	–
Reclassification from right of use	–	–	–	–	–	2,123	2,123
Effect of exchange rate changes	44	524	15,456	11	147	(1,198)	14,984
At 31 December 2019	67,508	20,208	1,290,949	296	4,090	267,843	1,650,894
Accumulated depreciation							
At 1 January 2019	–	(2,221)	(49,678)	(26)	(799)	–	(52,724)
Recognition of right-of-use asset on initial application of	–	1,323	–	–	–	–	1,323
Adjusted balance at 1 January 2019	–	(898)	(49,678)	(26)	(799)	–	(51,401)
Depreciation charge for the year	–	(1,364)	(56,445)	(52)	(879)	–	(58,740)
Transfer of TK interests	–	19	32,596	–	–	–	32,615
Disposal/write-off	–	35	42	–	–	–	77
Effect of exchange rate changes	–	32	(21,376)	(10)	(137)	–	(21,491)
At 31 December 2019	–	(2,176)	(94,861)	(88)	(1,815)	–	(98,940)
Carrying amounts							
At 31 December 2019	67,508	18,032	1,196,088	208	2,275	267,843	1,551,954

At 31 December 2020, property, plant and equipment of the Combined Group with carrying amounts of US\$1,377 million (2019: US\$1,186 million) are pledged as security to secure bank loans.

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.

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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 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)
Reclassification to 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
Cost					
At 1 January 2019		—	—	—	—
Recognition of right-of-use assets on initial application		180,106	6,481	300	186,887
Additions		27,058	1,545	465	29,068
Transfer of TK interests		(45,076)	—	—	(45,076)
Effect of exchange rate changes		1,790	51	—	1,841
At 31 December 2019		163,878	8,077	765	172,720
Accumulated depreciation					
At 1 January 2019		—	—	—	—
Depreciation expense		(3,855)	(2,661)	(256)	(6,772)
Reclassification to property, plant and equipment		(2,123)	—	—	(2,123)
Transfer of TK interests		1,099	—	—	1,099
Effect of exchange rate changes		(40)	(100)	1	(139)
At 31 December 2019		(4,919)	(2,761)	(255)	(7,935)
Carrying amounts					
At 31 December 2019		158,959	5,316	510	164,785

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7 Intangible assets

		Goodwill	Project-related	Service	Total
	Note	US\$'000	agreements & licences	concession intangible assets	US\$'000
		US\$'000	US\$'000	US\$'000	US\$'000
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
Cost					
At 1 January 2019		877,739	1,645,009	139,507	2,662,255
Additions		–	39,761	–	39,761
Service concession		–	–	34,861	34,861
Transfer of TK interests		(104,488)	(245,780)	–	(350,268)
Effect of exchange rate changes		3,590	14,341	–	17,931
At 31 December 2019		776,841	1,453,331	174,368	2,404,540
Accumulated depreciation					
At 1 January 2019		–	(43,057)	–	(43,057)
Amortisation expense		–	(47,022)	(4,715)	(51,737)
Transfer of TK interests		–	22,242	–	22,242
Effect of exchange rate changes		–	(1,443)	–	(1,443)
At 31 December 2019		–	(69,280)	(4,715)	(73,995)
Carrying amounts					
At 31 December 2019		776,841	1,384,051	169,653	2,330,545

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.

At 31 December 2020, Service concession intangible assets of the Group with carrying amounts of US\$162 million (2019: US\$169 million) are pledged to secure bank loans (Note 18).

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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 CGUs as follows:

	2020 US\$'000	2019 US\$'000
Australia	124,851	113,344
India	27,273	28,153
Indonesia	37,270	37,324
Japan	279,776	255,710
Philippines	103,091	97,483
Taiwan	35,175	32,847
Thailand	7,342	7,263
Asset manager	206,325	204,717
	821,103	776,841

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

The recoverable amount of these 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 19 – 39 years and no terminal value is assumed. The post-tax discount rates of 3.9% - 12.1% (2019: 5.0% - 13.7%) 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.

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 historically 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

	2020 US\$'000	2019 US\$'000
Interests in joint ventures	46,147	28,153
Interests in associates	447,771	433,742
Less: Asset held for sale (Wawa)	–	(7,638)
	447,771	426,104
As at 31 December	493,918	454,257

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8 Equity-accounted investees (cont'd)

Investment in joint ventures

During the 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 Hatsudensho 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.

During the previous financial year, the Combined Group entered into a joint venture, KK Kyudenko Fukuosan Solar Power Plant ("KK Kyudenko") to acquire 69% economic interest in KK Kyudenko. The remaining economic interest is substantially owned by a third party, Kabushiki Kaisha Kyudenko FukuoSan Taiyoko Hatsudensho and decisions in relation to key relevant activities of KK Kyudenko require unanimous consent. The Combined Group has assessed that it has joint control over KK Kyudenko, and that its investment in KK Kyudenko meets the definition of a joint venture (as defined by the Combined Group's accounting policy). KK Kyudenko 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:

	Nanao		KK Kyudenko	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Statement of financial position</u>				
Property, plant and equipment	43,658	—	16,131	8,919
Intangible asset	1,538	—	40,920	38,645
Right of use assets	17,393	—	57,921	10,770
Non-current prepayment and other assets	1,917	—	97	3
Non-current assets	64,506	—	115,069	58,337
Prepayment and other assets	—	—	246	879
Trade and other receivables	221	—	33,177	35
Cash and cash equivalents	3,792	—	10,513	156
Current assets	4,013	—	43,936	1,070
Total assets	68,519	—	159,005	59,407
Loans and borrowings	40,813	—	109,958	10,770
Derivative liabilities	1,709	—	2,063	—
Non-current liabilities	42,522	—	112,021	10,770
Loans and borrowings	405	—	375	—
Trade and other payables	100	—	5,837	8,763
Current liabilities	505	—	6,212	8,763
Total liabilities	43,027	—	118,233	19,533
Net assets	25,492	—	40,772	39,874

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8 Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

	Nanao		KK Kyudenko	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Statement of comprehensive income</u>				
Other income	—*	—	—*	832
Development costs	(1,745)	—	(1,398)	(838)
Loss before tax	(1,745)	—	(1,398)	(6)
Tax expense	—*	—	(2)	(1)
Loss for the year	(1,745)	—	(1,400)	(7)
Foreign currency translation differences	617	—	2,296	—
Total comprehensive income	(1,128)	—	896	(7)

* Amount less than US\$1,000

	Nanao US\$'000	KK Kyudenko US\$'000	Total US\$'000
2020			
Carrying amount of interest in joint ventures at 1 January 2020	—	28,151	28,151
Combined Group's acquisition of share capital during the year	18,156	—	18,156
Share of losses of joint ventures	(1,204)	(966)	(2,170)
Share of OCI of joint ventures	426	1,584	2,010
Carrying amount of interest in joint ventures at 31 December 2020	17,378	28,769	46,147
2019			
Carrying amount of interest in joint ventures at 1 January 2019	—	—	—
Combined Group's acquisition of share capital during the year	—	28,158	28,158
Share of losses of joint ventures	—	(5)	(5)
Carrying amount of interest in joint ventures at 31 December 2019	—	28,153	28,153

8 Equity-accounted investees (cont'd)

Interests in associates

The Combined Group has 6 (2019: 7) material associates and 11 (2019: 12) immaterial associates which are equity accounted. The following are the material associates:

Project 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")	RA Solar Energy Holdings Inc. and its subsidiaries ("RSEHI")
Sector	Pililla 54.0 MW wind	Pililla 54.0 MW wind	Pollo 132.5 MW solar	Ironman 30.4 MW solar	Zorro 10.5 MW solar	Garcia 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%	99.86%	99.89%	99.91%
Effective economic interest held on the underlying project (%)	54.94% ¹	39.97% ¹	99.65%	99.86%	99.86%	99.97%
Voting rights held (%)	38.51%	37.29%	22.16%	21.62%	24.13%	40%

¹ HANGIN held 55.2% and VEWPHI held 39.8% direct voting rights in Project Pililla. Through investment in HANGIN & VEWPHI, the Group aggregate economic interest in Project Pililla (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:

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

Piliilia HANGIN US\$'000	Piliilia 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	Piililia HANGIN US\$'000	Piililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
Other income	21,174	—	40,933	9,969	3,329	7,198
Revenue	—	7	3,134	—	—	444
	21,174	7	44,067	9,969	3,329	7,642
Operating costs	(4,531)	(5)	(5,222)	(1,333)	(1,010)	(1,237)
Shared services costs charged by a subsidiary	(1,090)	—	(991)	(438)	(193)	(386)
Depreciation expenses	(4,600)	—	(7,192)	(1,863)	(694)	(1,554)
	(10,221)	(5)	(13,405)	(3,634)	(1,897)	(3,177)
Finance income	94	—	266	7	13	97
Finance costs	(4,446)	—	(10,156)	(1,043)	(598)	(1,158)
Foreign exchange gain/(loss)	2	(1)	(199)	1,069	50	1,284
Net finance income/(costs)	(4,350)	(1)	(10,089)	33	(535)	223
Share of profits of associate	—	2,646	—	—	—	—
Profit/(loss) before tax	6,603	2,647	20,573	6,368	897	4,688
Income tax (credit)/expenses	29	—	(773)	(2)	(18)	(73)
Profit/(loss) from continuing operations	6,632	2,647	19,800	6,366	879	4,615
Other comprehensive income						
Foreign operations – foreign currency translation differences	562	405	2,954	1,210	269	467
Total comprehensive income	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:

2020	Piliilia HANGIN US\$ '000	Piliilia 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	59,063	42,839	–	219,109	45,794	11,792	63,975	5,199	447,771

In 2019, the Group commences 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 and is classified as other receivable (Note 14).

In 2019, as part of the cost of disposal of the Group's interest in associate, the Group wrote down its loan receivable to a third party by US\$4.2 million.

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:

2019

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

	Piilia HANGI US\$'000	Piilia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
	91,376	–	7,736	149,676	32,261	12,548	28,073
	700	–	–	–	–	–	–
	–	10,035	–	–	–	–	4,433
	1,225	62	256	474	3,532	72	184
	21	–	–	58	30	21	31
	35	–	–	88	23	–	23
	93,357	10,097	7,992	150,296	35,846	12,641	32,744
	7,080	16	19	7,113	1,684	1,643	1,806
	149	–	120	8,827	57	2	29
	6,226	27	58	15,063	3,786	1,980	1,524
Current assets	13,455	43	197	31,003	5,527	3,625	3,359
Total assets	106,812	10,140	8,189	181,299	41,373	16,266	36,103
	70,955	–	–	122,617	17,940	8,778	18,008
	37	–	–	–	–	–	–
	2,291	–	–	778	183	62	134
	269	1	–	290	–	23	44
Non-current liabilities	73,552	1	–	123,685	18,123	8,863	18,186
	1,653	–	–	6,972	3,229	1,593	6,018
	3,927	6	1,660	485	922	1,336	1,034
	18	–	–	9	2	3	9
Current liabilities	5,598	6	1,660	7,466	4,153	2,932	7,061
Total liabilities	79,150	7	1,660	131,151	22,276	11,795	25,247
Net Assets	27,662	10,133	6,529	50,148	19,097	4,471	10,856

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:

2019

Statement of comprehensive income

	Piilia HANG US\$'000	Piilia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
Sale of energy	16,994	–	–	29,959	7,351	2,729	5,501
Other income	3	–	1	15	6	1	56
Revenue	16,997	–	1	29,974	7,357	2,730	5,557
Operating costs	(4,264)	(24)	(108)	(6,086)	(965)	(1,053)	(1,655)
Shared services costs charged by a subsidiary	(1,128)	–	–	(793)	(367)	(135)	(271)
Development costs	–	–	–	–	–	–	–
Depreciation expenses	(4,374)	–	–	(6,896)	(1,787)	(668)	(1,469)
	(9,766)	(24)	(108)	(13,775)	(3,119)	(1,856)	(3,395)
Finance income	354	–	–	661	7	29	7
Finance costs	(7,785)	–	–	(11,110)	(1,160)	(568)	(1,186)
Foreign exchange gain/(loss)	645	(1)	(1)	185	749	179	1,069
Net finance costs	(6,786)	(1)	(1)	(10,264)	(404)	(360)	(110)
Share of profits of associate	–	121	–	–	–	–	–
Profit/(loss) before tax	445	96	(108)	5,935	3,834	514	2,052
Income tax (credit)/expenses	(217)	–	–	(298)	6	(23)	(42)
Profit/(loss) from continuing operations	228	96	(108)	5,637	3,840	491	2,010

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:

2019	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	61,551	45,373	7,538	301,982	38,880	10,545	58,437	2,155	526,461
Combined Group's share of amortisation of intangible asset acquired through business combinations	(2,723)	(1,963)	–	(8,465)	(1,470)	(310)	(2,930)	–	(17,861)
Combined Group's share of profit/(loss) from continuing operations	92	97	(99)	5,361	3,836	490	2,010	(752)	11,035
Effect of exchange rate changes from project-related agreements & licences	1,370	988	–	4,605	755	169	1,586	–	9,473
Combined Group's share of other comprehensive income	679	39	199	(751)	541	135	–	(20)	822
Combined Group's share of total comprehensive income	(582)	(839)	100	750	3,662	484	666	(772)	3,469
Combined Group's contribution during the year	–	–	–	–	–	–	–	3,703	3,703
Distribution during the year	(5,588)	(4,358)	–	(89,945)	–	–	–	–	(99,891)
Carrying amount of interest in associates at end of the year	55,381	40,176	7,638	212,787	42,542	11,029	59,103	5,086	433,742

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9 Other investments

	2020 US\$'000	2019 US\$'000
Equity investment – at FVTPL	2,433	3,262
Debt investment – at FVTPL	–	1,800
	2,433	5,062

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

Debt investment at FVTPL comprise holdings in mutual fund units. These investments are part of the debt service reserve account required to be maintained per requirements of the facility agreement with a financial institution during the tenure of the loan from the financial institution.

10 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 US\$'000	Assets 2019 US\$'000	Liabilities 2020 US\$'000	Liabilities 2019 US\$'000
Property, plant and equipment	–	165	(47,415)	(33,338)
Intangible assets	–	–	(1,482)	(1)
Loans and borrowings	–	–	(208)	(129)
Employee benefits	1,774	1,000	–	–
Provisions	148	–	–	(27)
Other items	474	1,676	(427)	(345)
Tax loss carry-forwards	38,720	19,045	–	(1)
Deferred tax assets/(liabilities)	41,116	21,886	(49,532)	(33,841)
Set off tax	(31,919)	–	31,919	–
Net Deferred tax assets/(liabilities)	9,197	21,886	(17,613)	(33,841)

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 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.

Movement in deferred tax balances

	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)

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10 Deferred tax (cont'd)

	Balance as at 1 January 2019 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 2019 US\$'000
Deferred tax						
assets/liabilities						
Property, plant and equipment	(20,639)	—	(9,585)	—	(2,949)	(33,173)
Intangible assets	(1)	—	—	—	—	(1)
Loans and borrowings	(121)	—	(8)	—	(1)	(130)
Employee benefits	1,150	—	(24)	2	(128)	1,000
Provisions	—	—	(27)	—	—	(27)
Other items	78	—	471	—	8	557
Tax loss carry-forwards	12,455	—	3,970	—	3,394	19,819
	<u>(7,078)</u>	<u>—</u>	<u>(5,203)</u>	<u>2</u>	<u>324</u>	<u>(11,955)</u>

11 Loans receivables

	2020 US\$'000	2019 US\$'000
Non-current		
Loan receivables from:		
- Equity-accounted investees	29,016	43,051
- Other third parties	3,550	13,477
Promissory note receivables	8,329	8,001
	<u>40,895</u>	<u>64,529</u>
Less: Impairment loss on loans receivables	<u>(301)</u>	<u>(277)</u>
	<u>40,594</u>	<u>64,252</u>
Current		
Interest receivables from:		
- Equity-accounted investees	644	1,856
- Promissory note	441	314
- Cross-currency swap	3,677	—
- Other third parties	1,194	799
Loan receivables from:		
- Equity-accounted investees	7,503	1,650
- Other third parties	6,860	—
	<u>20,319</u>	<u>4,619</u>
Less: Impairment loss on loans receivables	<u>(167)</u>	<u>(12)</u>
	<u>20,152</u>	<u>4,607</u>
	<u>60,746</u>	<u>68,859</u>

Terms and conditions of loan receivables are as follows:

	Currency	Maturity date	Principal amount		Interest rate	
			2020 \$'000	2019 \$'000	2020 %	2019 %
Group						
Equity-accounted investees ^(a)	USD	2021 to 2026	36,519	43,051	3 - 5	3 - 5
Equity-accounted investees ^(b)	USD	On demand	—	1,650	—	7
Other third parties ^(c)	USD	2021	6,860	11,127	17	17
Other third parties ^(d)	USD	On demand	1,206	—	1.5	—
Other third parties ^(d)	USD	On demand	1,894	1,900	4.62	4.62
Other third parties ^(d)	USD	On demand	450	450	5.5	5.5
Promissory notes receivable ^(e)	THB	2027	8,329	8,001	—	—
			<u>55,258</u>	<u>66,179</u>		

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11 Loan receivables (cont'd)

- (a) Loan receivables from equity-accounted investees are unsecured, with 3 - 5% per annum (2019: 3 - 5%) interest and repayable quarterly with maturity dates from 2021 to 2026.
- (b) In 2019, loan receivable was from an equity-accounted investee was denominated in USD, unsecured and repayable on demand. The loan bore an interest rate of 7% (2019:7%) per annum. The loan was repaid during the financial year.
- (c) The loan receivables of US\$6,860,000 (2019: US\$10,290,000) from San Lorenzo Ruiz Builders & Developers Group Inc. are secured, with 17% (2019:17%) interest and repayable within 10 to 12 months.

In 2020, no amounts (2019: US\$4,234,000) of such loan receivables and interest receivable thereon were written off as the amounts due were expected to be received in full as per their contractual maturities (Note 33).

- (d) The Combined Group does not intend to demand these unsecured loans for repayment in the next 12 months.
- (e) 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

	2020 US\$'000	2019 US\$'000
Derivative assets		
Non-current		
Electricity derivative	176,353	117,992
	<u>176,353</u>	<u>117,992</u>
Current		
Cross currency swap	–	3,888
Forward exchange contract	1,350	–
Electricity derivative	6,029	–
	<u>7,379</u>	<u>3,888</u>
Total derivative assets	<u>183,732</u>	<u>121,880</u>
Derivative liabilities		
Non-current		
Interest rate swaps	30,664	19,902
Cross currency swaps	11,201	–
	<u>41,865</u>	<u>19,902</u>
Current		
Forward exchange contract	3,718	191
Interest rate swaps	3,239	2,310
	<u>6,957</u>	<u>2,501</u>
Total derivative liabilities	<u>48,822</u>	<u>22,403</u>

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13 Prepayments and other assets

	2020 US\$'000	2019 US\$'000
Non-current		
Other prepayments	4,730	1,339
Deposits	–	2,791
Other assets	11,378	13,411
	<u>16,108</u>	<u>17,541</u>
Current		
Prepaid insurance	689	975
Other prepayments	13,706	5,604
Other assets	3,316	2,141
	<u>17,711</u>	<u>8,720</u>
Total prepayments and other assets	<u>33,819</u>	<u>26,261</u>

14 Trade and other receivables

	Note	2020 US\$'000	2019 US\$'000
Non-current			
Deposits		582	–
Tax receivables	(a)	29,006	–
Others		1,622	–
Total non-current other receivables		<u>31,210</u>	<u>–</u>
Current			
Trade receivables	(f)	72,942	65,855
Contract assets		20,357	27,475
Total trade receivables and contract assets		<u>93,299</u>	<u>93,330</u>
Amount due from:			
- Unitholder	(b)	350,000	–
- Equity-accounted investees	(c)	2,652	2,242
- Other third parties	(d)	15,944	4,635
Deposits		15,724	20,642
Tax receivables	(a)	19,566	11,574
Others	(e)	1,299	12,801
Total current other receivables		<u>405,185</u>	<u>51,894</u>
Less: Impairment loss			
- Trade receivables and contract assets		(3,820)	(8,470)
- Other receivables		(6,964)	(1,764)
Total current trade and other receivables		<u>487,700</u>	<u>134,990</u>

- (a) Non-current other tax receivables of 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 (Note 39).
- (c) The amount due from equity-accounted investees of US\$2.6 million (2019: US\$2.2 million) is non-trade, unsecured, non-interest bearing and repayable on demand.
- (d) Included in the amounts due from other third parties are proceeds from sale of interest in equity accounted associate (Project Wawa) of 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.

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14 Trade and other receivables (cont'd)

- (e) Included in non-current and current other receivables are delay liquidated damages receivable from EPC contractors in Indonesia of US\$2.9 million (2019: US\$5.5 million).
- (f) During the year, trade receivables of US\$4,938,000 was written off (2019: Nil) as the amount was assessed not to be recoverable. (Note 33).

15 Cash and cash equivalents

	Note	2020 US\$'000	2019 US\$'000
Bank balances		286,689	572,735
Short term deposits		53,817	61,726
Less: Impairment loss		(37)	–
Cash and cash equivalents in the combined statement of financial position		340,469	634,461
Restricted bank balances and deposits	(a)	(80,100)	(362,463)
Bank overdrafts used for cash management purposes		(14,740)	(8,908)
Cash and cash equivalents in the combined statement of cash flows		245,629	263,090

- (a) As at 31 December 2020, US\$78 million (2019: US\$29.8 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

	2020 US\$'000	2019 US\$'000
Share capital at US\$0.01 per share (US\$)	16,921	18,168
Share premium (US\$)	1,675,295	1,798,700
Units in issue (US\$)	1,712,183	1,416,051
	3,404,399	3,232,919

17 Transactions with equity holders

During year ended 31 December 2020:

- (a) During the year, 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.
- (b) 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.

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17 Transactions with equity holders (cont'd)

- (c) Vena Energy Holdings Ltd repurchased a total of 139,200,000 shares with a par value US\$ 0.01 each and share premium of US\$137,808,000, aggregating to a consideration of US\$139,200,000 from its immediate holding company. Vena Energy (Taiwan) Holdings Ltd entered into share repurchase agreement with its immediate holding company to repurchase 2,300,000 shares of US\$0.01 par value each and share premium of US\$2,277,000, aggregating to a consideration of US\$2,300,000. Following the repurchase, the shares being repurchased have been cancelled. The unitholders of Zenith Japan Holdings Trust redeemed 66,310,372 of its units as a price of US\$1.01104 per unit for the aggregate consideration of US\$67,000,000.

18 Reserves

The reserves of the Combined Group comprise the following balances:

	2020 US\$'000	2019 US\$'000
Capital reserve	50,000	79,980
Translation reserve	144,845	6,199
Defined benefit reserve	(27)	82
	194,818	86,261

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.

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

	Thailand		Taiwan	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
NCI percentage	30%	30%	30%	30%
Non-current assets	394,639	397,594	95,403	76,103
Current assets	38,578	39,961	13,196	6,040
Non-current liabilities	(111,541)	(129,130)	(82,955)	(31,613)
Current liabilities	(24,537)	(19,614)	(8,431)	(35,530)
Net assets	297,139	288,811	17,213	15,000

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19 Non-controlling interest (cont'd)

	Thailand		Taiwan	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Dividends paid	(27,073)	(23,411)	(963)	—
Net assets attributable to NCI	81,020	79,620	5,164	4,500
Revenue	50,350	52,022	10,628	10,628
Profit	30,201	31,390	1,427	—*
OCI	1,540	9,330	1,750	—*
Total comprehensive income	31,741	40,720	3,177	—*
Profit allocated to NCI	9,060	9,417	428	—*
OCI allocated to NCI	462	2,799	525	—*

Dividends

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

	Group	
	2020	2019
	\$'000	\$'000
Paid by a subsidiary to non-controlling interest		
17 dollars per qualifying ordinary share (2019: 15 dollars)	8,122	7,023
0.02 NTD per qualifying ordinary share	9	—
0.57 NTD per qualifying ordinary share	280	—
	8,411	7,023

20 Loans and borrowings and lease liabilities

	Note	2020	2019
		US\$'000	US\$'000
Non-current			
Loans and borrowings:			
- Project finance debt		1,308,264	1,038,339
- Corporate Term loan		142,689	470,978
- Revolving credit facility		179,090	146,279
- Euro Medium term note	(a)	321,415	—
		1,951,458	1,655,596
Lease liabilities		306,626	147,522

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

	Note	2020 US\$'000	2019 US\$'000
Current			
Loans and borrowings:			
- Project finance debt		126,918	57,281
- External party loan		2,479	420
- Bank overdrafts		14,740	8,908
- Interest payable		6,752	1,416
		<u>150,889</u>	<u>68,025</u>
Lease liabilities		11,014	7,087
		<u>2,419,987</u>	<u>1,878,230</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.

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	
	2020 US\$'000	2019 US\$'000
Non-current		
Project finance debt	1,329,040	1,054,041
Corporate Term loan	142,689	470,978
Revolving credit facility	179,090	–
Euro Medium term note	325,000	–
	<u>1,975,819</u>	<u>1,525,019</u>
Current		
Project finance debt	128,486	58,419
Revolving credit facility	–	146,279
External party loan	2,479	420
Bank overdrafts	14,740	8,908
	<u>145,705</u>	<u>214,026</u>
	<u>2,121,524</u>	<u>1,739,045</u>

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

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	
			2020 \$'000	2019 \$'000	2020 %	2019 %
Project finance debt	AUD	2021-2044	126,554	118,850	BBSY+1.65	BBSY+1.65
Project finance debt	AUD	2025	18,300	—	BBSY + 0.1765	—
Project finance debt	INR	2035	98,401	103,779	10.25	10.25
Project finance debt	INR	2033	17,454	19,230	9.55	9.55
Project finance debt	INR	2033	21,473	24,018	9.5	9.5
Project finance debt	INR	2028	11,972	13,919	10.9	10.9
Project finance debt	INR	2033	47,865	64,909	10.05-10.09	10.52
Project finance debt	INR	2033	11,908	—	MCLR +1.5%	—
Project finance debt	INR	2035	63,176	19,543	10.75	10.75
Project finance debt	INR	2035	28,384	32,014	10.2	10.2
Project finance debt	INR	2035	74,149	80,046	10.22	10.22
Project finance debt	INR	2035	35,504	—	7.39	—
Project finance debt	THB	2027	92,636	105,744	4.2 & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2035	—	37,182	—	11
Project finance debt	USD	2037	107,298	113,505	3.9 - 5.721	3.9 - 5.721
Project finance debt	USD	2037	12,654	13,466	3 - 5.7060	3 - 5.7060
Project finance debt	USD	2037	6,466	6,881	1.1 - 5.7060	1.1 - 5.7060
Project finance debt	USD	2037	17,510	18,635	1.5 - 5.7060	1.5 - 5.7060
Project finance debt	NTD	2033 to 2038	92,352	22,283	TAIBOR+1.5	TAIBOR+1.5
Project finance debt	JPY	2035 - 2039	573,470	318,456	3-month TIBOR + 0.62 to 0.70 & LIBOR + 0.62% to 0.7%	3-month TIBOR + 0.62 to 0.70
External party loan	USD	2021	2,479	420	Interest free	Interest free
Term loan	JPY	2023	142,689	470,978	LIBOR+1.75	LIBOR+1.5
Revolving credit facility	JPY	2023	179,090	146,279	LIBOR+1.25	LIBOR+1.5
Euro Medium term note	JPY	2025	325,000	—	3.133%	—
			<u>2,106,784</u>	<u>1,730,137</u>		

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. The Combined Group has not breached any debt covenants in the financial year ended 31 December 2020 and 31 December 2019.

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

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

	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Interest Payable US\$'000	Liabilities			Total US\$'000
				Euro Medium Term Note US\$'000	Bank overdrafts US\$'000	Lease liabilities US\$'000	
Balance at 1 January 2020	1,095,708	619,005	–	–	8,908	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	5,832	148,193	239,783
Balance at 31 December 2020	1,435,186	325,712	1,617	325,092	14,740	317,640	2,419,987

¹ Working capital loan includes term loan, revolving credit facility and external party loan.

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

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

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

	Liabilities					Total US\$'000
	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Euro Medium Term Note US\$'000	Bank overdrafts US\$'000	Lease liabilities US\$'000	
Balance at 1 January 2019	1,430,651	688,921	–	4,213	144,537	2,268,322
Changes from financing cash flows						
Proceeds from borrowings	277,147	115,840	–	–	–	392,987
Repayment of borrowings	(86,220)	(200,409)	–	–	–	(286,629)
Payment for lease liabilities	–	–	–	–	(4,746)	(4,746)
Transaction costs related to loans and borrowings	(444)	(5,325)	–	–	–	(5,769)
Interest paid	(75,488)	(26,227)	–	–	–	(101,715)
Total changes from financing cash flows	114,995	(116,121)	–	–	(4,746)	(5,872)
Changes arising from transfer of TK interests	(518,632)	–	–	–	(35,594)	(554,226)
The effect of changes in foreign exchange rates	(1,359)	9,407	–	–	6,003	14,051
Other changes						
Liability-related						
Changes in bank overdraft	–	–	–	4,695	–	4,695
New leases	–	–	–	–	42,052	42,052
Interest expense	70,053	36,798	–	–	2,357	109,208
Total liability-related other changes	70,053	36,798	–	4,695	44,409	155,955
Balance at 31 December 2019	1,095,708	619,005	–	8,908	154,609	1,878,230

¹ Working capital loan includes term loan and revolving credit facility

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21 Asset retirement obligation

	Note	2020 US\$'000	2019 US\$'000
At 1 January		20,082	29,307
Acquisition of subsidiaries	37	2,390	–
Provision made during the year		13,374	4,958
Interest expense from unwind of discount		137	471
Effect of exchange rate changes		1,503	202
Transfer of TK interests		–	(14,856)
At 31 December		37,486	20,082

The Combined Group has recorded asset retirement obligation primarily associated with the estimated cost to reinstate property involved in power generation. The management expects cash outflows between 20 to 25 years after the commissioning of the power plants.

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% - 3.5% (2019: 0.3% - 3.5%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 20 to 25 years after the commissioning of the power plants.

22 Trade and other payables

	Note	2020 US\$'000	2019 US\$'000
Non-current			
Deferred income	(a)	2,082	–
		2,082	–
Current			
Trade payables		10,124	24,205
Payables to EPC contractors		19,257	4,345
Accrued operating expenses		56,446	81,869
Accrued staff costs		1,793	1,211
Deferred income	(b)	5,912	6,861
Other tax payable		12,254	6,033
Amount due to:			
- Equity-accounted investees	(c)	351	373
- Other third parties	(d)	14,941	5,451
		121,078	130,348

(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\$0.3 million (2019: US\$1.4 million) which relates to advances received from customers for services yet to be fulfilled, US\$4.9 million (2019: US\$4.5 million) which relates to government grants on project, amortized over PPA period of 25 years, US\$0.2 million (2019: Nil) 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\$351,000 (2019: US\$3,000) is non-trade, unsecured, non-interest bearing and repayable on demand.

(d) Included in amounts due to other third parties are due to seller of a subsidiary of Zenith Japan Holdings Trust upon acquisition of US\$6 million (2019: Nil).

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23 Revenue

The Combined Group's revenue comprises:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Sale of energy	289,660	296,232
Service concession income	303	35,621
Fee income		
- Shared services fee income from equity-accounted investees	7,182	5,574
	297,145	337,427

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.

	2020 Total US\$'000	2019 Total US\$'000
Japan	96,369	102,339
Thailand	47,241	50,179
India	83,816	97,252
Australia	12,649	8,485
Indonesia	34,217	31,132
Taiwan	15,368	6,845
	289,660	296,232

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.

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23 Revenue (cont'd)

Service Concession Arrangements

In 2018, 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 2020 US\$'000	Year ended 31 December 2019 US\$'000
Revenue	303	35,621

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\$162.9 million (2019: US\$169.7 million) in intangible asset (see Note 7) as at 31 December 2020.

24 Other income

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Insurance claim	3,977	5,100
Pre-commercial operation revenue	–	861
Government grants	794	694
Others	2,446	1,373
	<u>7,217</u>	<u>8,028</u>

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25 Operating costs

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Operations and maintenance costs	23,694	19,566
Utilities and transmission costs	4,611	3,016
Asset related insurance	4,512	4,533
Professional fees	3,806	4,698
Rental - land & site office	1,603	596
Asset related tax and levies	5,947	8,175
Other general and administrative costs	2,778	2,526
	<u>46,951</u>	<u>43,110</u>

Staff costs of US\$5.0 million (2019: US\$1.2 million) is included within Operations and maintenance costs.

26 Shared services costs

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Staff costs	44,595	33,428
Directors and Investment Committee members fee	698	264
Occupancy costs	1,535	1,457
IT expenses	2,024	–
Professional fees	6,058	7,733
Secondment fee	509	2,306
Insurance	495	–
Travel and entertainment expenses	1,807	3,182
Other general and administrative costs	3,490	5,731
	<u>61,211</u>	<u>54,101</u>
Less shared service costs capitalised	<u>(25,965)</u>	<u>(15,879)</u>
	<u>35,246</u>	<u>38,222</u>

27 Development costs

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Business related taxes	276	147
Insurance	13	217
Staff costs	3	6
Professional fees	1,273	1,139
Travel and entertainment expenses	208	450
Occupancy costs	160	235
Other general and administrative costs	1,266	1,391
	<u>3,199</u>	<u>3,585</u>

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28 Finance income and finance costs

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Finance income		
Interest income from:		
- Loan to third party	477	8,614
- Loan to equity accounted investees	2,148	–
- Short-term deposits	2,798	4,077
- Cross currency swap	8,768	–
Total finance income	<u>14,191</u>	<u>12,691</u>
Finance costs		
Interest expense on:		
- Project finance debt	(60,079)	(76,649)
- Term loan and revolving credit facility	(4,329)	(24,398)
- Euro Medium term note	(8,768)	–
- Cross currency swap	(3,629)	–
- Interest rate swap	(5,404)	–
Lease liabilities	(2,192)	(1,945)
Other finance costs	(3,549)	(9,242)
Total finance costs	<u>(87,950)</u>	<u>(112,234)</u>

29 Change in fair value of financial instrument at FVTPL

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Gain/(loss) on change in fair value:		
- Equity investment	(1,300)	–
- Debt investment	1	(275)
- Electricity derivatives	48,101	68,935
- Forward contract	(6,127)	614
- Interest rate swaps	(9,240)	(20,581)
Hedge ineffectiveness of cross-currency interest rate swaps	12,087	–
	<u>43,522</u>	<u>48,693</u>

30 Impairment loss on financial assets

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Net impairment loss recognised on cash and cash equivalents	37	–
Net impairment loss recognised on trade and other receivables	6,744	8,304
Net impairment loss recognised/(reversed) on loan receivables	179	(174)
	<u>6,960</u>	<u>8,130</u>

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31 Profit before tax

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Staff costs		
Wages and salaries	32,264	26,209
Transaction bonus	—	1,038
Ordinary bonus	7,748	3,299
Contributions to defined contribution plans	946	2,303
Employee insurance	1,845	568
Recruitment fee	1,382	1,680
Staff benefits, allowances and others	5,440	2,214
	<u>49,625</u>	<u>37,311</u>

32 Tax expense

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Current tax expense		
Withholding tax	18,498	4,105
Current year	3,170	621
	<u>21,668</u>	<u>4,726</u>
Deferred tax credit		
Origination and reversal of temporary difference	(2,951)	5,203
Tax expense	<u>18,717</u>	<u>9,929</u>
Tax recognised in OCI		
Defined benefit plan remeasurements	<u>14</u>	<u>2</u>

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.

33 Financial instruments (cont'd)

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.

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	
	2020	2019
	US\$'000	US\$'000
Australia	1,302	5,830
India	72,109	58,690
Indonesia	3,688	11,044
Japan	5,358	2,687
Philippines	963	659
Taiwan	1,007	5,065
Thailand	8,872	9,277
Others ¹	—	78
	93,299	93,330

¹ Others includes offshore entities in Singapore, Cayman Islands and Netherlands.

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33 Financial instruments (cont'd)

Credit risk (cont'd)

Impairment

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

	2020		2019	
	Not credit-impaired US\$'000	Credit-impaired US\$'000	Not credit-impaired US\$'000	Credit-impaired US\$'000
Australia	1,302	—	5,830	—
India	39,309	32,800	13,236	45,454
Indonesia	3,688	—	5,085	5,959
Japan	5,358	—	2,687	—
Philippines	963	—	659	—
Taiwan	1,007	—	5,065	—
Thailand	8,872	—	9,277	—
Others ¹	—	—	78	—
Total gross carrying amount	60,499	32,800	41,917	51,413
Loss allowance	(125)	(3,695)	(107)	(8,363)
	60,374	29,105	41,810	43,050

At 31 December 2020, the carrying amount of the Combined Group's top five customers amounts to US\$73.3 million (2019: US\$61.0 million), which accounts for 78.6% (2019: 65.4%) of the trade receivables and contract assets.

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 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 – 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
		93,299	3,820	

* Amount less than US\$1,000.

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33 Financial instruments (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for trade receivables and contract assets (cont'd)

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2019				
<u>Government or government-linked</u>				
Low	0.00 – 0.43	17,028	—*	No
<u>Utilities industry</u>				
Low	5.02	70,343	3,532	Yes
High	82.9	5,959	4,938	Yes
		93,330	8,470	

* 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:

	2020 US\$'000	2019 US\$'000
At 1 January	8,470	155
Net Impairment loss recognised	205	8,332
Receivables written off	(4,938)	(17)
Effects of exchange rate changes	83	—
At 31 December	3,820	8,470

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.

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33 Financial instruments (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:

	Carrying amount	
	2020	2019
	US\$'000	US\$'000
Australia	73	65
Cayman Islands	—	1,338
Guernsey	350,000	—
India	7,962	10,505
Indonesia	5,456	13,400
Japan	11,227	6,041
Korea, Rep.	278	145
Malaysia	635	—
Philippines	9,829	2,651
Singapore	2,066	2,182
Taiwan	—	3,626
Thailand	297	367
	387,823	40,320

Impairment

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

	2020		2019	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	US\$'000	US\$'000	US\$'000	US\$'000
Australia	73	—	65	—
Cayman Islands	—	—	1,338	—
Guernsey	350,000	—	—	—
India	7,962	—	10,505	—
Indonesia	5,456	—	8,927	4,473
Japan	11,227	—	6,041	—
Korea, Rep.	278	—	145	—
Malaysia	635	—	—	—
Philippines	3,129	6,700	2,651	—
Singapore	2,066	—	2,182	—
Taiwan	—	—	3,626	—
Thailand	297	—	204	163
Total gross carrying amount	381,123	6,700	35,684	4,636
Loss allowance	(264)	(6,700)	(109)	(1,655)
	380,859	—	35,575	2,981

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33 Financial instruments (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

Expected credit loss assessment for other 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 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 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.

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33 Financial instruments (cont'd)

Credit risk (cont'd)

Other receivables (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 for customers as at 31 December 2019:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2019				
<u>Government or government-linked</u>				
Low	0.00*	11,624	—*	No
<u>Insurance industry</u>				
Low	0.3	7,032	21	No
<u>Financial industry</u>				
Low	0.66	—	—	No
<u>Utilities industry</u>				
Low	0.43	12,750	181	No
High	35.7	4,636	1,466	Yes
<u>Real estate industry</u>				
Low	0.69	1,286	9	No
<u>Forest & building industry</u>				
Low	2.48	1,375	34	No
<u>Media industry</u>				
Low	3.29	1,617	53	No
		40,320	1,764	

* 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:

	2020 US\$'000	2019 US\$'000
At 1 January	1,764	503
Net Impairment loss recognised	6,539	1,378
Other receivables written off	(1,493)	(128)
Effects of exchange rate changes	154	11
At 31 December	6,964	1,764

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33 Financial instruments (cont'd)

Credit risk (cont'd)

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	
	2020	2019
	US\$'000	US\$'000
Cayman Islands	6,860	10,290
India	696	408
Indonesia	14	19
Singapore	7,730	6,300
Thailand	8,751	8,315
Philippines	37,163	43,816
	<u>61,214</u>	<u>69,148</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.

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	Impairment loss allowance	Credit-impaired
	%	US\$'000	US\$'000	
2020				
<u>Utilities Industry</u>				
Low	0.8	<u>61,214</u>	<u>468</u>	No
2019				
<u>Utilities Industry</u>				
Low	0.4	<u>69,148</u>	<u>289</u>	No

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33 Financial instruments (cont'd)

Credit risk (cont'd)

Loans receivables (cont'd)

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:

	2020 US\$'000	2019 US\$'000
At 1 January	289	463
Net Impairment loss allowance recognised / (reversed)	179	(174)
At 31 December	468	289

Cash and cash equivalents

The Combined Group held cash and cash equivalents of US\$340.5 million at 31 December 2020 (2019: US\$634.5 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 AAA (2019: BB to AAA), based S&P global 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.

As at 31 December 2020, the estimated impairment with respect to cash and cash equivalents is US\$0.04 million (2019: nil).

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 2020

Non-derivative financial liabilities

Bank loans	1,762,515	(1,907,965)	(143,030)	(130,850)	(712,428)	(921,657)
Euro Medium Term Note	325,092	(367,680)	(10,182)	(10,182)	(347,316)	–
Lease liabilities	317,640	(389,199)	(13,737)	(17,189)	(50,395)	(307,878)
Trade and other payables*	102,912	(102,912)	(102,912)	–	–	–
Bank overdraft	14,740	(14,740)	(14,740)	–	–	–
	2,522,899	(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

	33,903	(36,288)	(5,084)	(5,182)	(12,134)	(13,888)
	2,368	(127,587)	(127,587)	–	–	–
	–	125,353	125,353	–	–	–
	11,201	(366,491)	(4,343)	(4,343)	(357,805)	–
	–	367,680	10,182	10,182	347,316	–
	47,472	(37,333)	(1,479)	657	(22,623)	(13,888)
	2,570,371	(2,819,829)	(465,170)	(157,564)	(953,672)	(1,243,423)

* 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 2019

Non-derivative financial liabilities

Bank loans	1,714,713	(1,824,873)	(210,804)	(117,217)	(741,710)	(755,142)
Lease liabilities	154,609	(280,600)	(8,257)	(7,505)	(19,259)	(245,579)
Trade and other payables*	117,454	(117,454)	(117,454)	—	—	—
Bank overdraft	8,908	(8,908)	(8,908)	—	—	—
	1,995,684	(2,231,835)	(345,423)	(124,722)	(760,969)	(1,000,721)

Derivative financial instruments

Interest rate swaps (net settled)	22,212	(21,297)	(3,331)	(11,899)	(2,755)	(3,312)
Forward exchange contracts (gross-settled):	(3,697)					
- Outflow	—	(50,471)	(50,471)	—	—	—
- Inflow	—	54,491	54,491	—	—	—
	18,515	(17,277)	689	(11,899)	(2,755)	(3,312)
	2,014,199	(2,249,112)	(344,734)	(136,621)	(763,724)	(1,004,033)

* 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 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.

33 Financial instruments (cont'd)

Market risk (cont'd)

Currency risk

The Combined Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Holding Companies. 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:

	NTD US\$'000	INR US\$'000	JPY US\$'000	AUD US\$'000	THB US\$'000	Others US\$'000
2020						
Trade and other receivables	8,970	77,697	11,284	4,775	9,226	7,557
Cash and cash equivalents	16,124	59,062	106,969	5,999	23,267	6,474
Derivative assets	—	—	—	182,382	—	—
Loan receivables	—	696	—	—	8,751	20
Derivative liabilities	(392)	—	(24,331)	—	—	—
Loans and borrowings	(180,990)	(422,864)	(1,101,111)	(145,347)	(103,062)	(3,597)
Trade and other payables	(12,188)	(10,651)	(66,925)	(3,098)	(1,235)	(8,881)
Net exposure	(168,476)	(296,060)	(1,074,114)	44,711	(63,053)	1,573
2019						
Trade and other receivables	5,326	70,851	14,970	5,957	9,646	2,898
Cash and cash equivalents	329,999	54,412	103,643	9,113	24,943	19,831
Derivative assets	—	—	—	121,880	—	—
Loan receivables	—	408	—	—	8,315	118
Derivative liabilities	—	—	(6,719)	—	—	—
Loans and borrowings	(51,315)	(365,833)	(1,038,444)	(120,033)	(116,328)	(5,378)
Trade and other payables	(14,867)	(6,208)	(49,035)	(5,512)	(1,442)	(16,451)
Net exposure	269,143	(246,370)	(975,585)	11,405	(74,866)	1,018

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33 Financial instruments (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.

	Profit or loss US\$'000	Equity US\$'000
31 December 2020		
NTD (5% strengthening)	(8,424)	(8,424)
INR (5% strengthening)	(14,803)	(14,803)
JPY (5% strengthening)	(53,706)	(53,706)
AUD (5% strengthening)	2,236	2,236
THB (5% strengthening)	(3,153)	(3,153)
Others (5% strengthening)	79	79
NTD (5% weakening)	8,424	8,424
INR (5% weakening)	14,803	14,803
JPY (5% weakening)	53,706	53,706
AUD (5% weakening)	(2,236)	(2,236)
THB (5% weakening)	3,153	3,153
Others (5% weakening)	(79)	(79)
31 December 2019		
NTD (5% strengthening)	13,457	13,457
INR (5% strengthening)	(12,319)	(12,319)
JPY (5% strengthening)	(48,779)	(48,779)
AUD (5% strengthening)	570	570
THB (5% strengthening)	(3,743)	(3,743)
Others (5% strengthening)	51	51
NTD (5% weakening)	(13,457)	(13,457)
INR (5% weakening)	12,319	12,319
JPY (5% weakening)	48,779	48,779
AUD (5% weakening)	(570)	(570)
THB (5% weakening)	3,743	3,743
Others (5% weakening)	(51)	(51)

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).

33 Financial instruments (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Net investment hedge (cont'd)

The amounts related to items designated as hedging instruments were as follows.

		During the year ended 31 December 2020							
		2020		Line item in the statement of financial position where the hedging instrument is included	Change in value used for calculating hedge ineffectiveness for 2020 US\$'000	Change in value of hedging instrument recognised in OCI in US\$'000	Line item in profit or loss that includes hedge ineffectiveness US\$'000	Amount reclassified from hedging reserve to profit or loss US\$'000	Line item affected in profit or loss because of the reclassification
			Carrying amount – assets US\$'000	Carrying amount – liabilities US\$'000					
Cross currency interest rate swap	35,978,150	–	(11,201)	Derivative assets	23,288	(23,288)	–	Change in fair value of financial instruments at FVTPL	Not applicable.

The amounts related to items designated as hedged items were as follows.

		2020	During the year ended 31 December 2020	
			Change in value used for calculating hedge effectiveness \$'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied \$'000
JPY net investment		23,288	Foreign currency translation reserve \$'000	
			(23,288)	Not applicable

Hedge accounting is applied by the Combined Group in 2020, hence comparative disclosures are not presented for 2019.

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 'IBOR 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. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Combined Group operates in. The Combined Group anticipates that IBOR reform will impact its risk management.

Management monitors and manages the Combined Group's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The management reports to the Combined Group's Board of Directors and collaborates with other business functions as needed.

Derivatives

The Combined Group holds interest rate swaps for risk management purposes which are not designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to IBOR. The Combined Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Combined Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

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	
	2020	2019
	US\$'000	US\$'000
Fixed rate instruments		
Financial assets	55,756	66,732
Financial liabilities	(1,187,425)	(681,605)
Cross currency swaps	325,000	–
Variable rate instruments		
Financial liabilities	(1,236,999)	(852,589)
Interest rate swaps	659,700	501,781

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33 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

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 (2019: Nil) for the Combined 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 increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
31 December 2020				
Variable rate instruments	(5,773)	5,773	–	–
31 December 2019				
Variable rate instruments	(3,508)	3,508	–	–

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.

34 Fair value of financial instruments (cont'd)

Fair value measurement (cont'd)

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

	Carrying amount				Fair value			
	Mandatorily at	Amortised	Other financial	Total	Level 1	Level 2	Level 3	Total
	FVTPL	cost	liabilities					
	US\$'000	US\$'000	US\$'00	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2020								
Trade and other receivables	–	470,338	–	470,338	–	–	–	2,433
Cash and cash equivalents	–	340,469	–	340,469	–	–	–	183,732
Other investments	2,433	–	–	2,433	–	1,350	2,433	61,214
Derivative assets	183,732	–	–	183,732	–	61,214	–	(48,822)
Loan receivables	–	60,746	–	60,746	–	(48,822)	–	(2,128,276)
Derivative liabilities	(48,822)	–	–	(48,822)	–	–	–	–
Loans and borrowings	–	–	(2,102,347)	(2,102,347)	–	–	–	–
Trade and other payables*	–	–	(100,830)	(100,830)	–	–	–	–
	137,343	871,553	(2,203,177)	(1,194,281)				
31 December 2019								
Trade and other receivables	–	123,416	–	123,416	–	–	–	5,062
Cash and cash equivalents	–	634,461	–	634,461	–	–	–	121,880
Other investments	5,062	–	–	5,062	–	1,800	3,262	69,148
Derivative assets	121,880	–	–	121,880	–	3,888	117,992	(22,403)
Loan receivables	–	67,003	–	67,003	–	69,148	–	–
Derivative liabilities	(22,403)	–	–	(22,403)	–	(22,403)	–	–
Loans and borrowings	–	–	(1,878,230)	(1,878,230)	–	–	–	–
Trade and other payables	–	–	(130,348)	(130,348)	–	–	–	–
	104,539	824,880	(2,008,578)	(1,079,159)				

* Excludes non-financial assets and liabilities

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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.

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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:

	2020		2019	
	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000
At 1 January	3,262	117,992	–	50,226
Purchases	–	–	2,055	–
Total unrealised gains and losses recognised in profit or loss	(829)	48,101	1,207	68,937
Foreign currency translation recognised in OCI	–	16,289	–	(1,171)
At 31 December	2,433	182,382	3,262	117,992

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 2020		
Spot rate (0.1% movement)	109	(109)
Discount rate (0.1% movement)	2,020	(2,020)
31 December 2019		
Spot rate (0.1% movement)	(286)	286
Discount rate (0.1% movement)	(10,030)	10,030

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35 Commitments

a) Construction agreements

The commitments for acquisition of property, plant and equipment as at 31 December 2020 and 31 December 2019 are as follows:

<u>Type of contracts</u>	2020		2019	
	Contracted US\$'000	Balance US\$'000	Contracted US\$'000	Balance US\$'000
Supply Contract	1,058,801	814,582	364,282	311,980
Supply & Service Contract	17,770	17,770	—	—
Construction of power plant	51,342	18,670	32,046	3,597
Service of land conversion	345	345	—	—
Total	1,128,258	851,367	396,328	315,577

b) Acquisitions

On 16 January 2020, the Combined Group entered into a share purchase agreement to acquire 100% of Zeini Solar (S) Pte Ltd. On 17 January 2020, JPY 72.5m was paid to the seller. The transaction is subject to certain conditions precedents ("CPs") including obtaining forest permit. The transaction was closed on 16 January 2020 as all applicable CPs having been satisfied for the closing payment and the land acquisition payment. The management is of view that it is probable that the regulatory approval be obtained, hence the Group is committed to the remaining regulatory payment of JPY 1,227m to the seller.

On 24 April 2020, the Combined Group entered into a share purchase agreement to acquire 100% of Yokji Offshore Wind Co., Ltd ("Yokji"). In May 2020 and June 2020, KRW 800m was paid to the seller. The transaction was closed on 1 June 2020 as all applicable CPs having been satisfied for the sale and transfer of shares of Yokji. As part of the purchase consideration the Group has committed to the remaining contingent payments:

- KRW 2,200m if a grid connection agreement is legally and effectively executed between Yokji and Korea Electric Power Corporation;
- KRW 5,000m if Yokji has submitted a final and effective notice of the commencement of construction works to the competent Governmental Authority in relation to the Business.

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.

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37 Significant acquisitions of assets and business

Asset Acquisitions

On 26 November 2020, the Combined Group entered into a Tokumei Kumiai ("TK") agreement to acquire 100% TK interest of Amateras Solar GK, a solar renewable energy development company, for a total consideration of JPY5.0 billion (US\$48 million) paid in cash. The assets in Amateras Solar GK largely consists of a ready-to-build solar project without any substantive process.

On 10 September 2020, the Combined Group entered into a TK agreement to acquired 100% TK interest of SEJ III GK, a solar renewable energy development company, for a total consideration of JPY 2.0 billion (US\$18.5 million), of which JPY 1.7 billion (US\$16 million) was paid in cash and JPY 0.3 billion (US\$3 million) is accrued as other payables. The assets in SEJ III GK largely consists of property, plant and equipment related to a solar project without any substantive process.

The acquisition of Amateras Solar GK and SEJ III GK has been assessed and accounted for as acquisitions of assets in the financial statements by the Combined Group as they do 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 for the asset acquisitions:

	Note	Amateras Solar GK US\$'000	SEJ III GK US\$'000	Total US\$'000
Property, plant and equipment	5	38,275	4,005	42,280
Right-of-use assets	6	263	4,291	4,554
Intangible assets - Project-related agreements & licences	7	49,912	15,844	65,756
Prepayment and other assets		—	282	282
Trade and other receivables		1,586	310	1,896
Cash and cash equivalents		1,489	3	1,492
Trade and other payables		—	(1,568)	(1,568)
Loans and borrowings	(a)	(42,867)	—	(42,867)
Lease liabilities		(263)	(4,082)	(4,345)
Total identifiable net assets		48,395	19,085	67,480
Total Consideration		48,395	19,085	67,480
- Paid in cash		48,395	16,096	64,491
- Accrued consideration		—	2,989	2,989
Cash Consideration paid		48,395	16,096	64,491
Less: Cash in acquired companies		(1,489)	(3)	(1,492)
Total net cash outflow		46,906	16,093	62,999

- (a) On 26 November 2020, the Combined Group also acquired a shareholder loan from the seller of Amateras Solar GK for US\$ 42,867,000. This shareholder loan receivable is eliminated against 'Loans and borrowings' acquired as part of the asset acquisition of Amateras Solar GK as the balances constitute an intercompany transaction for the Combined Group.

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37 Significant acquisitions of assets and business (cont'd)

Business combination

On 5 August 2019, in line with the Combined Group's strategic growth objective, the Combined Group entered into a TK agreement to acquire 100% TK interest in KP Energy GK, a solar renewable energy development company for a total consideration of JPY3.9 billion (US\$36.3 million). On 16 January 2020, control was assumed upon fulfilment of all conditions precedents and was consolidated as a subsidiary of the Combined Group.

For the year ended 31 December 2020, KP Energy GK contributed revenue of US\$10.7 million and profit of US\$1.5 million to the Combined Group's results. If the acquisition had occurred on 1 January 2020, management estimates that the Combined Group's revenue would have been US\$296.1 million, and combined profit for the year would have been US\$42.4 million.

Acquisition-related costs

The Combined Group incurred acquisition-related costs of US\$6.6 million on professional fees, including legal fees and brokerage fees. These costs have been included in 'acquisition cost' in the combined statement of comprehensive income.

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
Initial cash consideration		35,784
Total cash consideration		35,784

	Note	US\$'000
Property, plant and equipment	5	55,220
Right-of-use assets	6	14,349
Intangible assets - Project-related agreements & licences	7	14,366
Prepayment and other assets		173
Trade and other receivables		6,163
Cash and cash equivalent		7,952
Lease liabilities		(14,349)
Loans and borrowings		(42,055)
Asset retirement obligation		(2,390)
Trade and other payables		(12,322)
Total identifiable net assets		27,107

Cash Consideration paid	35,784
Less: Cash in acquired company	(7,952)
Total net cash outflow	27,832

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37 Significant acquisitions of assets and business (cont'd)

Measurement of fair values

The valuation techniques used for measuring the fair value of material asset acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolesces.
Intangible assets	Discounted cash flow model.

Fair value measurement completed

In the Combined Group's condensed interim financial statements for the six months ended 30 June 2020, the fair value of KP Energy GK's intangible assets (power purchase agreement) was determined provisionally pending completion of an independent valuation. As at 31 December 2020, the valuation was completed and the acquisition date fair value of the intangible assets was US\$14,366,000, resulting in the recognition of goodwill of US\$8,949,000.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

Group	Note	US\$'000
Total consideration transferred		35,784
Fair value of identifiable net assets		(27,107)
Goodwill	7	<u>8,677</u>

The goodwill is attributable mainly to synergies expected to be achieved from integrating the company into the Combined Group's existing solar renewable energy business. None of the goodwill recognised is expected to be deductible for tax purposes.

38 Contingent liability

(i) Stand-by letter of credit

In the period from December 2019 to December 2020, Vena Energy Holdings Ltd entered into several stand-by letter of credit ("SBLC") arrangements by drawing on an existing revolving credit facility. The SBLC totalled to USD 41 million and expire over the period from October 2020 to July 2022. The SBLC bears an interest of LIBOR + 1.25% per annum (2019: LIBOR + 1.25% per annum).

(ii) Guarantee on bond issuance

On 27 February 2020, a subsidiary of the Combined Group, Vena Energy Capital Pte. Ltd., issued US\$325,000,000 3.133 per cent. Notes due 2025 under the US\$1,000,000,000 Global Medium Term Note Programme on the Singapore Stocks Exchange. The Notes will bear interest at the rate of 3.133 per cent. 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.

Vena Energy Holdings Ltd together with Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) 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.

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38 Subsequent events

(i) Proceeds on units issued

The aggregate consideration of US\$350,000,000 for the issuance of 350,000,000 units during the year was received by Zenith Japan Holdings Trust in February 2021.

(ii) Amendment to existing revolving credit facilities agreement

On 18 May 2021, Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd, and Zenith Japan Holdings Trust (collectively "Borrowers") amended and restated the terms of their existing JPY33.4bn (approximately US\$300m equivalent) corporate revolving credit facility (the "RCF") and included a sustainability-linked feature in the facility.

The credit limit of the RCF was expanded to JPY52.8bn (approximately US\$500m) and its tenor was extended to 36 months from the 2021 Amendment Effective Date of the amended and restated agreement. The margin of the RCF was also reduced from 1.25% to 0.95% with the potential to accomplish a further margin reduction if certain sustainability-related key performance indicators (KPIs) are jointly achieved, or a margin increase in case all the KPIs are jointly missed.

As of the 2021 Amendment Effective Date of the amended and restated agreement, JPY14.0bn (approximately US\$129.4m equivalent) will be drawn under the newly executed RCF and such proceeds will be used to fully prepay the outstanding corporate term loan of the same amount. Following the prepayment of the corporate term loan, the resulting principal amount of loans and borrowings held or guaranteed by the Borrowers will total to US\$537.9m, including the outstanding revolving credit facility amount of JPY23.0bn (approximately US\$212.9m equivalent) and the US\$325m Euro Medium Term note issued by Vena Energy Capital Pte. Ltd.



Vena Energy Holdings Ltd and its subsidiaries

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Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS83 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, 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 as at 31 December 2020, and the consolidated financial performance, changes in equity and cash flows, and the financial position of the Company, 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

DocuSigned by:

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Scott Hatton
Director

Date: 25 May 2021



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Independent auditors' report

Member of the Company
 Vena Energy Holdings Ltd

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated 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 2020, 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 period then ended, and notes to the consolidated financial statements, including significant accounting policies as set out on pages FS1 to FS83.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance, changes in equity and cash flows, and the financial position of the Company as at 31 December 2020, its 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 Company 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 consolidated 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 consolidated 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 consolidated financial statements for the purpose of a potential bond issuance and reporting to external counterparties for existing bonds issued and for no other purpose. Our report will be made available by you to the bond holders 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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 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.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

Date: 25 May 2021

Vena Energy Holdings Ltd and its subsidiaries

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Statements of financial position
As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Assets					
Property, plant and equipment	4	832,765	772,244	–	–
Right-of-use assets	5	34,834	27,194	–	–
Intangible assets	6	1,089,835	1,102,733	–	–
Investment in subsidiaries	7	–	–	1,857,956	1,906,256
Equity-accounted investees	8	383,796	367,015	–	–
Other investments	9	26,340	26,443	–	–
Deferred tax assets	10	8,508	21,074	–	–
Loans receivables	11	419,908	575,398	213,098	508,665
Derivative assets	12	176,353	117,992	–	–
Trade and other receivables	14	1,622	–	–	–
Prepayment and other assets	13	16,200	14,636	–	–
Non-current assets		2,990,161	3,024,729	2,071,054	2,414,921
Loans receivables	11	23,167	3,680	2,224	981
Trade and other receivables	14	157,336	135,185	2,287	2,169
Prepayment and other assets	13	7,817	4,125	5	–
Derivative assets	12	7,379	3,888	1,350	–
Cash and cash equivalents	15	208,841	188,618	75,603	23,318
Asset held for sale		–	7,638	–	–
Current assets		404,540	343,134	81,469	26,468
Total assets		3,394,701	3,367,863	2,152,523	2,441,389
Equity					
Equity contribution	16	1,566,719	1,690,245	1,566,719	1,690,245
Accumulated profits/(losses)		63,718	17,343	5,358	(2,084)
Reserves	17	67,050	29,984	50,000	65,674
Equity attributable to owner of the Company		1,697,487	1,737,572	1,622,077	1,753,835
Non-controlling interests	35	81,020	79,620	–	–
Total equity		1,778,507	1,817,192	1,622,077	1,753,835
Liabilities					
Loans and borrowings	18	1,367,218	1,323,054	502,075	617,257
Employee benefits		716	110	–	–
Derivative liabilities	12	28,342	13,183	–	–
Lease Liabilities	18	24,462	17,817	–	–
Asset retirement obligation	19	9,883	2,441	–	–
Trade and other payables	20	3,223	–	–	–
Deferred tax liabilities	10	17,186	33,496	–	–
Non-current liabilities		1,451,030	1,390,101	502,075	617,257
Loans and borrowings	18	78,362	64,382	18,227	1,817
Derivative liabilities	12	6,957	2,501	3,718	191
Lease Liabilities	18	4,132	3,284	–	–
Trade and other payables	20	75,223	89,950	6,426	68,289
Current tax liabilities		490	453	–	–
Current liabilities		165,164	160,570	28,371	70,297
Total liabilities		1,616,194	1,550,671	530,446	687,554
Total equity and liabilities		3,394,701	3,367,863	2,152,523	2,441,389

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

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

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Statement of comprehensive income
Year ended 31 December 2020

	Note	Group 2020 US\$'000	2019 US\$'000	Company 2020 US\$'000	2019 US\$'000
Dividend income		—	—	26,099	1,846
Sale of energy		177,923	187,048	—	—
Service concession income		303	35,621	—	—
Fee income		51,163	36,933	—	—
Total revenue	21	229,389	259,602	26,099	1,846
Other income	22	5,374	4,227	—	—
Cost of service concession income		(303)	(35,621)	—	—
Operating costs	23	(33,027)	(27,408)	—	—
Shared services costs	24	(60,211)	(52,535)	(383)	(484)
Development costs	25	(1,582)	(462)	—	—
Depreciation expense	4,5	(39,423)	(35,984)	—	—
Amortisation expense	6	(28,188)	(26,601)	—	—
Results from operating activities		(162,734)	(178,611)	(383)	(484)
Finance income	26	18,414	29,120	2,186	18,511
Finance costs	26	(78,240)	(100,529)	(7,498)	(40,265)
Change in fair value of financial instruments at FVTPL	27	25,960	56,369	(2,307)	(4,701)
Foreign exchange profit/(loss)		10,425	(8,103)	(12,865)	(181)
Net finance costs		(23,441)	(23,143)	(20,484)	(26,636)
Write off of property, plant and equipment	4	(169)	(20)	—	—
Impairment loss on property, plant and equipment	4	(593)	—	—	—
Net Impairment loss (recognised)/reversed on financial assets	30	(6,031)	(8,585)	2,210	(437)
Impairment loss on asset held for sale		—	(4,234)	—	—
Loss on disposal of investment		(1,280)	(157)	—	—
Share of net profit/(loss) of equity-accounted investees, net of tax	8	17,207	(5,875)	—	—
Profit/(loss) before tax	28	57,722	43,204	7,442	(25,711)
Tax expense	29	(2,287)	(8,954)	—	—
Profit/(loss) for the year		55,435	34,250	7,442	(25,711)
Profit attributable to:					
Owners of the Company		46,375	24,833		
Non-controlling interests	35	9,060	9,417		
		55,435	34,250		

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

Statement of comprehensive income (cont'd)
Year ended 31 December 2020

	Note	Group 2020 US\$'000	2019 US\$'000	Company 2020 US\$'000	2019 US\$'000
Other comprehensive income					
Items that will not be reclassified to profit/(loss)					
Remeasurement of defined benefit plan		(123)	(18)	–	–
Related tax	29	14	2	–	–
		<u>(109)</u>	<u>(16)</u>	<u>–</u>	<u>–</u>
Items that are or may be reclassified subsequently to profit/(loss)					
Foreign currency translation differences		34,569	10,689	–	–
Equity-accounted investees – share of OCI	8	18,715	8,709	–	–
Foreign currency translation differences on disposal of equity-accounted investee reclassified to profit/(loss)		27	–	–	–
		<u>53,202</u>	<u>19,382</u>	<u>–</u>	<u>–</u>
Other comprehensive income for the year					
		<u>53,202</u>	<u>19,382</u>	<u>–</u>	<u>–</u>
Total comprehensive income/(loss) for the year					
		<u>108,637</u>	<u>53,632</u>	<u>7,442</u>	<u>(25,711)</u>
Total comprehensive income attributable to:					
Owner of the Company		99,115	41,416		
Non-controlling interests	35	9,522	12,216		
		<u>108,637</u>	<u>53,632</u>		

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

**Statement of changes in equity
Year ended 31 December 2020**

Group	Note	Attributable to owner of the Company					Non- controlling interest US\$'000	Total equity US\$'000
		Equity contribution US\$'000	Accumulated (losses)/gains US\$'000	Translation reserves 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		–	–	34,107	–	34,107	462	34,569
Equity-accounted investees – share of OCI	8	–	–	18,715	–	18,715	–	18,715
Foreign currency translation differences on disposal of equity-accounted investees reclassified to profit/(loss)		–	–	27	–	27	–	27
Defined benefit plan remeasurements		–	–	–	(123)	(123)	–	(123)
Tax on other comprehensive income	29	–	–	–	14	14	–	14
Total comprehensive income for the year		–	46,375	52,849	(109)	99,115	9,522	108,637
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
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 declared	35	–	–	–	–	–	(8,122)	(8,122)
Total contributions by and distributions to owners		(123,526)	–	–	(15,674)	(139,200)	(8,122)	(147,322)
At 31 December 2020		1,566,719	63,718	17,077	49,973	1,697,487	81,020	1,778,507

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

Statement of changes in equity (cont'd)
Year ended 31 December 2020

Group	Note	Attributable to owner of the Company					Non- controlling interest US\$'000	Total equity US\$'000
		Equity contribution US\$'000	Accumulated profits US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total US\$'000		
At 1 January 2019		1,690,245	(7,490)	(52,371)	65,772	1,696,156	74,427	1,770,583
Total comprehensive income for the year								
Profit for the year		–	24,833	–	–	24,833	9,417	34,250
Other comprehensive income								
Foreign currency translation differences		–	–	7,890	–	7,890	2,799	10,689
Equity-accounted investees – share of OCI		–	–	8,709	–	8,709	–	8,709
Defined benefit plan remeasurements		–	–	–	(18)	(18)	–	(18)
Tax on other comprehensive income		–	–	–	2	2	–	2
Total comprehensive income for the year	29	–	24,833	16,599	(16)	41,416	12,216	53,632
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends declared	35	–	–	–	–	–	(7,023)	(7,023)
Total contributions by and distributions to owners		–	–	–	–	–	(7,023)	(7,023)
Total transactions with owners		–	–	–	–	–	(7,023)	(7,023)
At 31 December 2019		1,690,245	17,343	(35,772)	65,756	1,737,572	79,620	1,817,192

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

Vena Energy Holdings Ltd and its subsidiaries*Financial statements**Year ended 31 December 2020***Statement of changes in equity (cont'd)**
Year ended 31 December 2020

Company	Note	Equity contribution US\$'000	Other reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
At 1 January 2020		1,690,245	65,674	(2,084)	1,753,835
Total comprehensive income for the year					
Profit for the year		–	–	7,442	7,442
Transactions with owners, recognised directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of share capital	16	15,674	–		15,674
Conversion of advance from immediate holding company	16	–	(15,674)		(15,674)
Repurchase of shares	16	(139,200)	–	–	(139,200)
<i>Total contributions by and distributions to owners/Total transactions with owners</i>		<u>(123,526)</u>	<u>(15,674)</u>	<u>7,442</u>	<u>(131,758)</u>
At 31 December 2020		<u>1,566,719</u>	<u>50,000</u>	<u>5,358</u>	<u>1,622,077</u>
1 January 2019		1,690,245	65,674	23,627	1,779,546
Total comprehensive income for the year					
Profit for the year		<u>–</u>	<u>–</u>	<u>(25,711)</u>	<u>(25,711)</u>
At 31 December 2019		<u>1,690,245</u>	<u>65,674</u>	<u>(2,084)</u>	<u>1,753,835</u>

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

Statement of cash flows
Year ended 31 December 2020

Group	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Profit before tax		57,722	43,204
Adjustments for:			
Depreciation expense	4, 5	39,423	35,984
Amortisation expense	6	28,188	26,601
Finance income	26	(18,414)	(29,120)
Finance costs	26	78,240	100,529
Unrealised change in fair value of financial instruments	27	(25,960)	(56,369)
Unrealised foreign exchange loss		1,582	7,331
Impairment loss on property, plant and equipment	4	593	–
Write off of property, plant and equipment	4	169	20
Impairment losses on financial assets	30	6,031	8,585
Impairment loss on asset disposal		435	4,234
Share of net profit of equity-accounted investees, net of tax	8	(17,207)	5,875
		<u>150,802</u>	<u>146,874</u>
Changes in:			
- Trade and other receivables		(23,845)	(1,503)
- Prepayments and other assets		(4,981)	(10,437)
- Trade and other payables		(13,260)	(1,174)
- Provisions and employee benefits		601	(81)
Cash generated from operating activities		<u>109,317</u>	<u>133,679</u>
Tax paid		<u>(5,451)</u>	<u>(3,677)</u>
Net cash from operating activities		<u>103,866</u>	<u>130,002</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(85,898)	(32,242)
Development expenditures under service concession arrangement	6	(303)	(34,861)
Acquisition of interest in equity-accounted investees	8	(793)	(3,658)
Proceeds from disposal of interest in equity-accounted investee		300	–
Additions of project-related agreements and licences	6	(569)	–
Purchases of equity investments		(3,477)	–
Disposal of debt instruments		1,800	–
Proceeds from disposal of financial instruments		134	(4,351)
Disbursement of loan to related parties		(552,010)	(262,470)
Proceeds from repayment of loan receivables from related parties		700,626	143,036
Proceeds from repayment of loan receivables from equity-accounted investees		6,532	–
Proceeds from transaction related to loan receivables from related parties		1,864	–
Distributions from equity-accounted investees	8	19,867	99,891
Interest received		7,769	19,744
Deposits (pledged)/unpledged	15	(36,455)	21,608
Net cash from/(used) in investing activities		<u>59,387</u>	<u>(53,303)</u>

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

Vena Energy Holdings Ltd and its subsidiaries*Financial statements**Year ended 31 December 2020***Statement of cash flows (cont'd)**
Year ended 31 December 2020

Group	Note	2020 US\$'000	2019 US\$'000
Cash flows from financing activities			
Repurchase of ordinary shares	16	(139,200)	–
Proceeds from drawdown of loans and borrowings		678,707	179,867
Proceeds from issuance of Euro Medium Term Note		325,000	–
Repayment of loans and borrowings		(970,950)	(283,100)
Payment of transaction costs related to loans and borrowings		(4,867)	(5,325)
Payment of transaction costs related to Euro Medium Term Note		(3,938)	–
Payment of lease liabilities		(5,724)	(3,751)
Interest paid for loans and borrowings		(61,498)	(81,408)
Net interest received for derivatives		2,969	–
Dividends paid to non-controlling interests	35	(8,122)	(7,023)
Net cash used in financing activities		(187,623)	(200,740)
Decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		(24,370)	(124,041)
Effect of exchange rate fluctuations on cash held		154,029	270,925
		2,306	7,145
Cash and cash equivalents at 31 December	15	131,965	154,029

Significant non-cash transaction

The repayment of the Company's intragroup loan due from related party, Vena Energy (Taiwan) Holdings Ltd ("VETHL"), amounting to US\$29,226,413 (2019: Nil) 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.

On 20 April 2020, the amount of US\$15,674,240 in capital reserves has 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.

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

Vena Energy Holdings Ltd and its subsidiaries

Financial statements

Year ended 31 December 2020

Company statement of cash flows
Year ended 31 December 2020

Company	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Profit before tax		7,442	(25,711)
Adjustments for:			
Dividend income		(26,099)	(1,846)
Finance income	26	(2,186)	(18,511)
Finance costs	26	7,498	40,265
Unrealised change in fair value of financial derivatives		2,307	4,701
Impairment losses on trade and other receivables	30	(2,210)	437
Unrealised foreign exchange loss		14,271	962
		<u>1,023</u>	<u>297</u>
Changes in:			
- Trade and other receivables		(114)	(2,178)
- Trade and other payables		(378)	2,880
Net cash (used in)/from operating activities		<u>531</u>	<u>999</u>
Cash flows from investing activities			
Capital injection on subsidiaries		(78,273)	–
Distribution from subsidiaries:			
- Dividend received		26,099	1,846
- Return of capital		65,088	7,485
Advances to subsidiary		–	(86,378)
Advances from subsidiary		–	173,976
Disbursement of loan to related parties		(424,144)	(262,470)
Proceeds from repayment of loan receivables from related parties		729,852	126,974
Disposal of financial instruments		(130)	(4,351)
Interest received		32	9,287
Net cash from/(used in) investing activities		<u>318,524</u>	<u>(33,631)</u>
Cash flows from financing activities			
Repurchase of ordinary shares		(139,200)	–
Proceeds from drawdown of loan and borrowings:			
- Revolving credit facility		507,833	115,420
- Intercompany loan		186,321	1,580
Repayment of loan and borrowings:			
- Revolving credit facility		(484,908)	(200,409)
- Term loan		(336,056)	–
Payment of transaction costs related to loans and borrowings		(2,787)	(3,467)
Interest paid on:			
- Intercompany loan		(1,220)	–
- Term loan		(3,934)	(24,273)
Deposit pledged	15	–	20,214
Net cash used in financing activities		<u>(273,951)</u>	<u>(90,935)</u>
Net Increase/(decrease) in cash and cash equivalents		45,104	(123,567)
Cash and cash equivalents at 1 January		23,318	144,386
Effect of exchange rate fluctuations on cash held		7,181	2,499
Cash and cash equivalents at 31 December	15	<u>75,603</u>	<u>23,318</u>

Significant non-cash transaction

During the year, the Company extinguished part of amount due to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$61 million (2019: Nil) by reducing share premium contribution.

On 20 April 2020, the amount of US\$15,674,240 in capital reserves has been 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 25 May 2021.

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 2020 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 2020 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.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

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 presentation 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.

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;

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

2 Basis of preparation (cont'd)**2.4 Use of estimates and judgements (cont'd)****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 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 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business* (Amendments to IFRS 3)
- *Definition of Material* (Amendments to IAS 1 and 8)
- *Interest Rate Benchmark Reform (amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)*

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 2.5, 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.

3. Significant accounting policies (cont'd)**3.1 Basis of consolidation (cont'd)***(i) Business combinations (cont'd)*

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 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 interest (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 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 retranslated 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 retranslated 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 retranslation 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	25 years
Electric generator equipment	20-30 years
Vehicles	5 years
Computers, fittings and fixture and 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 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.

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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (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)***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.

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:

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 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. 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 Significant accounting policies (cont'd)

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.

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.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessee (cont'd)

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.

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.

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)

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.

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 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.

3.20 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 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 Company's financial statements.

- *Covid-19-Related Rent Concessions* (Amendment to IFRS 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37)
- *Annual Improvements to IFRS Standards 2018–2020*
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16)
- *Reference to the Conceptual Framework* (Amendments to IFRS 3)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)

4 Property, plant and equipment

Group Cost	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
At 1 January 2019	10,148	14,773	670,249	224	2,841	111,073	809,308
Recognition of right-of-use asset on initial application of IFRS16	—	(806)	—	—	—	—	(806)
Adjusted balance at 1 January 2019	10,148	13,967	670,249	224	2,841	111,073	808,502
Additions	11,339	5,154	2,363	61	958	12,367	32,242
Disposals/write-offs	—	(46)	(51)	—	—	—	(97)
Reclassification	—	—	109,915	—	—	(109,915)	—
Effect of exchange rate changes	(179)	1,074	(10,073)	11	146	(1,689)	(10,710)
At 31 December 2019	21,308	20,149	772,403	296	3,945	11,836	829,937
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	1,017	774	(3,251)	14	124	1,791	469
At 31 December 2020	45,602	22,695	810,066	392	5,275	39,485	923,515

4 Property, plant and equipment (cont'd)

	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 2019	-	880	23,451	26	794	-	25,151
Recognition of right-of-use asset on initial application of IFRS16	-	(129)	-	-	-	-	(129)
Adjusted balance at 1 January 2019	-	751	23,451	26	794	-	25,022
Depreciation charge for the year	-	1,354	29,869	52	863	-	32,138
Disposals/write-offs	-	(35)	(42)	-	-	-	(77)
Effect of exchange rate changes	-	74	390	10	136	-	610
At 31 December 2019	-	2,144	53,668	88	1,793	-	57,693
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)	-	(12)	-	(76)
Effect of exchange rate changes	-	188	(879)	9	64	-	(618)
At 31 December 2020	-	3,307	84,365	163	2,915	-	90,750
Carrying amounts							
At 1 January 2019	10,148	13,893	646,798	198	2,047	111,073	784,157
At 31 December 2019	21,308	18,005	718,735	208	2,152	11,836	772,244
At 31 December 2020	45,602	19,388	725,701	229	2,360	39,485	832,765

At 31 December 2020, property, plant and equipment of the Group with carrying amounts of US\$760 million (2019: US\$764 million) are pledged as security to secure bank loans (Note 18).

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.

Vena Energy Holdings Ltd and its subsidiaries

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5 Right-of-use assets

	Land and buildings \$'000	Office lease \$'000	Others \$'000	Total \$'000
Group				
Cost				
At 1 January 2019	—	—	—	—
Recognition of right-of-use assets on initial application of IFRS 16	21,590	6,483	300	28,373
Additions	—	1,545	465	2,010
Effect of exchange rate changes	623	49	—	672
At 31 December 2019	22,213	8,077	765	31,055
At 1 January 2020	22,213	8,077	765	31,055
Additions	80	11,711	865	12,656
Lease modification	—	(3,200)	(91)	(3,291)
Effect of exchange rate changes	1,290	967	267	2,524
At 31 December 2020	23,583	17,555	1,806	42,944
Accumulated depreciation				
At 1 January 2019	—	—	—	—
Depreciation expense	(929)	(2,661)	(256)	(3,846)
Effect of exchange rate changes	84	(100)	1	(15)
At 31 December 2019	(845)	(2,761)	(255)	(3,861)
At 1 January 2020	(845)	(2,761)	(255)	(3,861)
Depreciation expense	(915)	(4,602)	(748)	(6,265)
Lease modification	—	2,851	26	2,877
Effect of exchange rate changes	(73)	(643)	(145)	(861)
At 31 December 2020	(1,833)	(5,155)	(1,122)	(8,110)
Carrying amounts				
At 1 January 2019	—	—	—	—
At 31 December 2019	21,368	5,316	510	27,194
At 31 December 2020	21,750	12,400	684	34,834

6 Intangible assets

	Goodwill US\$'000	Project-related agreements & licences US\$'000	Service concession intangible assets US\$'000	Total US\$'000
Group				
Cost				
At 1 January 2019	487,227	477,240	139,507	1,103,974
Service concession	—	—	34,861	34,861
Effect of exchange rate changes	1,057	8,217	—	9,274
At 31 December 2019	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

6 Intangible assets (cont'd)

	Goodwill US\$'000	Project-related agreements & licences US\$'000	Service concession intangible assets US\$'000	Total US\$'000
Group				
Accumulated amortisation and impairment losses				
At 1 January 2019	–	17,569	–	17,569
Amortisation expense	–	21,886	4,715	26,601
Impairment loss on asset held for sale	–	–	–	–
Effect of exchange rate changes	–	1,206	–	1,206
At 31 December 2019	–	40,661	4,715	45,376
Amortisation expense	–	21,128	7,060	28,188
Effect of exchange rate changes	–	18	–	18
At 31 December 2020	–	61,807	11,775	73,582
Carrying amounts				
At 1 January 2019	487,227	459,671	139,507	1,086,405
At 31 December 2019	488,284	444,796	169,653	1,102,733
At 31 December 2020	506,152	420,787	162,896	1,089,835

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.

At 31 December 2020, Service concession intangible assets of the Group with carrying amounts of US\$162 million (2019: US\$169 million) are pledged to secure bank loans (Note 18)

Impairment testing for CGUs containing goodwill

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

	2020 US\$'000	2019 US\$'000
Group		
Australia	124,851	113,344
India	27,273	28,153
Indonesia	37,270	37,324
Philippines	103,091	97,483
Thailand	7,342	7,263
Asset Manager	206,325	204,717
	<u>506,152</u>	<u>488,284</u>

Operations in Australia, India, Indonesia, Philippines and Thailand

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

6 Intangible assets (cont'd)**Operations in Australia, India, Indonesia, Philippines and Thailand (cont'd)**

The discounted cash flows valuation is based on management's latest cash flow projection over 19 – 39 years and no terminal value is assumed. The post-tax discount rates of 7.5% - 12.1% (2019: 6.7% - 13.7%) 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.

Asset Manager

The Asset Manager CGU represents the Engineering, Procurement and Construction Management ('EPCM') and Operations and Maintenance ('O&M') capabilities of the Group. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using historically 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.

7 Investment in subsidiaries

	Company	
	2020 US\$'000	2019 US\$'000
Equity investment, at cost	1,857,956	1,906,256

The table below provides a reconciliation of the movement in investment in subsidiary:

	2020 US\$'000	2019 US\$'000
Balance as at 1 January	1,906,256	1,913,741
Reduction in share premium	(122,892)	(7,485)
Capital injection into subsidiary	74,592	–
Balance as at 31 December	1,857,956	1,906,256

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	
					2020 %	2019 %
Tailem Bend Solar Asset Trust	Solar	Tailem Bend	Operating	Australia	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

7 Investment in subsidiaries (cont'd)

Name of subsidiaries	Sector	Project Name/ Activities	Status	Principal place of business	Effective interest	
					2020 %	2019 %
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

8 Equity-accounted investees

Interests in associates

	Group	
	2020	2019
	US\$'000	US\$'000
Interests in associates	383,796	374,653
Less asset held for sale (Wawa)	—	(7,638)
As at 31 December	383,796	367,015

The Group has 5 (2019: 6) 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 holdings entity for Alternergy Wind One Corporation ("Project Pililia")	Investment holdings entity for Alternergy Wind One Corporation ("Project Pililia")	Investment holdings entity for Helios Solar Energy Corp. ("Project Pollo")	Investment holding entity for First Soleq Energy Corp. ("Project Ironman")	Investment holding entity for Asian Green energy 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%	99.86%	99.89%
Effective economic interest held on the underlying project (%)	54.94%	39.97%	99.65%	99.86%	99.89%
Direct Voting rights held in the associate by the Group (%)	38.51%	37.29%	22.16%	21.62%	24.13%

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:

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

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
92,826	–	151,006	33,011	12,603
740	–	–	–	–
–	12,681	–	–	–
1,649	64	125	3,764	93
2	–	5	2	4
37	–	90	102	34
95,254	12,745	151,226	36,879	12,734
13,074	–	14,711	4,458	2,501
646	–	1,061	209	57
12,036	45	24,753	1,114	1,102
25,756	45	40,525	5,781	3,660
121,010	12,790	191,751	42,660	16,394
72,002	–	125,403	14,602	8,702
40	–	–	–	–
3,290	–	1,124	265	90
179	–	275	–	22
75,511	–	126,802	14,867	8,814
4,570	–	5,836	3,365	579
4,892	4	1,511	1,914	1,757
–	–	–	2	21
9,462	4	7,347	5,281	2,357
84,973	4	134,149	20,148	11,171
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 differences

Total comprehensive income

Pitilia HANGIN US\$'000	Pitilia 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)
94	–	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	Pililia HANGIN US\$'000	Pililia 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 year	59,063	42,839	–	219,109	45,794	11,742	5,249	383,796

In 2019, the Group commences 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 and is classified as other receivable (Note 14).

In 2019, as part of the cost of disposal of the Group's interest in associate, the Group wrote down its loan receivable to a third party by US\$4.2 million.

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:

2019

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

Loan receivables

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	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
91,376	–	7,736	149,676	32,261	12,548
700	–	–	–	–	–
–	10,035	–	–	–	–
1,225	62	256	474	3,532	72
21	–	–	58	–	21
35	–	–	88	23	–
93,357	10,097	7,992	150,296	35,816	12,641
7,080	16	19	7,113	1,684	1,643
149	–	120	8,827	57	2
6,226	27	58	15,063	3,786	1,980
13,455	43	197	31,003	5,527	3,625
106,812	10,140	8,189	181,299	41,343	16,266
70,955	–	–	122,617	17,940	8,778
37	–	–	–	–	–
2,291	–	–	778	183	62
269	1	–	290	–	23
73,552	1	–	123,685	18,123	8,863
1,653	–	–	6,972	3,229	1,593
3,927	6	1,660	485	922	1,336
18	–	–	9	2	3
5,598	6	1,660	7,466	4,153	2,932
79,150	7	1,660	131,151	22,276	11,795
27,662	10,133	6,529	50,148	19,067	4,471

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:

2019

Statement of comprehensive income

Sale of energy
Other income

Revenue

Operating costs
Shared services costs charged by a subsidiary
Development costs
Depreciation expenses

Finance income
Finance costs
Foreign exchange gain/(loss)
Net finance costs

Share of profits of associate

Profit/(loss) before tax

Income tax expenses

Profit/(loss) from continuing operations

Other comprehensive income

Foreign operations – foreign currency translation
differences

Total comprehensive income

Pitilia HANGIN US\$'000	Pitilia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
16,994	–	–	29,959	7,351	2,729
3	–	1	15	6	1
16,997	–	1	29,974	7,357	2,730
(4,264)	(24)	(108)	(6,086)	(965)	(1,053)
(1,128)	–	–	(793)	(367)	(135)
–	–	–	–	–	–
(4,374)	–	–	(6,896)	(1,787)	(668)
(9,766)	(24)	(108)	(13,775)	(3,119)	(1,856)
354	–	–	661	7	29
(7,785)	–	–	(11,110)	(1,160)	(568)
645	(1)	(1)	185	749	179
(6,786)	(1)	(1)	(10,264)	(404)	(360)
–	121	–	–	–	–
445	96	(108)	5,935	3,834	514
(217)	–	–	(298)	6	(23)
228	96	(108)	5,637	3,840	491
679	40	199	1,868	541	135
907	136	91	7,505	4,381	626

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:

2019

Carrying amount of interest in associates at start of the year

Group's share of amortisation of intangible asset acquired through business combinations
Group's share of profit from continuing operations
Effect of exchange rate changes from project-related agreements & licences
Group's share of other comprehensive income
Group's share of total comprehensive income

Piilila HANGIN US\$'000	Piilila VEWPHI US\$'000	Wawa HPHPH US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
61,551	45,373	7,538	301,982	38,880	10,545	2,183	468,052
(2,723)	(1,963)	–	(8,465)	(1,470)	(310)	–	(14,931)
92	97	(99)	5,361	3,836	490	(721)	9,056
1,370	988	–	4,605	755	169	–	7,887
679	39	199	(751)	541	135	(20)	822
(582)	(839)	100	750	3,662	484	(741)	2,834
–	–	–	–	–	–	3,658	3,658
(5,588)	(4,358)	–	(89,945)	–	–	–	(99,891)
55,381	40,176	7,638	212,787	42,542	11,029	5,100	374,653

Carrying amount of interest in associates at end of the year

9 Other investments

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Equity investment – mandatorily at FVTPL	26,340	24,643	–	–
Debt investment – mandatorily at FVTPL	–	1,800	–	–
	<u>26,340</u>	<u>26,443</u>	<u>–</u>	<u>–</u>

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

Debt investment at FVTPL comprise holdings in mutual fund units. These investments are part of the debt service reserve account required to be maintained per requirements of the facility agreement with a financial institution during the tenure of the loan from the financial institution.

10 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Property, plant and equipment	–	165	(47,415)	(33,338)
Intangible assets	–	–	(1,482)	(1)
Loans and borrowings	–	–	(208)	(129)
Employee benefits	1,774	1,000	–	–
Provisions	148	–	–	(27)
Other items	371	883	–	–
Tax loss carry-forwards	38,134	19,026	–	–
Adoption of IFRS16	–	–	–	(1)
Deferred tax assets/(liabilities)	<u>40,427</u>	<u>21,074</u>	<u>(49,105)</u>	<u>(33,496)</u>
Set off of tax	(31,919)	–	31,919	–
Net Deferred tax assets/(liabilities)	<u>8,508</u>	<u>21,074</u>	<u>(17,186)</u>	<u>(33,496)</u>

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 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 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)
Group	Balance as at 1 January 2019 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 2019 US\$'000
2019					
Property, plant and equipment	(20,639)	(9,585)	–	(2,949)	(33,173)
Intangible assets	(1)	–	–	–	(1)
Loans and borrowings	(121)	(7)	–	(1)	(129)
Employee benefits	1,150	(24)	2	(128)	1,000
Provisions	–	(27)	–	–	(27)
Other items	82	793	–	8	883
Tax loss carry-forwards	11,382	4,266	–	3,378	19,026
Adoption of IFRS16	–	(1)	–	–	(1)
	(8,147)	(4,585)	2	308	(12,422)

11 Loans receivables

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
Loans receivables from:					
- Related parties		380,349	513,871	213,098	510,862
- Equity-accounted investees		29,016	43,051	–	–
- Other third parties		3,550	12,640	–	–
Other loans receivables		339	320	–	–
Promissory note receivables		8,328	8,001	–	–
		421,582	577,883	213,098	510,862
Less: Impairment loss	30	(1,674)	(2,485)	–	(2,197)
Total non-current loans receivables		419,908	575,398	213,098	508,665
Current					
Interest receivables from:					
- Related parties		3,067	1,009	2,224	985
- Equity-accounted investees		504	1,574	–	–
- Other loans receivables		11	7	–	–
- Promissory note receivables		441	313	–	–
- Cross currency swap		3,677	–	–	–
- Other third parties		1,193	793	–	–
Loan receivables from:					
- Equity-accounted investees		7,503	–	–	–
- Other third parties		6,860	–	–	–
		23,256	3,696	2,224	985
Less: Impairment loss	30	(89)	(16)	–	(4)
Total current loans receivables		23,167	3,680	2,224	981

11 Loans receivables (cont'd)

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

Gross loans receivables

		Group		Company	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
Loans receivables from:					
- Related parties		381,903	513,871	213,098	510,862
- Equity-accounted investees		29,016	43,051	—	—
- Other third parties		3,550	12,640	—	—
Other loans receivables		339	320	—	—
Promissory note receivables		8,328	8,001	—	—
		<u>423,136</u>	<u>577,883</u>	<u>213,098</u>	<u>510,862</u>
Current					
Loan receivables from:					
- Equity-accounted investees		7,503	—	—	—
- Other third parties	(e)	6,860	—	—	—
		<u>14,363</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>437,499</u>	<u>577,883</u>	<u>213,098</u>	<u>510,862</u>

Terms and conditions of loan receivables are as follows:

Group	Currency	Maturity date	Principal amount		Interest rate	
			2020	2019	2020	2019
			\$'000	\$'000	%	%
Related parties ^(a)	JPY	On demand	213,098	510,862	1.35 - 1.375	1.35
Related parties ^(b)	JPY	2025	166,506	—	1.372	—
Subsidiaries of related parties ^(c)	JPY	2033 to 2035	2,299	3,009	6	6
Equity-accounted investees ^(d)	USD	2021 to 2026	36,519	43,051	3 - 5	3 - 5
Other third parties ^(e)	USD	2021	6,860	10,290	17	17
Other third parties ^(a)	USD	On demand	1,206	—	1.5	—
Other third parties ^(a)	USD	On demand	1,894	1,900	4.62	4.62
Other third parties ^(a)	USD	On demand	450	450	5.5	5.5
Promissory notes receivable ^(f)	THB	2027	8,328	8,001	—	—
Other loans receivables ^(a)	JPY	On demand	339	320	1	1
			437,499	577,883		
Company						
Related parties ^(a)	JPY	On demand	213,098	510,862	1.35-1.375	1.35
			213,098	510,862		

11 Loans receivables (cont'd)

- (a) The Group and the Company does 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 1.372% per annum interest 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.
- (d) Loan receivables from equity-accounted investees are unsecured, with 3-5% per annum (2019: 3-5%) interest and repayable quarterly with maturity dates from 2021 to 2026.
- (e) The loan receivables of US\$6,860,000 (2019: US\$10,290,000) from San Lorenzo Ruiz Builders & Developers Group Inc. are secured, with 17% (2019:17%) interest and repayable within 10 to 12 months.

In 2020, no amounts (2019:US\$4,234,000) of such loan receivables and interest receivable thereon were written off as the amounts due were expected to be received in full as per their contractual maturities.

- (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 Derivatives

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Derivative assets				
Non-current				
Electricity derivative	176,353	117,992	—	—
	<u>176,353</u>	<u>117,992</u>	<u>—</u>	<u>—</u>
Current				
Electricity derivative	6,029	—	—	—
Forward exchange contract	1,350	3,888	1,350	—
	<u>7,379</u>	<u>3,888</u>	<u>1,350</u>	<u>—</u>
Total derivative assets	<u>183,732</u>	<u>121,880</u>	<u>1,350</u>	<u>—</u>
Derivative liabilities				
Non-current				
Cross currency swaps	11,201	—	—	—
Interest rate swaps	17,141	13,183	—	—
	<u>28,342</u>	<u>13,183</u>	<u>—</u>	<u>—</u>
Current				
Forward exchange contract	3,718	191	3,718	191
Interest rate swaps	3,239	2,310	—	—
	<u>6,957</u>	<u>2,501</u>	<u>3,718</u>	<u>191</u>
Total derivative liabilities	<u>35,299</u>	<u>15,684</u>	<u>3,718</u>	<u>191</u>

During the year, 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	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current				
Other prepayments	4,727	4,879	—	—
Other assets	11,473	9,757	—	—
	<u>16,200</u>	<u>14,636</u>	<u>—</u>	<u>—</u>
Current				
Other prepayments	5,708	2,998	5	—
Other assets	2,109	1,127	—	—
	<u>7,817</u>	<u>4,125</u>	<u>5</u>	<u>—</u>
Total prepayments and other assets	<u>24,017</u>	<u>18,761</u>	<u>5</u>	<u>—</u>

14 Trade and other receivables

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
Other receivables	(e)	1,622	—	—	—
		<u>1,622</u>	<u>—</u>	<u>—</u>	<u>—</u>
Current					
Trade receivables	(f)	72,905	65,812	—	—
Contract assets		14,242	19,771	—	—
Total trade receivables and contract assets		<u>87,147</u>	<u>85,583</u>	<u>—</u>	<u>—</u>
Amounts due from:					
- Indirect subsidiaries	(a)	—	—	2,287	2,178
- Equity-accounted investees	(b)	2,568	2,242	—	—
- Related parties	(c)	43,912	22,736	—	—
- Other third parties	(d)	15,947	4,369	—	—
Deposits		10,071	14,164	—	—
Other tax receivables		7,293	3,622	—	—
Other receivables	(e)	1,301	12,800	—	—
Total current other receivables		<u>81,092</u>	<u>59,933</u>	<u>2,287</u>	<u>2,178</u>
Less: Impairment loss					
- Trade receivables and contract assets		(3,956)	(8,470)	—	—
- Other receivables		(6,947)	(1,861)	—	(9)
Total current trade and other receivables		<u>157,336</u>	<u>135,185</u>	<u>2,287</u>	<u>2,169</u>

(a) The amount due from subsidiaries of US\$2.3 million (2019: US\$2.2 million) is non-trade, unsecured and non-interest bearing and repayable on demand.

(b) The amount due from equity-accounted investees of US\$2.6 million (2019: US\$2.2 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

(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.

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\$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.
- (e) Included in non-current and current other receivables are delay liquidated damages receivable from EPC contractors in Indonesia of US\$2.9 million (2019: US\$5.5 million).
- (f) During the year, trade receivables of US\$4,938,000 was written off (2019: Nil) as the amount was assessed not to be recoverable. (Note 30).

15 Cash and cash equivalents

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Bank balances		157,036	137,292	75,603	23,318
Short term deposits		51,805	51,326	–	–
Cash and cash equivalents in the statement of financial position		208,841	188,618	75,603	23,318
Restricted bank balances and deposits	(a)	(62,136)	(25,681)	–	–
Bank overdrafts used for cash management purposes		(14,740)	(8,908)	–	–
Cash and cash equivalents in the statement of cash flows		131,965	154,029	75,603	23,318

- (a) As at 31 December 2020, US\$62.1 million (2019: US\$25.7 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.

16 Equity contribution

		2020 US\$'000	2019 US\$'000
<u>Group and Company</u>			
Equity contribution			
Share capital at US\$0.01 per share		15,667	16,902
Share premium		1,551,052	1,673,343
		<u>1,566,719</u>	<u>1,690,245</u>
		2020 No. of shares (‘000)	2019 No. of shares (‘000)
	Note		
<u>Group and Company</u>			
Issued and fully paid			
At beginning of the period		1,690,245	1,690,245
Issue of shares	(a)	15,674	–
Repurchase of shares	(b)	<u>(139,200)</u>	<u>–</u>
At end of the period		<u>1,566,719</u>	<u>1,690,245</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. On 20 April 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.

16 Equity contribution (cont'd)

(b) During the year, the Company repurchased a total of 139,200,000 shares ("Repurchased Shares") with a par value US\$0.01 each and share premium of US\$137,808,000, aggregating to a consideration of US\$139,200,000 from its immediate holding company. Following the repurchase, the Repurchased Shares have been cancelled.

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital reserve	50,000	65,674	50,000	65,674
Translation reserve	17,077	(35,772)	—	—
Defined benefit reserve	(27)	82	—	—
	<u>67,050</u>	<u>29,984</u>	<u>50,000</u>	<u>65,674</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	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
Project finance debt		724,024	705,797	—	—
Corporate term loan		142,689	470,978	142,689	470,978
Revolving credit facility		179,090	146,279	179,090	146,279
Euro Medium Term Note	(a)	321,415	—	—	—
Loan from Euro Medium					
Term Note Issuer	(b)	—	—	180,296	—
		<u>1,367,218</u>	<u>1,323,054</u>	<u>502,075</u>	<u>617,257</u>
Lease liabilities		24,462	17,817	—	—
		<u>24,462</u>	<u>17,817</u>	<u>—</u>	<u>—</u>

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

	Note	Group 2020 US\$'000	2019 US\$'000	Company 2020 US\$'000	2019 US\$'000
Current					
Project finance debt		54,611	53,770	–	–
Loan from direct subsidiary	(c)	–	–	16,714	1,580
External party loan		2,479	420	–	–
Bank overdrafts		14,740	8,908	–	–
Interest payable		6,532	1,284	1,513	237
		<u>78,362</u>	<u>64,382</u>	<u>18,227</u>	<u>1,817</u>
Lease liabilities		4,132	3,284	–	–
		<u>4,132</u>	<u>3,284</u>	<u>–</u>	<u>–</u>
		<u>1,474,174</u>	<u>1,408,537</u>	<u>520,302</u>	<u>619,074</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.

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 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.

- (b) The loan from Euro Medium Term Note issuer is a 5-year loan denominated in Japanese Yen ('JPY') with the contractual interest rate at 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.

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

Gross debt

		Group 2020 US\$'000	2019 US\$'000	Company 2020 US\$'000	2019 US\$'000
Non-current					
Project finance debt		736,411	717,520	–	–
Corporate term loan		142,689	470,978	142,689	470,978
Revolving credit facility		179,090	146,279	179,090	146,279
Euro Medium Term Note		325,000	–	–	–
Loan from Euro Medium Term Note Issuer		–	–	181,994	–
		<u>1,383,190</u>	<u>1,334,777</u>	<u>503,773</u>	<u>617,257</u>
Current					
Project finance debt		55,293	54,201	–	–
Loan from direct subsidiary		–	–	16,714	1,580
External party loan		2,479	420	–	–
Bank overdrafts		14,740	8,908	–	–
		<u>72,512</u>	<u>63,529</u>	<u>16,714</u>	<u>1,580</u>
		<u>1,455,702</u>	<u>1,398,306</u>	<u>520,487</u>	<u>618,837</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	
			2020 \$'000	2019 \$'000	2020 %	2019 %
Project finance debt	AUD	2021-2044	126,554	118,850	BBSY+1.65	BBSY+1.65
Project finance debt	AUD	2025	18,300	–	BBSY+0.1765	–
Project finance debt	INR	2035	98,401	103,779	10.25	10.25
Project finance debt	INR	2033	17,454	19,230	9.55	9.55
Project finance debt	INR	2033	21,473	24,018	9.50	9.50
Project finance debt	INR	2028	11,972	13,919	10.90	10.90
Project finance debt	INR	2033	47,865	64,909	10.05 - 10.09	10.52
Project finance debt	INR	2033	11,908	–	MCLR+1.5	–
Project finance debt	INR	2037	63,176	19,543	9.25	10.75
Project finance debt	INR	2035	28,384	32,014	10.20	10.20
Project finance debt	INR	2033	74,149	80,046	10.22	10.22
Project finance debt	INR	2035	35,504	–	7.39	–
Project finance debt	THB	2027	92,636	105,744	4.2 & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2035	–	37,182	–	11
Project finance debt	USD	2037	107,298	113,505	3.9 - 5.721	3.9 - 5.721
Project finance debt	USD	2037	12,654	13,466	3 - 5.7060	3 - 5.7060
Project finance debt	USD	2037	6,466	6,881	1.1 - 5.7060	1.1 - 5.7060
Project finance debt	USD	2037	17,510	18,635	1.5 - 5.7060	1.5 - 5.7060
External party loan	USD	2021	2,479	420	Interest free	Interest free
Term loan	JPY	2023	142,689	470,978	LIBOR+1.75	LIBOR+1.5
Revolving credit facility	JPY	2023	179,090	146,279	LIBOR+1.25	LIBOR+1.5
Euro Medium Term Note	USD	2025	325,000	–	3.133	–
			<u>1,440,962</u>	<u>1,389,398</u>		

Company	Currency	Maturity date	Principal amount		Interest rate	
			2020 \$'000	2019 \$'000	2020 %	2019 %
Term loan	JPY	2024	142,689	470,978	LIBOR+1.75	LIBOR+1.5
Revolving credit facility	JPY	2024	179,090	146,279	LIBOR+1.25	LIBOR+1.5
Loan from Euro Medium Term Note Issuer	JPY	2025	180,296	–	1.372	–
			<u>502,075</u>	<u>617,257</u>		

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. The Group has not breached any debt covenants in the financial year ended 31 December 2020 and 31 December 2019.

US\$791,703,000 (2019: US\$771,721,000) of project finance debts, US\$142,689,000 (2019: US\$471,398,000) of term loan and US\$179,090,000 (2019: US\$146,279,000) of revolving credit facilities are taken up by the subsidiaries of the Group where these debt obligations have no recourse to the Group.

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

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

	Liabilities			Equity						
	Overdraft facility US\$'000	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	Reserves US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 January 2020	8,908	766,840	611,689	–	–	21,101	1,690,245	15,674	79,620	3,194,077
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	509,892	–	–	–	–	–	–	678,707
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)	(319,874)	(2,122)	315,971	(5,724)	(139,200)	–	(8,122)	(192,714)
The effect of changes in foreign exchange rates	–	(7,712)	26,257	(3,740)	–	637	–	–	–	15,442
Other changes										
Liability-related										
Change in bank overdraft	5,832	–	–	–	–	–	–	–	–	5,832
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	5,832	53,714	6,860	7,479	9,121	12,580	–	–	–	95,586
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	5,832	53,714	6,860	7,479	9,121	12,580	15,674	(15,674)	9,522	105,108
Balance at 31 December 2020	14,740	779,199	324,932	1,617	325,092	28,594	1,566,719	–	81,020	3,121,913

¹ Working capital loan included term loan, revolving credit facility and external party loan.

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

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

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Equity					Non-controlling interests		Total
	Liabilities		Equity			US\$'000		US\$'000
	Overdraft facility US\$'000	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Lease liabilities US\$'000	Share capital US\$'000	Reserves US\$'000		
Balance at 1 January 2019	4,213	766,872	688,921	73	1,690,245	15,674	74,427	3,260,425
Changes from financing cash flows								
Dividends paid to non-controlling interests	–	–	–	–	–	–	(7,023)	(7,023)
Proceeds from loan and borrowing	–	64,027	115,840	–	–	–	–	179,867
Repayment of loan and borrowing	–	(82,691)	(200,409)	–	–	–	–	(283,100)
Payment of lease liabilities	–	–	–	(3,751)	–	–	–	(3,751)
Transaction costs related to loans and borrowings	–	–	(5,325)	–	–	–	–	(5,325)
Interest paid	–	(55,181)	(26,227)	–	–	–	–	(81,408)
Total changes from financing cash flows	–	(73,845)	(116,121)	(3,751)	–	–	(7,023)	(200,740)
The effect of changes in foreign exchange rates	–	(7,612)	2,091	2,498	–	–	–	(3,023)
Other changes								
Liability-related								
Change in bank overdraft	4,695	–	–	–	–	–	–	4,695
IFRS 16	–	–	–	21,175	–	–	–	21,175
Finance costs	–	6,086	12,400	–	–	–	–	18,486
Interest expense	–	55,339	24,398	1,106	–	–	–	80,843
Total liability-related other changes	4,695	61,425	36,798	22,281	–	–	–	125,199
Equity-related								
NCI's share of total comprehensive income	–	–	–	–	–	–	12,216	12,216
Total equity-related other changes	–	–	–	–	–	–	12,216	12,216
Total other changes	4,695	61,425	36,798	22,281	–	–	12,216	137,415
Balance at 31 December 2019	8,908	766,840	611,689	21,101	1,690,245	15,674	79,620	3,194,077

¹ Working capital loan included term loan and revolving credit facility

19 Asset retirement obligation

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	2,441	2,341
Provision made during the year	7,456	98
Effect of exchange rate changes	(14)	2
At 31 December	<u>9,883</u>	<u>2,441</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% (2019: 4.4%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 20 to 25 years after the commissioning of the power plants

20 Trade and other payables

		Group		Company	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
Deferred income	(a)	<u>3,223</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>3,223</u>	<u>—</u>	<u>—</u>	<u>—</u>
Current					
Amounts due to:					
- Direct subsidiary	(b)	—	—	2,101	63,265
- Indirect subsidiaries	(b)	—	—	4,104	4,201
- Related parties	(c)	11,841	6,577	—	—
- Equity-accounted investees	(d)	351	3	—	—
- Other third parties	(e)	11,137	4,815	—	—
Trade payables		10,130	8,624	—	—
Payables to EPC contractors		1,924	12,759	—	—
Other tax payable		7,268	4,703	—	—
Accrued operating expenses		24,924	45,211	221	823
Accrued staff costs		1,792	1,210	—	—
Deferred income	(f)	<u>5,856</u>	<u>6,048</u>	<u>—</u>	<u>—</u>
		<u>75,223</u>	<u>89,950</u>	<u>6,426</u>	<u>68,289</u>
		<u>78,446</u>	<u>89,950</u>	<u>6,426</u>	<u>68,289</u>

(a) Non-current deferred income is contract liabilities which relates to advanced mobilization payments received from subsidiaries of Zenith Japan Holdings Trust of US\$1.9 million (2019: Nil), amortized over period with regards to operations and maintenance agreements.

(b) The amount due to subsidiaries of US\$6.2 million (2019: US\$67.5 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

(c) Amounts due to related parties include US\$2.2 million (2019: US\$6.6 million) of advances received from subsidiaries of Zenith Japan Holdings Trust for asset management fees and operational and maintenance fees. It also includes US\$9.3 million (2019: Nil) 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\$351,000 (2019: US\$3,000) 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 due to seller of a subsidiary of Zenith Japan Holdings Trust upon acquisition of US\$6 million (2019: Nil).
- (f) Included in current deferred income is contract liabilities of US\$0.3 million (2019: US\$1.4 million) which relates to advances received from customers for services yet to be fulfilled, US\$4.9 million (2019: US\$4.5 million) which relates to government grants on project, amortized over PPA period of 25 years, US\$0.2 million (2019: Nil) 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	2020 US\$'000	2019 US\$'000
Balance as at 1 January:			
Amount due from direct subsidiary	14	–	(24,333)
Amount due to direct subsidiary		63,265	–
Net amount due to /(from) direct subsidiary		63,265	(24,333)
Reduction in share premium contribution		(61,485)	–
Advances to direct subsidiary		–	(86,378)
Advances from direct subsidiary		–	173,976
Effect of exchange rate fluctuations		321	–
Net movement in amounts due to/(from) direct subsidiary		(61,164)	87,598
Balance as at 31 December:			
Amount due to direct subsidiary		2,101	63,265
Net amount due to direct subsidiary		2,101	63,265

During the year, the Company extinguished part of amount due to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$61 million (2019: Nil) by reducing share premium contribution.

21 Revenue

The Group's revenue comprises:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Dividend income	–	–	26,099	1,846
Sale of energy	177,923	187,048	–	–
Service concession income	303	35,621	–	–
Fee income:				
- Shared services fee income	14,824	11,664	–	–
- Operations & Maintenance service fees income	8,029	6,545	–	–
- Asset management fee income	28,310	18,724	–	–
	229,389	259,602	26,099	1,846

Included in fee income are shared services fee income from related parties of US\$14,824,000 (2019: US\$11,664,000), operations and maintenance service fees income from related parties of US\$5,301,000 (2019: US\$5,888,000) and asset management fee income from related parties of US\$27,064,000 (2019: US\$18,489,000).

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.

21 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 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 2019, 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	
	2020	2019
	US\$'000	US\$'000
Revenue	303	35,621

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\$162.9 million (2019: US\$169.7 million) in intangible asset (see note 6) as at 31 December 2020.

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.

	2020	2019
	US\$'000	US\$'000
Thailand	47,241	50,179
India	83,816	97,252
Australia	12,649	8,485
Indonesia	34,217	31,132
Total Revenue	177,923	187,048

Contract balances

Please refer to note 14 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.

Please refer to note 20 for contract liabilities primarily relating to advance consideration received from customers for performance of service contracts.

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The Group's other income comprises:

	Group	
	2020	2019
	US\$'000	US\$'000
Insurance claims	2,226	1,297
Pre-commercial operation revenue	—	861
Government grants	794	694
Lease income	709	269
Others	1,645	1,106
	<u>5,374</u>	<u>4,227</u>

23 Operating costs

	Group	
	2020	2019
	US\$'000	US\$'000
Operations and maintenance costs	21,804	17,209
Utilities and transmission costs	3,870	2,455
Asset related insurance	2,352	1,209
Professional fees	2,580	3,481
Rental - land & site office	499	244
Asset related tax and levies	295	528
Travel and entertainment expenses	178	384
Other general and administrative costs	1,449	1,898
	<u>33,027</u>	<u>27,408</u>

Staff costs of US\$4.7 million (2019: US\$3.7 million) is included within Operations and maintenance costs.

24 Shared services costs

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Staff costs	44,587	33,428	—	—
Directors and Investment Committee members fee	687	258	—	—
Occupancy costs	1,535	1,457	—	—
Professional fees	5,473	6,653	334	457
IT expenses	2,024	2,105	—	—
Secondment fee	509	2,306	—	—
Insurance	420	382	—	—
Travel and entertainment expenses	1,807	3,178	—	—
Other general and administrative costs	3,169	2,768	49	27
	<u>60,211</u>	<u>52,535</u>	<u>383</u>	<u>484</u>

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25 Development costs

	Group	
	2020	2019
	US\$'000	US\$'000
Staff costs	–	1
Directors and Investment Committee members fee	2	–
Professional fees	652	247
Travel and entertainment expenses	31	43
Occupancy costs	38	31
Other general and administrative costs	859	140
	1,582	462

26 Finance income and finance costs

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income from:				
- Loan to related parties	4,079	17,684	2,154	17,642
- Loan to other third parties	467	7,194	–	–
- Loan to equity-accounted investees	2,054	–	–	–
- Cross currency swap	8,768	–	–	–
- Short term deposits	2,736	4,122	32	749
Other finance income	310	–	–	–
Gain from disposal of financial instrument	–	120	–	120
Total finance income	18,414	29,120	2,186	18,511
Finance costs				
Interest expense on:				
- Project finance debt	(52,442)	(55,339)	–	–
- Term loan and revolving credit facility	(4,329)	(24,398)	(4,329)	(24,398)
- Loan from Euro Medium Term Note Issuer	–	–	(2,080)	–
- Euro Medium Term Note	(8,768)	–	–	–
- Cross currency swap	(3,629)	–	–	–
- Interest rate swap	(3,850)	–	–	–
- Lease liabilities	(1,066)	(1,106)	–	–
Other finance costs on:				
- Deferred financing costs expensed on refinancing	–	(10,333)	–	(10,333)
- Transaction fees on refinancing	–	(2,733)	–	(2,733)
- Others	(4,156)	(6,620)	(1,089)	(2,801)
Total finance costs	(78,240)	(100,529)	(7,498)	(40,265)

Included in other finance costs are deferred financing costs of US\$627,000 (2019: US\$5,095,000).

27 Change in fair value of financial instrument at FVTPL

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Gain/(loss) on change in fair value:				
- Equity investment	(1,790)	1,403	—	—
- Debt investment	—	(275)	—	—
- Electricity derivatives	48,101	68,937	—	—
- Forward contract	(6,127)	614	(2,307)	—
- Interest swaps	(3,023)	(14,310)	—	(4,701)
- Cross currency swaps	(11,201)	—	—	—
	<u>25,960</u>	<u>56,369</u>	<u>(2,307)</u>	<u>(4,701)</u>

28 Profit before tax

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

	Group	
	2020 US\$'000	2019 US\$'000
Staff costs		
Wages and salaries	32,041	26,041
Ordinary bonus	7,748	4,359
Contributions to defined contribution plans	946	568
Employee insurance	1,845	2,286
Recruitment fee	1,373	1,680
Staff benefits, allowances and others	5,313	2,198
	<u>49,266</u>	<u>37,132</u>

29 Tax expense

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Current tax expense				
Withholding tax	2,771	3,795	—	—
Current year	<u>2,705</u>	<u>574</u>	<u>—</u>	<u>—</u>
	5,476	4,369	—	—
Deferred tax credit				
Origination and reversal of temporary difference	<u>(3,189)</u>	<u>4,585</u>	<u>—</u>	<u>—</u>
Tax expense	<u>2,287</u>	<u>8,954</u>	<u>—</u>	<u>—</u>
Tax recognised in OCI				
Defined benefit plan remeasurements	<u>(14)</u>	<u>(2)</u>	<u>—</u>	<u>—</u>

29 Tax expense (cont'd)

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Reconciliation of effective tax rate				
Profit/(loss) before tax	57,722	43,204	7,442	(25,711)
Tax using Cayman Island tax rate of 0%	—	—	—	—
Effect of tax rates in foreign jurisdiction	29,040	20,979	—	—
Effects of results of equity-accounted investees presented net of tax	(9,809)	(3,720)	—	—
Expenses non-deductible for tax purposes	8,762	6,958	—	—
Tax-exempt income/non-taxable income	(29,833)	(31,187)	—	—
Tax incentives	(2,652)	—	—	—
Recognition of tax effect of previously unrecognised tax losses	3,702	9,774	—	—
Current-year losses for which no deferred tax asset is recognised	2	2,351	—	—
Withholding taxes	2,771	3,795	—	—
Change in unrecognised temporary differences	304	4	—	—
	<u>2,287</u>	<u>8,954</u>	<u>—</u>	<u>—</u>

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.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Risk management framework (cont'd)**

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Impairment loss recognised on trade receivables	194	8,332	—	—
Impairment loss recognised /(reversed) on other receivables	6,575	(114)	(9)	(100)
Impairment loss (reversed)/recognised on loan receivables	(738)	367	(2,201)	537
	<u>6,031</u>	<u>8,585</u>	<u>(2,210)</u>	<u>437</u>

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.

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*

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
India	72,109	58,690	—	—
Japan	208	—	—	—
Indonesia	3,688	11,044	—	—
Thailand	8,872	9,277	—	—
Philippines	963	659	—	—
Australia	1,302	5,830	—	—
Taiwan	5	5	—	—
Others ¹	—	78	—	—
	87,147	85,583	—	—

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:

	2020		2019	
	Not credit- impaired \$'000	Credit- impaired \$'000	Not credit- impaired \$'000	Credit- impaired \$'000
Group				
India	39,309	32,800	13,236	45,454
Japan	208	—	—	—
Indonesia	3,688	—	5,085	5,959
Thailand	8,872	—	9,277	—
Philippines	963	—	659	—
Australia	1,302	—	5,830	—
Taiwan	5	—	5	—
Others ¹	—	—	78	—
Total gross carrying amount	54,347	32,800	34,170	51,413
Loss allowance	(261)	(3,695)	(107)	(8,363)
	54,086	29,105	34,063	43,050

¹ Others includes offshore entities in Singapore, Cayman Islands and Netherlands.

At 31 December 2020, the carrying amount of the Group's top five customers amounts to US\$80.5 million (2019: US\$61.0 million), which accounts for 92.4% (2019: 71.0%) of the trade receivables and contract assets.

There is no concentration of customers' credit risk at the Company level.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Trade receivables and contract assets (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 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 2020:

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	8,871	—	No
<u>Utilities industry</u>				
Low	0.57	45,476	261	No
High	11.3	32,800	3,695	Yes
		<u>87,147</u>	<u>3,956</u>	
2019				
<u>Government or government-linked</u>				
Low	0.00	9,281	—	No
<u>Utilities industry</u>				
Low	5.02	70,343	3,532	No
High	82.9	5,959	4,938	Yes
		<u>85,583</u>	<u>8,470</u>	

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:

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Credit risk (cont'd)****Trade receivables and contract assets (cont'd)****Movements in allowance for impairment in respect of trade receivables and contract assets (cont'd)**

	Group US\$'000	Company US\$'000
At 1 January 2019 on adoption of IFRS 9	138	—
Impairment loss allowance	4,938	—
Impairment loss recognised	3,394	—
At 31 December 2019	8,470	—
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	3,956	—

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	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
India	7,962	12,161	—	—
Japan	40,656	17,735	—	—
Indonesia	5,456	13,400	—	—
Thailand	297	532	—	—
Philippines	9,829	4,252	—	—
Australia	73	127	—	—
Taiwan	7,053	5,491	—	—
Malaysia	635	—	—	—
Korea	278	157	—	—
Others ¹	3,182	6,078	2,287	2,178
	75,421	59,933	2,287	2,178

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:

	2020		2019	
	12-month ECL US\$'000	Credit- impaired US\$'000	12-month ECL US\$'000	Credit- impaired US\$'000
Group				
India	7,962	—	12,161	—
Japan	40,656	—	17,735	—
Indonesia	5,456	—	8,927	4,473
Thailand	297	—	369	163
Philippines	3,129	6,700	4,252	—
Australia	73	—	127	—
Taiwan	7,053	—	5,491	—
Malaysia	635	—	—	—
Korea	278	—	157	—
Others ¹	3,182	—	6,078	—
Total gross carrying amount	68,721	6,700	55,297	4,636
Loss allowance	(247)	(6,700)	(206)	(1,655)
	68,474	—	55,091	2,981
Company				
Singapore	2,287	—	2,178	—
Total gross carrying amount	2,287	—	2,178	—
Loss allowance	—	—	(9)	—
	2,287	—	2,169	—

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)****Other receivables (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 2020:

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	2,379	—	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
		<u>75,421</u>	<u>6,947</u>	
2019				
<u>Government or government-linked</u>				
Low	0.00	5,834	—	No
<u>Insurance industry</u>				
Low	0.30	7,032	21	No
<u>Financial industry</u>				
Low	0.66	—	—	No
<u>Real estate industry</u>				
Low	0.69	1,135	8	No
<u>Utilities industry</u>				
Low	0.43	41,296	177	No
High	35.7	4,636	1,655	Yes
		<u>59,933</u>	<u>1,861</u>	

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
2020				
<u>Utilities industry</u>				
Low	—	2,287	—	No
2019				
<u>Utilities industry</u>				
Low	0.43	2,178	9	No

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 2019 on adoption of IFRS 9	472	109
Effect of exchange rate changes	11	—
Net Impairment loss recognised/(reversed)	1,378	(100)
At 31 December 2019	1,861	9
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	—

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
India	696	408	—	—
Japan	3,911	327	—	—
Indonesia	2,841	19	—	—
Thailand	8,751	8,315	—	—
Philippines	43,883	—	—	—
Singapore	—	50,374	—	—
Cayman Islands	384,756	522,136	215,322	511,847
	444,838	581,579	215,322	511,847

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.

	2020		2019	
	12-month	Credit-impaired	12-month	Credit-impaired
	ECL	US\$'000	ECL	US\$'000
	US\$'000		US\$'000	
Group				
India	696	—	408	—
Japan	3,911	—	327	—
Indonesia	2,841	—	19	—
Thailand	8,751	—	8,315	—
Philippines	43,883	—	—	—
Singapore	—	—	50,374	—
Cayman Islands	384,756	—	522,136	—
Total gross carrying amount	444,838	—	581,579	—
Loss allowance	(1,763)	—	(2,501)	—
	443,075	—	579,078	—
Company				
Cayman Islands	215,322	—	511,847	—
Total gross carrying amount	215,322	—	511,847	—
Loss allowance	—	—	(2,201)	—
	215,322	—	509,646	—

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'.

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 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 %	Group		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2020				
<u>Utilities Industry</u>				
Low	0.40	444,838	1,763	No
2019				
<u>Utilities Industry</u>				
Low	0.43	581,579	2,501	No
Credit risk grade	Loss rate %	Company		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2020				
<u>Utilities industry</u>				
Low	0.43	215,322	—*	No
2019				
<u>Utilities industry</u>				
Low	0.43	511,847	2,201	No

* Management has assessed impairment to be immaterial in 2020.

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 2019 on adoption of IFRS 9	2,134	1,664
Net Impairment loss recognised	367	537
At 31 December 2019	2,501	2,201
At 1 January 2020	2,501	2,201
Net impairment loss reversed	(738)	(2,201)
At 31 December 2020	1,763	—

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\$208.8 million and US\$75.6 million respectively at 31 December 2020 (2019: US\$188.6 million and US\$23.3 million). 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 AA to BB (2019: AAA to BB), based on S&P Global ratings and 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.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments.

As at 31 December 2020 and 31 December 2019, 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:

	Carrying amount US\$'000	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 2020						
Non-derivative financial liabilities						
Bank loans	1,104,131	(1,181,517)	(59,010)	(67,630)	(586,244)	(468,633)
Euro Medium Term Note	325,092	(367,680)	(10,182)	(10,182)	(347,316)	—
Lease liabilities	28,594	(41,406)	(4,132)	(4,467)	(9,391)	(23,416)
Trade and other payables*	62,099	(62,099)	(62,099)	—	—	—
Bank overdraft	14,740	(14,740)	(14,740)	—	—	—
	<u>1,534,656</u>	<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)	20,380	(20,485)	(3,246)	(3,408)	(7,430)	(6,401)
Forward exchange contracts (gross-settled):	2,368					
- Outflow	—	(127,587)	(127,587)	—	—	—
- Inflow	—	125,353	125,353	—	—	—
Cross currency swaps (gross-settled):	11,201					
- Outflow	—	(366,491)	(4,343)	(4,343)	(357,805)	—
- Inflow	—	367,680	10,182	10,182	347,316	—
	<u>33,949</u>	<u>(21,530)</u>	<u>359</u>	<u>2,431</u>	<u>(17,919)</u>	<u>(6,401)</u>
	<u>1,568,605</u>	<u>(1,688,972)</u>	<u>(149,804)</u>	<u>(79,848)</u>	<u>(960,870)</u>	<u>(498,450)</u>

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Liquidity risk (cont'd)****Exposure to liquidity risk (cont'd)**

Group	Carrying amount US\$'000	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 2019						
Non-derivative financial liabilities						
Bank loans	1,390,682	(1,456,593)	(203,654)	(67,886)	(678,738)	(506,315)
Lease liabilities	21,101	(21,101)	(3,284)	(2,156)	(3,090)	(12,571)
Trade and other payables*	79,199	(79,199)	(79,199)	—	—	—
Bank overdraft	8,908	(8,908)	(8,908)	—	—	—
	<u>1,499,890</u>	<u>(1,565,801)</u>	<u>(295,045)</u>	<u>(70,042)</u>	<u>(681,828)</u>	<u>(518,886)</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	15,493	(15,493)	(2,310)	(10,894)	—	(2,289)
Forward exchange contracts (gross-settled):	(3,697)	—	—	—	—	—
- Outflow	—	(50,471)	(50,471)	—	—	—
- Inflow	—	54,491	54,491	—	—	—
	<u>11,796</u>	<u>(11,473)</u>	<u>1,710</u>	<u>(10,894)</u>	<u>—</u>	<u>(2,289)</u>
	<u>1,511,686</u>	<u>1,577,274</u>	<u>(293,335)</u>	<u>(80,936)</u>	<u>(681,828)</u>	<u>(521,175)</u>

Company**31 December 2020**

Non-derivative financial liabilities						
Bank loans	322,412	(322,412)	(633)	—	(321,779)	—
Loan from Euro Medium Term Note Issuer	181,176	(182,874)	(880)	—	(181,994)	—
Loan from direct subsidiary	16,714	(16,714)	(16,714)	—	—	—
Trade and other payables*	6,426	(6,426)	(6,426)	—	—	—
	<u>526,728</u>	<u>(528,426)</u>	<u>(24,653)</u>	<u>—</u>	<u>(503,773)</u>	<u>—</u>
Derivative financial instruments						
Forward exchange contracts (gross-settled):	2,368	—	—	—	—	—
- Outflow	—	(127,587)	(127,587)	—	—	—
- Inflow	—	125,353	125,353	—	—	—
	<u>2,368</u>	<u>(2,234)</u>	<u>(2,234)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>529,096</u>	<u>(530,660)</u>	<u>(26,887)</u>	<u>—</u>	<u>(503,773)</u>	<u>—</u>

31 December 2019

Non-derivative financial liabilities						
Bank loans	619,074	(619,074)	(1,817)	—	(617,257)	—
Trade and other payables*	68,289	(68,289)	(68,289)	—	—	—
	<u>687,363</u>	<u>(687,363)</u>	<u>(70,106)</u>	<u>—</u>	<u>(617,257)</u>	<u>—</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	191	(191)	—	—	—	—
	<u>687,554</u>	<u>(687,554)</u>	<u>(70,106)</u>	<u>—</u>	<u>(617,257)</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.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Market risk (cont'd)****Currency risk**

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Company. 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.

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	INR US\$'000	JPY US\$'000	AUD US\$'000	THB US\$'000	Others US\$'000
2020					
Trade and other receivables	77,697	34,520	4,775	9,226	14,590
Cash and cash equivalents	59,062	6,473	5,999	23,261	6,783
Derivative assets	—	—	182,382	—	—
Loan receivables	696	382,982	—	8,751	20
Derivative liabilities	—	(11,201)	—	—	—
Loans and borrowings	(422,864)	(334,575)	(145,347)	(103,062)	(3,847)
Trade and other payables	(10,651)	(26,118)	(3,098)	(1,230)	(9,595)
Net exposure	(296,060)	52,081	44,711	(63,054)	7,951
2019					
Trade and other receivables	70,851	17,733	5,957	9,646	22,035
Cash and cash equivalents	54,412	5,426	9,113	24,943	19,831
Derivative assets	—	—	—	—	—
Loan receivables	408	512,174	—	8,315	19
Derivative liabilities	—	—	—	—	—
Loans and borrowings	(365,833)	(619,884)	(120,033)	(116,328)	(5,560)
Trade and other payables	(6,208)	20,612)	(5,512)	(1,442)	(19,343)
Net exposure	(246,370)	(105,163)	(110,475)	(74,866)	16,982
Company					
2020					
Trade and other receivables	—	—	—	—	—
Cash and cash equivalents	—	456	4	—	3,141
Derivative assets	—	—	—	—	—
Loan receivables	—	215,322	—	—	—
Derivative liabilities	—	—	—	—	—
Loans and borrowings	—	(503,588)	(15,134)	—	—
Trade and other payables	—	—	—	—	—
Net exposure	—	(287,810)	(15,130)	—	3,141
2019					
Trade and other receivables	—	—	—	—	—
Cash and cash equivalents	—	471	—	—	—
Derivative assets	—	—	—	—	—
Loan receivables	—	509,646	—	—	—
Derivative liabilities	—	—	—	—	—
Loans and borrowings	—	(617,494)	—	—	—
Trade and other payables	—	—	—	—	—
Net exposure	—	(107,377)	—	—	—

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 2020				
INR (5% strengthening)	14,803	14,803	—	—
JPY (5% strengthening)	(2,604)	(2,604)	14,391	14,391
AUD (5% strengthening)	(2,236)	(2,236)	757	757
THB (5% strengthening)	3,153	3,153	—	—
Others (5% strengthening)	(398)	(398)	(157)	(157)
INR (5% weakening)	(14,803)	(14,803)	—	—
JPY (5% weakening)	2,604	2,604	(14,391)	(14,391)
AUD (5% weakening)	2,236	2,236	(757)	(757)
THB (5% weakening)	(3,153)	(3,153)	—	—
Others (5% weakening)	398	398	157	157
31 December 2019				
INR (5% strengthening)	12,319	12,319	—	—
JPY (5% strengthening)	5,258	5,258	5,369	5,369
AUD (5% strengthening)	5,524	5,524	—	—
THB (5% strengthening)	3,743	3,743	—	—
Others (5% strengthening)	(849)	(849)	—	—
INR (5% weakening)	(12,319)	(12,319)	—	—
JPY (5% weakening)	(5,258)	(5,258)	(5,369)	(5,369)
AUD (5% weakening)	(5,524)	(5,524)	—	—
THB (5% weakening)	(3,743)	(3,743)	—	—
Others (5% weakening)	849	849	—	—

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.

30 Financial instruments (cont'd)**Financial risk management (cont'd)****Market risk (cont'd)****Interest rate risk (cont'd)***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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	437,499	569,562	213,098	510,862
Financial liabilities	(898,379)	(547,127)	(503,773)	(617,257)
Cross currency swaps	325,000	—	—	—
Variable rate instruments				
Financial liabilities	(571,177)	(841,852)	—	—
Interest rate swaps	237,489	224,595	—	—

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 (2019: Nil) 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 2020				
Variable rate instruments	3,337	(3,337)	—	—
31 December 2019				
Variable rate instruments	6,173	(6,173)	—	—

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.

			Carrying amount		Fair value				
			Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Note		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group									
31 December 2020									
Loans receivables	11		–	443,075	–	443,075	–	446,392	–
Trade and other receivables*			–	151,665	–	151,665	–	–	–
Other investments	9		26,340	–	–	26,340	–	–	26,340
Electricity derivative	12		182,382	–	–	182,382	–	–	182,382
Forward exchange contract	12		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)	–
Interest rate swaps	12		(20,380)	–	–	(20,380)	–	(20,380)	–
Forward exchange contract	12		(3,718)	–	–	(3,718)	–	(3,718)	–
Cross currency swaps	12		(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)

	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
Group									
31 December 2019									
Loans receivables	11	–	579,078	–	579,078	–	581,579	–	581,579
Trade and other receivables*		–	131,563	–	131,563	–	–	–	–
Other investments	9	26,443	–	–	26,443	–	1,800	24,643	26,443
Electricity derivative	12	117,992	–	–	117,992	–	–	117,992	117,992
Forward exchange contract	12	3,888	–	–	3,888	–	3,888	–	3,888
Cash and cash equivalents	15	–	188,618	–	188,618	–	–	–	–
		148,323	899,259	–	1,047,582	–	–	–	–
Loans and borrowings	18	–	–	(1,387,436)	(1,387,436)	–	(1,399,590)	–	(1,399,590)
Interest rate swaps	12	(15,493)	–	–	(15,493)	–	(15,493)	–	(15,493)
Forward exchange contract	12	(191)	–	–	(191)	–	(191)	–	(191)
Trade and other payables*		–	–	(79,199)	(79,199)	–	–	–	–
		(15,684)	–	(1,466,635)	(1,482,319)	–	–	–	–

* 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 2020									
Loans receivables	11	-	215,322	-	215,322	-	215,322	-	215,322
Trade and other receivables	14	-	2,287	-	2,287	-	-	-	-
Forward exchange contract	12	1,350	-	-	1,350	-	1,350	-	1,350
Cash and cash equivalents	15	-	75,603	-	75,603	-	-	-	-
		1,350	293,212	-	294,562				
Loans and borrowings	18	-	-	(520,302)	(520,302)	-	(522,000)	-	(522,000)
Forward exchange contract	12	(3,718)	-	-	(3,718)	-	(3,718)	-	(3,718)
Trade and other payables	20	-	-	(6,426)	(6,426)	-	-	-	-
		(3,718)	-	(526,728)	(530,446)				
31 December 2019									
Loans receivables	11	-	509,646	-	509,646	-	511,847	-	511,847
Trade and other receivables	14	-	2,169	-	2,169	-	-	-	-
Cash and cash equivalents	15	-	23,318	-	23,318	-	-	-	-
		-	535,133	-	535,133				
Loans and borrowings	18	-	-	(619,074)	(619,074)	-	(619,074)	-	(619,074)
Forward exchange contract	12	(191)	-	-	(191)	-	(191)	-	(191)
Trade and other payables	20	-	-	(68,289)	(68,289)	-	-	-	-
		(191)	-	(687,363)	(687,554)				

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			
	2020		2019	
	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000
At 1 January	24,643	117,992	20,183	50,226
Purchases	3,477	–	2,055	–
Disposals	–	–	(2,761)	–
Total unrealised gains and losses recognised in profit or loss	(1,790)	48,101	5,166	68,937
Foreign currency translation recognised in OCI	10	16,289	–	(1,171)
At 31 December	26,340	182,382	24,643	117,992

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 2020		
Discount rate (1% movement)	6,210	(6,210)
31 December 2019		
Discount rate (1% movement)	5,299	(5,299)

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	Decrease
	US\$'000	US\$'000
31 December 2020		
Spot rate (0.1% movement)	109	(109)
Discount rate (0.1% movement)	2,020	(2,020)
31 December 2019		
Spot rate (0.1% movement)	(286)	286
Discount rate (0.1% movement)	(10,030)	10,030

32 Commitments*Construction agreements*

The commitments for construction of property, plant and equipment as at 31 December 2020 and 31 December 2019 are as follows:

	2020		2019	
	Contracted	Balance	Contracted	Balance
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Type of contracts</u>				
Supply Contract	91,523	91,523	77,395	77,395
Supply & Service Contract	17,770	17,770	–	–
Total	109,293	109,293	77,395	77,395

Acquisitions

On 16 January 2020, the Group entered into a share purchase agreement to acquire 100% of Zeini Solar (S) Pte Ltd. On 17 January 2020, JPY 72.5m was paid to the seller. The transaction is subject to certain conditions precedents ("CPs") including obtaining forest permit. The transaction was closed on 16 January 2020 as all applicable CPs having been satisfied for the closing payment and the land acquisition payment. The management is of view that it is probable that the regulatory approval be obtained, hence the Group is committed to the remaining regulatory payment of JPY 1,227m to the seller.

On 24 April 2020, the Group entered into a share purchase agreement to acquire 100% of Yokji Offshore Wind Co., Ltd ("Yokji"). In May 2020 and June 2020, KRW 800m was paid to the seller. The transaction was closed on 1 June 2020 as all applicable CPs having been satisfied for the sale and transfer of shares of Yokji. As part of the purchase consideration the Group has committed to the remaining contingent payments:

- KRW 2,200m if a grid connection agreement is legally and effectively executed between Yokji and Korea Electric Power Corporation;
- KRW 5,000m if Yokji has submitted a final and effective notice of the commencement of construction works to the competent Governmental Authority in relation to the Business

33 Contingent liability*(i) Stand-by letter of credit*

In the period from December 2019 to December 2020, the Company entered into several stand-by letter of credit ("SBLC") arrangements by drawing on an existing revolving credit facility. The SBLC totalled to USD 41 million and expire over the period from October 2020 to July 2022. The SBLC bears an interest of LIBOR + 1.25% per annum (2019: LIBOR + 1.25% per annum).

(ii) Guarantee on bond issuance

On 27 February 2020, a direct subsidiary, Vena Energy Capital Pte. Ltd., issued US\$325,000,000 3.133 per cent. Notes due 2025 under the US\$1,000,000,000 Global Medium Term Note Programme on the Singapore Stocks Exchange. The Notes will bear interest at the rate of 3.133 per cent. 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.

The Company together with Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) 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.

(iii) Parent Company Guarantees on Turbine Supply Agreement

In February 2020, Vena Energy Limited ("VEL"), a direct subsidiary of the Company, issued parent company guarantees for related companies to a supplier. VEL irrevocably and unconditionally guarantees to the supplier by way of independent obligation with the performance of all payment obligations and duties when due of the related companies up to EUR 8.102 million, USD 5.322 million and JPY 296.876 million.

34 Related parties

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

The Group has determined Vena Energy (Taiwan) Holdings Ltd and its subsidiaries, Zenith Japan Holdings Trust and its subsidiaries as related parties in accordance with IAS 24.

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 period:

	2020 US\$'000	2019 US\$'000
Sale and leaseback		
– Purchase of land from subsidiaries of Zenith Japan Holdings Trust	16,694	–
– Lease income from subsidiaries of Zenith Japan Holdings Trust	709	–
Interest income from loan to related parties	4,079	17,642

35 Non-controlling interest

Non-controlling interest denotes Prime Energy Capital Co., Ltd. ("PEC") in fully paid up equity shares of all subsidiaries domiciled in Thailand.

35 Non-controlling interest (cont'd)

The following table summarises the financial information relating to the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	2020	2019
	US\$'000	US\$'000
Non-current assets	394,639	397,594
Current assets	38,578	39,961
Non-current liabilities	(111,541)	(129,130)
Current liabilities	(24,537)	(19,614)
Net assets	297,139	288,811
Dividends paid by subsidiaries during the year	(27,073)	(23,411)
NCI percentage	30%	30%
Net assets attributable to NCI	81,020	79,620
Revenue	50,350	52,022
Profit	30,201	31,390
OCI	1,540	9,330
Total comprehensive income	31,741	40,720
Profit allocated to NCI	9,060	9,417
OCI allocated to NCI	462	2,799

Dividends

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

	2020	2019
	\$'000	\$'000
Paid by a subsidiary to non-controlling interest		
17 dollars per qualifying ordinary share (2019: 15 dollars)	8,122	7,023

36 Going concern

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally. The potential impact from COVID-19 on the operation and construction activities of the Company includes physical mobility of human resources and the availability of physical assets.

In response to the COVID-19 outbreak, management has activated its Business Continuity Plan ("BCP") which includes measures such as work-from-home arrangement, remote monitoring of operating assets, and reorganization of human resources to allow flexibility in supporting the Company's operating and construction activities across the region.

The management assessed that there would not be: (1) any significant impact to the operating activities of the Company, (2) any material delays in construction activities of the Company; and (3) any significant risk of accelerated debt and hence immediate liquidity risks.

The directors of the Company consider that it is appropriate for the Company to prepare its financial statements on a going concern basis.

The assessment performed by management is based on information available as at the date of this report. However, as the situation evolves, the potential impacts from COVID-19 remain uncertain. In the event that there are further developments due to COVID-19, the assessment performed by management needs to be revised to incorporate up to date information.

37 Subsequent events**(i) Investment in a subsidiary**

Subsequent to the year ended 31 December 2020, the Company subscribed 31,082,474 ordinary shares of US\$1.00 each amounting to US\$31,082,474 in Vena Energy Ltd, a wholly owned subsidiary of the Company.

(ii) Amendment to existing revolving credit facilities agreement

On 21 May 2021, Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd, and Zenith Japan Holdings Trust (collectively "Borrowers") amended and restated the terms of their existing JPY33.4bn (approximately US\$300m equivalent) corporate revolving credit facility (the "RCF") and included a sustainability-linked feature in the facility.

The credit limit of the RCF was expanded to JPY52.8bn (approximately US\$500m) and its tenor was extended to 36 months from the 2021 Amendment Effective Date of the amended and restated agreement. The margin of the RCF was also reduced from 1.25% to 0.95% with the potential to accomplish a further margin reduction if certain sustainability-related key performance indicators (KPIs) are jointly achieved, or a margin increase in case all the KPIs are jointly missed.

As of the 2021 Amendment Effective Date of the amended and restated agreement, JPY14.0bn (approximately US\$129.4m equivalent) will be drawn under the newly executed RCF and such proceeds will be used to fully prepay the outstanding corporate term loan of the same amount. Following the prepayment of the corporate term loan, the resulting principal amount of loans and borrowings held or guaranteed by the Company will total to US\$537.9m, including the outstanding revolving credit facility amount of JPY23.0bn (approximately US\$212.9m equivalent) and the US\$325m Euro Medium Term note issued by Vena Energy Capital Pte. Ltd.

38 Standards issued but not yet effective

A number of new standards 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 any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.



**Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries**
(incorporated in Cayman Islands)

Financial Statements
Year ended 31 December 2020

Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS54 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, 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 of 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 FS54, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and the consolidated financial performance, changes in equity and cash flows of the Group and the financial position of the Company, 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 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 financial statements for issue.

On behalf of the Board of Directors

DocuSigned by:

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Scott Hatton
Director

Date: 25 May 2021



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Independent auditors' report

Member of the Company
 Vena Energy (Taiwan) Holdings Ltd

Report on the financial statements

Opinion

We have audited the accompanying consolidated 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 2020, 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 consolidated financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS54.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance, changes in equity and cash flows, and the financial position of the Company, 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 Company 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 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 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 consolidated financial statements for the purpose of a potential bond issuance and reporting to external counterparties for existing bonds issued and for no other purpose. Our report will be made available by you to the bond holders 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.

Responsibilities of management for the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the consolidated 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 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.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

Date: 25 May 2021

Vena Energy (Taiwan) Holdings Ltd
and its subsidiaries
Financial statements
Year ended 31 December 2020

Statements of financial position
As at 31 December 2020

		Group		Company	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Assets					
Property, plant and equipment	4	133,862	115,341	–	–
Right-of-use assets	5	84,474	28,349	–	–
Intangible assets	6	53,262	50,344	–	–
Investment in subsidiaries	7	–	–	170,413	177,557
Equity-accounted investees	8	63,975	59,092	–	–
Deferred tax assets	9	262	467	–	–
Non-current assets		335,835	253,593	170,413	177,557
Loan receivable	10	140	1,932	–	–
Trade and other receivables	11	2,182	6,442	1,700	50,977
Prepayments and other assets	12	4,955	4,426	5	–
Cash and cash equivalents	13	24,227	22,517	798	1,569
Current assets		31,504	35,317	2,503	52,546
Total assets		367,339	288,910	172,916	230,103
Equity					
Equity contribution	14	125,497	126,623	125,497	126,623
Accumulated losses		(19,359)	(16,211)	(6,755)	(3,716)
Reserves	15	6,888	(54)	–	1,174
Equity attributable to owner of the Company		113,026	110,358	118,742	124,081
Non-controlling interests (“NCI”)	32	5,164	4,500	–	–
Total equity		118,190	114,858	118,742	124,081
Liabilities					
Asset retirement obligation	17	1,114	861	–	–
Derivative liabilities	19	392	–	–	–
Loans and borrowings	16	138,798	126,254	53,028	105,494
Lease liabilities	16	87,881	28,447	–	–
Non-current liabilities		228,185	155,562	53,028	105,494
Loans and borrowings	16	6,544	1,796	1,034	406
Lease liabilities	16	805	537	–	–
Trade and other payables	18	13,200	16,157	112	122
Current tax liabilities		415	–	–	–
Current liabilities		20,964	18,490	1,146	528
Total liabilities		249,149	174,052	54,174	106,022
Total equity and liabilities		367,339	288,910	172,916	230,103

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 2020

**Statement of comprehensive income
Year ended 31 December 2020**

	Note	Group 2020 US\$'000	2019 US\$'000	Company 2020 US\$'000	2019 US\$'000
Revenue	20	15,368	6,845	–	–
Other income		19	190	–	–
Operating costs	21	(3,143)	(1,584)	(128)	(91)
Shared services costs	22	(4,934)	(2,918)	–	–
Development costs	23	(746)	(2,229)	–	–
Depreciation expense	4, 5	(4,822)	(2,455)	–	–
Amortisation expense	6	(945)	(708)	–	–
Impairment loss on financial assets		–	17	–	–
Results from operating activities		797	(2,842)	(128)	(91)
Finance income	25	164	519	18	20
Finance cost	25	(3,498)	(4,216)	(1,030)	(3,406)
Change in fair value of financial instruments at FVTPL	27	(370)	–	–	–
Net foreign exchange (loss)/gain		(57)	2,785	(1,899)	1,071
Net finance costs		(3,761)	(912)	(2,911)	(2,315)
Share of profit/(loss) of equity-accounted investees, net of tax	8	1,265	(951)	–	–
Loss before tax	24	(1,699)	(4,705)	(3,039)	(2,406)
Tax expense	26	(946)	(928)	–	–
Loss for the year		(2,645)	(5,633)	(3,039)	(2,406)
Loss attributable to:					
Owner of the Company		(3,073)	(5,633)	(3,039)	(2,406)
Non-controlling interests	32	428	–*	–	–
		(2,645)	(5,633)	(3,039)	(2,406)
Loss for the year		(2,645)	(5,633)	(3,039)	(2,406)
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		4,948	1,032	–	–
Equity-accounted investees – share of OCI	8	3,618	1,586	–	–
Other comprehensive income for the year		8,566	2,618	–	–
Total comprehensive loss for the year		5,921	(3,015)	(3,039)	(2,406)
Total comprehensive loss attributable to:					
Owner of the Company		4,968	(3,015)	(3,039)	(2,406)
Non-controlling interests	32	953	–*	–	–
		5,921	(3,015)	(3,039)	(2,406)

* Less than US\$1,000

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

Statement of changes in equity
Year ended 31 December 2020

	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	Total equity 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 for the year		–	(3,073)	8,041	4,968	953	5,921
Transactions with owner, recognised directly in equity							
Contributions by and distribution to owners							
Issues of shares	14	1,174	–	–	1,174	–	1,174
Conversion of advance from immediate holdings company	15	–	–	(1,174)	(1,174)	–	(1,174)
Repurchase of shares	14	(2,300)	–	–	(2,300)	–	(2,300)
Reallocation of profits to legal reserve	15	–	(75)	75	–	–	–
Dividend declared	32	–	–	–	–	(289)	(289)
Total contributions by and distributions to owners		(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.

Statement of changes in equity (cont'd)
Year ended 31 December 2020

Group	Note	Attributable to owner of the Company					
		Share capital US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2019		126,623	(10,578)	(2,672)	113,373	3,600	116,973
Total comprehensive loss for the year							
Loss for the year		–	(5,633)	–	(5,633)	–*	(5,633)
Other comprehensive income							
Foreign currency translation differences		–	–	1,032	1,032	–*	1,032
Equity-accounted investees – share of OCI	8	–	–	1,586	1,586	–	1,586
Total comprehensive loss for the year		–	(5,633)	2,618	(3,015)	–*	(3,015)
Changes in ownership interest in subsidiary without a change in control							
Issue of shares		–	–	–	–	–	–
Conversion of advance from immediate holding company		–	–	–	–	–	–
Contribution by non-controlling interests		–	–	–	–	900	900
Total changes in ownership interest in subsidiary without a change in control		–	–	–	–	900	900
Total transactions with owner		–	–	–	–	900	900
		–	–	–	–	900	900
At 31 December 2019		126,623	(16,211)	(54)	110,358	4,500	114,858

* Less than US\$1,000

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 2020

Statement of changes in equity (cont'd)
Year ended 31 December 2020

Company	Note	Equity contribution US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000
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)
Transaction with owner, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	14	1,174	–	–	1,174
Conversion of advance from immediate holdings company	15	–	–	(1,174)	(1,174)
Repurchase of own shares	14	(2,300)	–	–	(2,300)
Total contributions by and distributions to owner/Total transactions with owners		(1,126)	–	(1,174)	(2,300)
At 31 December 2020		125,497	(6,755)	–	118,742
At 1 January 2019		126,623	(1,310)	1,174	126,487
Total comprehensive loss for the year					
Loss for the year		–	(2,406)	–	(2,406)
At 31 December 2019		126,623	(3,716)	1,174	124,081

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 2020

Statement of cash flows
Year ended 31 December 2020

Group	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Loss before tax		(1,699)	(4,705)
Adjustments for:			
Depreciation expense	4, 5	4,822	2,455
Amortisation expense	6	945	708
Reversal of impairment loss on financial assets	28	–	(17)
Finance cost	25	3,498	4,216
Finance income	25	(164)	(519)
Unrealised change in fair value of financial instruments	27	370	–
Unrealised foreign exchange loss/(gain)		4,481	(827)
Share of (profit)/loss of equity-accounted investees, net of tax	8	(1,265)	951
		<u>10,988</u>	<u>2,262</u>
Changes in:			
- Trade and other receivables		4,644	(5,217)
- Prepayment and other assets		(481)	1,258
- Trade and other payables		<u>(3,589)</u>	<u>2,829</u>
Cash from operating activities		<u>11,562</u>	<u>1,132</u>
Tax paid		<u>(297)</u>	<u>(2)</u>
Net cash from operating activities		<u>11,265</u>	<u>1,130</u>
Cash flows from investing activities			
Purchase of intangible assets	6	(323)	–
Capital injection in an associate	8	–	(45)
Purchase of property, plant and equipment	4	(11,955)	(75,332)
Interest received		306	307
Proceeds from repayment of loan receivable from an associate	10	<u>1,650</u>	<u>1,950</u>
Net cash used in investing activities		<u>(10,322)</u>	<u>(73,120)</u>
Cash flows from financing activities			
Proceeds from drawdown of project finance debts		66,474	4,069
Proceeds from drawdown of loans from a related party		14,157	55,790
Repayment of loans from a related party		(68,180)	(1,405)
Repayment of project finance debts		(3,333)	(619)
Repayment of lease liabilities		(1,043)	(995)
Repurchase of own shares	14	(2,300)	–
Payment of transaction costs related to loans and borrowings		(1,619)	–
Interest paid for:			
- Project finance debts		(1,690)	(586)
- Euro Medium Term Note Issuer		(208)	–
- Other finance costs		(543)	–
Deposits (pledged)/unpledged	13	3,813	(79)
Contribution from non-controlling interest		–	900
Dividend paid to non-controlling interest	32	<u>(289)</u>	<u>–</u>
Net cash from financing activities		<u>5,239</u>	<u>57,075</u>
Net increase/(decrease) in cash and cash equivalents		<u>6,182</u>	<u>(14,915)</u>
Cash and cash equivalents at 1 January		11,792	26,499
Effect of exchange rate fluctuations on cash held		<u>(659)</u>	<u>208</u>
Cash and cash equivalents at 31 December	13	<u>17,315</u>	<u>11,792</u>

Significant non-cash transaction

The repayment of the Company's intragroup loan due to Vena Energy Holdings Ltd ("VEHL") amounting to US\$29,226,413 (2019: US\$Nil) 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 2020

Company statement of cash flows
Year ended 31 December 2020

Company	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Loss before tax		(3,039)	(2,406)
Adjustment for:			
Finance cost	25	1,030	3,406
Finance income	25	(18)	(20)
Unrealised foreign exchange loss		1,899	(1,073)
		<u>(128)</u>	<u>(93)</u>
Changes in:			
- Prepayment and other assets		(5)	–
- Trade and other payables		(14)	83
Net cash used in operating activities		<u>(147)</u>	<u>(10)</u>
Cash flows from investing activities			
Subscription of additional shares in a subsidiary	7	(11,906)	(13)
Reduction of interest in subsidiary	7	70,249	–
Advances to subsidiary	11	(1,700)	(64,708)
Repayment of advances from subsidiaries	11	750	3,060
Interest received		18	20
Net cash generated from/(used in) investing activities		<u>57,411</u>	<u>(61,641)</u>
Cash flows from financing activities			
Repurchase of own shares	14	(2,300)	–
Proceeds from drawdown of loans from a related party		13,185	55,790
Repayment of loans from a related party		(68,180)	(1,405)
Payment of transaction costs related to loans and borrowings		(347)	–
Interest paid for:			
- Related parties		(208)	–
- Other finance costs		(185)	–
Net cash (used in)/from financing activities		<u>(58,035)</u>	<u>54,385</u>
Net decrease in cash and cash equivalents		<u>(771)</u>	<u>(7,266)</u>
Cash and cash equivalents at 1 January		1,569	8,835
Cash and cash equivalents at 31 December	13	<u>798</u>	<u>1,569</u>

Significant non-cash transaction

During the financial year, 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\$29,226,413 (2019: US\$Nil) was made on behalf of the Company by Vena Energy Capital Pte Ltd ("VECPL") via an intragroup loan from VECPL during the period.
- b) The Company's equity injection in its subsidiary, Vena Energy (Taiwan) Ltd amounting to 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 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 25 May 2021.

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 2020 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 2020 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.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

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 statements are presented in United States dollars ('US\$') which is the Company's presentation currency and have been 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.

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 used in estimating the recoverable amounts; and

Note 28 – measurement of expected credit loss (ECL) allowance for trade and receivables and loan receivable: key assumptions in determining the loss rate.

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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 29 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 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business* (Amendments to IFRS 3)
- *Definition of Material* (Amendments to IAS 1 and 8)
- *Interest Rate Benchmark Reform* (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)

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 2.5, 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 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.

3. Significant accounting policies(cont'd)

3.1 Basis of consolidation(cont'd)

(i) Business combinations(cont'd)

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.

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation(cont'd)

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

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 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 significant influence until the date that significant influence 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.

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.

(iv) 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.

(v) 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 retranslated 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 retranslated 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 retranslation 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 improvement	25 years
Electric generator equipment	25-28 years
Computers, fittings and fixture and office equipment	3-10 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.

3.4 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 Significant accounting policies (cont'd)

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.

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 are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

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).

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.

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 (cont'd)

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 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 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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

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.

3.7 Share capitals

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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and accrued income. 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.

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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) 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.

(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 to sell. 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.

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Year ended 31 December 2020*

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(ii) 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 Company 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

(i) 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 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.

(ii) 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 Significant accounting policies (cont'd)

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.

3.12 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 Significant accounting policies (cont'd)

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, 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.

3.17 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.

3 Significant accounting policies (cont'd)

3.17 Leases (cont'd)

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 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.

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. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Significant accounting policies (cont'd)

3.17 Lease (cont'd)

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.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.

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 2020 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 Company's financial statements.

- *Covid-19-Related Rent Concessions* (Amendment to IFRS 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37)
- *Annual Improvements to IFRS Standards 2018–2020*
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16)
- *Reference to the Conceptual Framework* (Amendments to IFRS 3)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)

4 Property, plant and equipment

Group	Note	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Computer, fitting and fixture and office equipment US\$'000	Assets under construction US\$'000	Vehicle US\$'000	Total US\$'000
Cost							
At 1 January 2019		39	12,873	43	23,749	–	36,704
Additions		11	3,604	101	74,261	–	77,977
Reclassification		–	90,253	–	(90,253)	–	–
Reclassifications from right-of-use asset		–	–	–	700	–	700
Effect of exchange rate changes	5	1	2,993	1	(337)	–	2,658
At 31 December 2019		51	109,723	145	8,120	–	118,039
Additions		–	239	27	11,604	85	11,955
Reclassifications 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
Accumulated depreciation							
At 1 January 2019		18	518	5	–	–	541
Depreciation charge for the year		10	2,080	16	–	–	2,106
Effect of exchange rate changes		1	49	1	–	–	51
At 31 December 2019		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
Carrying amounts							
At 1 January 2019		21	12,355	38	23,749	–	36,163
At 31 December 2019		22	107,076	123	8,120	–	115,341
At 31 December 2020		19	110,583	118	23,059	83	133,862

At 31 December 2020, electric generator equipment of the Group with carrying amounts of US\$110.6 million (2019: US\$26.4 million) are pledged as security to secure bank loans (Note 16).

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5 Right-of-use assets

	Note	Land US\$'000
Group		
Cost		
At 1 January 2019		—
Recognition of right-of-use assets on initial application of IFRS 16		28,908
Effect of exchange rate changes		513
At 31 December 2019		<u>29,421</u>
At 1 January 2020		29,421
Additions		53,604
Effect of exchange rate changes		5,656
At 31 December 2020		<u>88,681</u>
Accumulated depreciation		
At 1 January 2019		—
Depreciation		349
Reclassification to property, plant and equipment	4	700
Effect of exchange rate changes		23
At 31 December 2019		<u>1,072</u>
At 1 January 2020		1,072
Depreciation		644
Reclassification to property, plant and equipment	4	2,393
Effect of exchange rate changes		98
At 31 December 2020		<u>4,207</u>
Carrying amounts		
At 1 January 2019		—
At 31 December 2019		<u>28,349</u>
At 31 December 2020		<u>84,474</u>

6 Intangible assets

	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Group			
Cost			
At 1 January 2019	32,372	18,226	50,598
Effect of exchange rate changes	475	267	742
At 31 December 2019	<u>32,847</u>	<u>18,493</u>	<u>51,340</u>
Additions	—	323	323
Effect of exchange rate changes	2,328	1,327	3,655
At 31 December 2020	<u>35,175</u>	<u>20,143</u>	<u>55,318</u>

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6 Intangible assets (cont'd)

Group	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Accumulated amortisation			
At 1 January 2019	–	267	267
Amortisation expense	–	708	708
Effect of exchange rate changes	–	21	21
At 31 December 2019	–	996	996
Amortisation expense	–	945	945
Effect of exchange rate changes	–	115	115
At 31 December 2020	–	2,056	2,056
Carrying amounts			
At 1 January 2019	32,372	17,959	50,331
At 31 December 2019	32,847	17,497	50,344
At 31 December 2020	35,175	18,087	53,262

Amortisation of the intangible assets 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 CGUs (operating divisions) as follows:

	Group 2020 US\$'000	2019 US\$'000
Taiwan	35,175	32,847

Operations in Taiwan

The recoverable amount of the CGU 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 cash flow projections over 21 to 39 years and no terminal value is assumed. The post-tax discount rate of 3.90% to 5.40% (2019: 6.2% to 7.7%) 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.

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7 Investment in subsidiaries

	Company	
	2020	2019
	US\$'000	US\$'000
Equity investment, at cost	170,413	177,557

The table below provides a reconciliation of the movement in investment in subsidiaries:

	Company	
	2020	2019
	US\$'000	US\$'000
Balance as at 1 January	177,557	149,313
Capital injection during the year	12,878	13
Reduction interest in subsidiary	(70,249)	–
Amount due from subsidiary (Note 11)	50,227	28,231
Balance as at 31 December	170,413	177,557

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	
					2020	2019
					%	%
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

8 Equity-accounted investees

Interest in associates

	Group	
	2020	2019
	US\$'000	US\$'000
Interests in associates		
As at 31 December	63,975	59,092

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.

The Group has an effective economic interest of 99.97% in project Garcia through its holdings in RSEHI and the immaterial associate.

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	
	2020	2019
	US\$'000	US\$'000
<u>Statement of financial position</u>		
Property, plant and equipment	28,171	28,073
Equity-accounted investees	4,433	4,433
Other non-current receivables	227	184
Non-current prepayment and other assets	127	23
Right-of-use assets	3	31
Non-current assets	32,961	32,744
Trade and other receivables	2,960	1,806
Prepayment and other assets	144	29
Cash and cash equivalents	989	1,524
Current assets	4,093	3,359
Total assets	37,054	36,103
Loans and borrowings	14,955	18,008
Asset retirement obligation	187	134
Deferred tax liabilities	106	44
Non-current liabilities	15,248	18,186
Loans and borrowings	4,784	6,018
Trade and other payables	1,072	1,034
Current tax liabilities	10	9
Current liabilities	5,866	7,061
Total liabilities	21,114	25,247
Net assets	15,940	10,856

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8 Equity-accounted investees (cont'd)

Interest in associates (cont'd)

	Garcia RSEHI Group	
	2020	2019
	US\$'000	US\$'000
<u>Statement of comprehensive income</u>		
Sale of energy	7,198	5,501
Dividend income	289	–
Other income	155	56
	<u>7,642</u>	<u>5,557</u>
Operating costs	(1,237)	(1,655)
Shared services costs	(386)	(271)
Depreciation expenses	(1,554)	(1,469)
	<u>4,465</u>	<u>2,162</u>
Finance income	97	7
Finance costs	(1,158)	(1,186)
Net foreign exchange gain	1,284	1,069
Net finance costs	<u>223</u>	<u>(110)</u>
Profit before tax	4,688	2,052
Tax expense	(73)	(42)
Profit for the year	<u>4,615</u>	<u>2,010</u>
Other comprehensive income	467	–
Total comprehensive income	<u>5,082</u>	<u>2,010</u>

2020

**Group's interest in net assets of associates
at the beginning of the year**

	RSEHI Group US\$'000	Immaterial associate US\$'000	Total US\$'000
Share of profit of associates	4,322	–	4,322
Amortisation expenses of intangibles allocated to associates	(3,057)	–	(3,057)
Foreign currency translation difference on intangibles allocated to associates	2,677	–	2,677
Share of other comprehensive income	941	–	941
	<u>4,883</u>	<u>–</u>	<u>4,883</u>
Carrying amount of interest in associates at beginning of the year	59,092	–	59,092
Carrying amount of interest in associates at end of the year	<u>63,975</u>	<u>–</u>	<u>63,975</u>

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8 Equity-accounted investees (cont'd)

Interest in associates (cont'd)

	RSEHI Group US\$'000	Immaterial associate US\$'000	Total US\$'000
2019			
Group's interest in net assets of associates at the beginning of the year			
Share of profit of associates	1,990	(11)	1,979
Amortisation expenses of intangibles allocated to associates	(2,930)	–	(2,930)
Foreign currency translation difference on intangibles allocated to associates	1,586	–	1,586
	646	–	635
Group's acquisition of share capital during the year	45	–	45
Carrying amount of interest in associates at beginning of the year	58,401	11	58,412
Carrying amount of interest in associates at end of the year	59,092	–	59,092

9 Deferred tax

Deferred tax assets are attributable to the following:

	Assets		Liabilities	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Group				
Derivatives	78	–	–	–
Other items	25	19	(427)	(345)
Tax loss carry-forwards	586	793	–	–
Deferred tax assets/(liabilities)	689	812	(427)	(345)

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 against which the Group can utilise the benefits therefrom during such period.

Movement in deferred tax balances

	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
Group				
2020				
Derivatives	–	78	–*	78
Tax loss carry-forward	793	(264)	57	586
Other items	(326)	(53)	(23)	(402)
	467	(239)	34	262
2019				
Derivatives	–	–	–	–
Tax loss carry-forward	1,073	(296)	16	793
Other items	(4)	(322)	–	(326)
	1,069	(618)	16	467

* Less than US\$1,000

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10 Loan receivables

	Group	
	2020	2019
	US\$'000	US\$'000
Loan receivable from equity-accounted investee	–	1,650
Interest receivables from equity-accounted investee	140	282
	<u>140</u>	<u>1,932</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% (2019:7%) per annum. The loan is repaid during the financial year.

11 Trade and other receivables

	Note	Group		Company	
		2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables		–	43	–	–
Contract assets		1,001	5,017	–	–
Amounts due from:					
- Subsidiary	(a)	–	–	1,700	50,977
- Other third parties		317	212	–	–
VAT receivable		864	1,170	–	–
		<u>2,182</u>	<u>6,442</u>	<u>1,700</u>	<u>50,977</u>

(a) The amounts due from a subsidiary is non-trade, unsecured, non-interest bearing and repayable on demand. As at 31 December 2020, the nature of the amount due from subsidiaries are as follows:

	2020	2019
	US\$'000	US\$'000
Balance as at 1 January	50,977	17,560
Capitalised to investment in subsidiary (Note 7)	(50,227)	(28,231)
Advances to subsidiary	1,700	64,708
Repayment of advances from subsidiary	(750)	(3,060)
Balance as at 31 December	<u>1,700</u>	<u>50,977</u>

12 Prepayments and other assets

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Deposits and advances	3,781	3,515	–	–
Other assets	592	341	–	–
Prepaid expenses	582	570	5	–
	<u>4,955</u>	<u>4,426</u>	<u>5</u>	<u>–</u>

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13 Cash and cash equivalents

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Bank balances		22,215	12,117	798	1,569
Short term deposit		2,012	10,400	–	–
Cash and cash equivalents in the statements of financial position		24,227	22,517	798	1,569
Restricted bank balances and deposits	(a)	(6,912)	(10,725)	–	–
Cash and cash equivalents in the statements of cash flows		17,315	11,792	798	1,569

(a) As at 31 December 2020, the Group's cash and cash equivalents of US\$4.9 million (2019: US\$0.3 million) were held under Debt Service Reserve Accounts ("DSRA"), a reserve account for servicing of project finance debt and US\$2 million (2019: US\$10.4 million) fixed deposit pledged in relation to banker's guarantees.

14 Equity contribution

<u>Group and Company</u> Equity contribution		Group and Company	
		2020 US\$'000	2019 US\$'000
Share capital at US\$0.01 per share (US\$)		1,254	1,266
Share premium (US\$)		124,243	125,357
		<u>125,497</u>	<u>126,623</u>

	Note	Group and Company	
		2020 No. of shares (‘000)	2019 No. of shares (‘000)
Issued and fully paid			
At beginning of period		126,623	126,623
Issued during the year	(a)	1,174	–
Repurchase of shares	(b)	(2,300)	–
At 31 December		<u>125,497</u>	<u>126,623</u>

(a) During the period, an advance from immediate holding company of US\$1,174,221 to the Company had been converted into 1,174,221 shares ("Issued Shares") at a par value of US\$0.01 each and share premium of US\$1,162,479. The Issued Shares are fully paid.

(b) In March 2020, the Company entered into share repurchase agreement with its shareholder, GIP Zenith (Taiwan) Ltd to repurchase 2,300,000 shares ("Repurchased Shares") of US\$0.01 par value each and share premium of US\$2,277,000, aggregating to a consideration of US\$2,300,000. Following the repurchased, the Repurchased Shares have been cancelled.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

15 Reserves

The reserves of the Group comprise the following balances:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	–	1,174	–	1,174
Translation reserve	6,813	(1,228)	–	–
Legal reserve	75	–	–	–
	<u>6,888</u>	<u>(54)</u>	<u>–</u>	<u>1,174</u>

Capital reserve

The 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.

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.

16 Loans and borrowings and Lease Liabilities

	Note	Group		Company	
		2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current					
Project finance debts		85,770	20,760	–	–
Loan from a related party		22,339	105,494	22,339	105,494
Loan from Euro Medium Term Note Issuer	(a)	30,689	–	30,689	–
		<u>138,798</u>	<u>126,254</u>	<u>53,028</u>	<u>105,494</u>
Lease liabilities		<u>87,881</u>	<u>28,447</u>	<u>–</u>	<u>–</u>
Current					
Project finance debts		5,310	1,344	–	–
Interest payables on:					
(i) Project finance debts		200	46	–	–
(ii) Loan from a related party		884	406	884	406
(iii) Loan from Euro Medium Term Note Issuer		150	–	150	–
		<u>6,544</u>	<u>1,796</u>	<u>1,034</u>	<u>406</u>
Lease liabilities		<u>805</u>	<u>537</u>	<u>–</u>	<u>–</u>

(a) The Euro Medium Term Note Issuer refers to Vena Energy Capital Pte Ltd, a related party, which issued US\$325,000,000 3.133% per annum Notes due 2025 under the US\$1,000,000,000 Global Medium Term Note Programme.

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Project finance debts	87,029	20,925	–	–
Loan from a related party	22,339	105,494	22,339	105,494
Loan from Euro Medium Term Note Issuer	30,978	–	30,978	–
	<u>140,346</u>	<u>126,419</u>	<u>53,317</u>	<u>105,494</u>
Current				
Project finance debts	5,323	1,358	–	–
	<u>5,323</u>	<u>1,358</u>	<u>–</u>	<u>–</u>
	<u>145,669</u>	<u>127,777</u>	<u>53,317</u>	<u>105,494</u>

	Currency	Nominal interest rate %	Year of maturity	Principal amount US\$'000
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
2019				
Project finance debts	NTD	TAIBOR+1.5	2026 to 2027	22,283
Loan from a related party	JPY	1.35	Repayable on demand [#]	105,494

The project finance debts contain debt covenants which are tested on a regular basis. A future 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 in the financial year ended 31 December 2020 and 31 December 2019.

US\$92,352,000 (2019: US\$22,283,000) of project finance debts are taken up by the subsidiaries of the Company where these debt obligations have no recourse to the Company.

[#] The related party has agreed in writing not to recall the loan in the next 12 months

Lease liabilities

i. Amounts recognised in profit and loss

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Interest on lease liabilities	378	205	–	–

ii. Amounts recognised in statement of cash flows

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Total cash outflow for leases	1,043	995	–	–

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16. Loans and borrowings and Lease Liabilities (cont'd)

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

	Loan from a related party 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 borrowing	(97,406)	(3,333)	–	(100,739)
Payment for financial lease liabilities	–	–	(1,043)	(1,043)
Transaction costs related to loans and borrowings	(347)	(1,272)	–	(1,619)
Interest paid	(208)	(1,690)	–	(1,898)
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
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
Balance at 1 January 2019	49,179	18,512	–	67,691
Changes from financing cash flows				
Proceeds from loans and borrowings	55,790	4,069	–	59,859
Repayment of loans and borrowing	(1,405)	(619)	–	(2,024)
Payment for financial lease liabilities	–	–	(995)	(995)
Transaction costs related to loans and borrowings	–	(179)	–	(179)
Interest paid	–	(586)	–	(586)
Total changes from financing cash flows	103,564	21,197	(995)	123,766
Change in fair value	103,564	21,197	(995)	123,766
Recognition of right-of-use assets on initial application of IFRS 16	–	–	28,387	28,387
Interest expense	3,406	572	617	4,595
Foreign exchange difference	(1,070)	381	975	286
Total liability-related other changes	2,336	953	29,979	33,268
Balance at 31 December 2019	105,900	22,150	28,984	157,034

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17 Asset retirement obligation

	Group	
	2020	2019
	US\$'000	US\$'000
At 1 January	861	97
Provision made during the year	190	739
Effect of exchange rate changes	63	25
At 31 December	<u>1,114</u>	<u>861</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 3.5% (2019: 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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts due to:				
- Related parties	1,280	1,159	71	83
- Other third parties	679	1,768	—	—
Payable to EPC contractors	3,554	4,249	—	—
Shared services fees payables	6,419	6,805	—	—
Other tax payables	459	375	—	—
Accrued staff costs	14	5	—	—
Accrued operating expenses	795	1,796	41	39
	<u>13,200</u>	<u>16,157</u>	<u>112</u>	<u>122</u>

19 Derivative liabilities

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swaps	<u>392</u>	<u>—</u>	<u>—</u>	<u>—</u>

20 Revenue

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Sale of energy	<u>15,368</u>	<u>6,845</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.

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 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	
	2020	2019
	US\$'000	US\$'000
Taiwan Solar	15,368	6,845

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Operations and maintenance costs	1,226	421	—	—
Utilities and transmission costs	289	21	—	—
Directors fee	12	7	—	—
Professional fees	383	569	93	83
IT expenses	21	5	—	—
Insurance	693	163	—	—
Rental - land & site office	3	1	—	—
Occupancy cost	111	54	—	—
Marketing and promotion costs	—	28	—	—
Travel and entertainment expenses	88	24	—	—
Other general and administrative costs	317	291	35	8
	<u>3,143</u>	<u>1,584</u>	<u>128</u>	<u>91</u>

Staff costs of US\$0.35 million (2019: US\$0.2 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.

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23 Development costs

	Group	
	2020 US\$'000	2019 US\$'000
Staff costs	2	–
Professional fees	342	1,108
Travel and entertainment expenses	177	407
Occupancy costs	76	192
IT expenses	8	13
Marketing and promotion costs	–	67
Other general and administrative costs	141	442
	746	2,229

24 Loss before tax

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

	Group	
	2020 US\$'000	2019 US\$'000
Staff cost		
Salaries	222	168
Bonus – Current year	46	14
– Overprovision in prior year	–	(36)
Employee insurance	–	16
Other staff benefits	78	15
	346	177

25 Finance income and finance costs

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Finance income				
Interest income from:				
- Short term deposit	52	237	–	–
- Loan receivable from equity-accounted investee	94	249	–	–
- Bank balances	8	33	8	20
- Other finance income	10	–	10	–
Total finance income	164	519	18	20
Finance costs				
Interest expense on:				
- Loan from a related party	(432)	(3,406)	(432)	(3,406)
- Loan from Euro Medium Term Note Issuer	(413)	–	(413)	–
- Project finance debts	(1,732)	(572)	–	–
- Lease liabilities	(378)	(205)	–	–
- Other finance costs	(543)	(33)	(185)	–
Total finance costs	(3,498)	(4,216)	(1,030)	(3,406)

Included in other finance costs are deferred financing costs of US\$261,000 (2019: US\$Nil).

26 Tax expense

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax expense				
Withholding tax	297	310	—	—
Corporate income tax	410	—	—	—
Deferred tax credit				
Origination and reversal of temporary difference	(25)	322	—	—
Change of tax effect of previously unrecognised tax losses	264	296	—	—
Tax expense	946	928	—	—

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Reconciliation of effective tax rate				
Loss before tax	(1,699)	(4,705)	(3,039)	(2,406)
Tax using Taiwan tax rate of 20% (2019: 20%)	(340)	(941)	(608)	(481)
Expenses non-deductible for tax purposes	1,003	751	608	481
Withholding tax	297	310	—	—
Effects of results of equity-accounted investees presented net of tax	(253)	190	—	—
Recognition of tax effect of previously unrecognised tax losses	264	296	—	—
Origination and reversal of temporary difference	(25)	322	—	—
	946	928	—	—

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Gain on change in fair value:				
- Interest rate swaps	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 7% and 0.4% (2019: 18% and 5%) 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 2020 and 31 December 2019

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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other receivables	1,318	5,272	1,700	50,977
Loan receivable from an associate	140	1,932	—	—
	<u>1,458</u>	<u>7,204</u>	<u>1,700</u>	<u>50,977</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 impaired	Credit-impaired	Non-credit impaired	Credit-impaired
	US\$'000	US\$'000	US\$'000	US\$'000
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>
31 December 2019				
Trade and other receivables	5,272	—	50,977	—
Loan receivable from equity-accounted investee	1,932	—	—	—
Less: loss allowance	—	—	—	—
	<u>7,204</u>	<u>—</u>	<u>50,977</u>	<u>—</u>

* Less than US\$1,000

28 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (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 2020:

Credit risk grade	Loss rate %	Group		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2020				
Low	0.43	1,458	—*	No
2019				
Low	0.43	7,204	—	No
Credit risk grade	Loss rate %	Company		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2020				
Low	0.43	1,700	—	No
2019				
Low	0.43	50,977	—	No

* Less than US\$1,000

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 2019	17
Reversal of impairment loss	(17)
At 31 December 2019	—
At 1 January 2020	—
Reversal of impairment loss	—*
At 31 December 2020	—*

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US\$24.2 million and US\$0.8 million (2019: US\$22.5 million and US\$1.6 million) respectively at 31 December 2020 – 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-, 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 2020, impairment loss on 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:

	Carrying amount US\$'000	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 2020						
Non-derivative financial liabilities						
Project finance debts	91,280	(109,624)	(7,355)	(7,309)	(21,650)	(73,310)
Loan from a related party	23,223	(29,430)	(884)	(28,546)	–	–
Loan from Euro Medium Term Note Issuer	30,839	(31,880)	(150)	(6,346)	(25,384)	–
Lease liabilities	88,686	(113,175)	(1,490)	(4,634)	(16,916)	(90,135)
Trade and other payables*	12,741	(12,741)	(12,741)	–	–	–
	<u>246,769</u>	<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)	392	(996)	(142)	(134)	(352)	(368)
	<u>247,161</u>	<u>(297,846)</u>	<u>(22,762)</u>	<u>(46,969)</u>	<u>(64,302)</u>	<u>(163,813)</u>
31 December 2019						
Non-derivative financial liabilities						
Project finance debts	22,329	(26,159)	(1,859)	(1,857)	(5,561)	(16,882)
Loan from a related party	105,900	(106,305)	(406)	(105,899)	–	–
Lease liabilities	28,984	(38,791)	(1,054)	(1,446)	(4,459)	(31,832)
Trade and other payables*	15,782	(15,782)	(15,782)	–	–	–
	<u>172,995</u>	<u>(187,037)</u>	<u>(19,101)</u>	<u>(109,202)</u>	<u>(10,020)</u>	<u>(48,714)</u>
Derivative financial instruments						
Interest rate swaps (net settled)	–	–	–	–	–	–
	<u>172,995</u>	<u>(187,037)</u>	<u>(19,101)</u>	<u>(109,202)</u>	<u>(10,020)</u>	<u>(48,714)</u>

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28 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

<u>Company</u>	Carrying amount US\$'000	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						
Loan from a related party	23,223	(29,430)	(884)	(28,546)	—	—
Loan from Euro Medium Term Note Issuer	30,839	(31,880)	(150)	(6,346)	(25,384)	—
Trade and other payables*	112	(112)	(112)	—	—	—
	<u>54,174</u>	<u>(61,422)</u>	<u>(1,146)</u>	<u>(34,892)</u>	<u>(25,384)</u>	<u>—</u>
31 December 2019						
Non-derivative financial liabilities						
Loan from a related party	105,900	(106,306)	(406)	(105,900)	—	—
Trade and other payables*	122	(122)	(122)	—	—	—
	<u>106,022</u>	<u>(106,428)</u>	<u>(528)</u>	<u>(105,900)</u>	<u>—</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 functional currency of the Company. 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.

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:

	2020		2019	
	JPY US\$'000	NTD US\$'000	JPY US\$'000	NTD US\$'000
Group				
Trade and other receivables	—	1,937	—	5,152
Cash and cash equivalents	—	15,815	—	4,890
Derivative liabilities	—	(392)	—	—
Project finance debts	—	(91,280)	—	(22,331)
Loan from a related party	(23,223)	—	(105,900)	—
Loan from Euro Medium Term Note Issuer	(30,839)	—	—	—
Lease liabilities	—	(88,686)	—	—
Trade and other payables	—	(11,474)	—	(11,215)
Net exposure	<u>(54,062)</u>	<u>(174,080)</u>	<u>(105,900)</u>	<u>(23,504)</u>

28 Financial instruments (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

	2020		2019	
	JPY US\$'000	NTD US\$'000	JPY US\$'000	NTD US\$'000
Company				
Loan from a related party	(23,223)	–	(105,900)	–
Loan from Euro Medium Term Note Issuer	(30,839)	–	–	–
Net exposure	(54,062)	–	(105,900)	–

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 2020				
JPY (5% strengthening)	2,703	2,703	2,703	2,703
NTD (5% strengthening)	8,704	8,704	–	–
JPY (5% weakening)	(2,703)	(2,703)	(2,703)	(2,703)
NTD (5% strengthening)	(8,704)	(8,704)	–	–
31 December 2019				
JPY (5% strengthening)	5,295	5,295	5,295	5,295
NTD (5% strengthening)	1,175	1,175	–	–
JPY (5% weakening)	(5,295)	(5,295)	(5,295)	(5,295)
NTD (5% strengthening)	(1,175)	(1,175)	–	–

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.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the group are as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Fixed rate instruments				
Financial assets	2,012	12,050	–	–
Financial liabilities	(142,003)	(134,478)	(53,317)	(105,494)
	(139,991)	(122,428)	(53,317)	(105,494)

28 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

	Group Nominal amount		Company Nominal amount	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Variable rate instruments				
Financial assets	—	—	—	—
Financial liabilities	(92,352)	(22,283)	—	—
Interest rate swaps	32,855	—	—	—
	<u>(59,497)</u>	<u>(22,283)</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 increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
Group				
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>
31 December 2019				
Variable rate instruments	(223)	223	—	—
Interest rate swaps	—	—	—	—
Cash flow sensitivity (net)	<u>(223)</u>	<u>223</u>	<u>—</u>	<u>—</u>

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.

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29 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.

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 2020									
Loans receivable	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*									
Trade and other payables*	16	-	-	(145,342)	(145,342)	-	(146,903)	-	(146,903)
Derivatives liabilities	18	-	-	(12,741)	(12,741)				
	19	(392)	-	-	(392)	-	(392)	-	(392)
		(392)	-	(158,083)	(158,475)				
31 December 2019									
Loans receivable	10	-	1,932	-	1,932				
Trade and other receivables*	11	-	5,272	-	5,272				
Cash and cash equivalents	13	-	22,517	-	22,517				
		-	29,721	-	29,721				
Loans and borrowings*									
Trade and other payables*	16	-	-	(128,050)	(128,050)	-	(128,229)	-	(128,229)
Derivatives liabilities	18	-	-	(15,782)	(15,782)				
	19	-	-	-	-				
		-	-	(143,832)	(143,832)				

29 Fair value of financial instruments (cont'd)

Note	Mandatorily at FVTPL	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	Total US\$'000
Company								
31 December 2020								
11	–	1,700	–	1,700				
13	–	798	–	798				
	–	2,498	–	2,498				
16	–	–	(54,062)	(54,062)	–	(54,351)	–	(54,351)
18	–	–	(112)	(112)				
	–	–	(54,174)	(54,174)				
11	–	50,977	–	50,977				
13	–	1,569	–	1,569				
	–	52,546	–	52,546				
16	–	–	(105,900)	(105,900)	–	(105,900)	–	(105,900)
18	–	–	(122)	(122)				
	–	–	(106,022)	(106,022)				
31 December 2019								
Trade and other receivables*								
Cash and cash equivalents								
Loans and borrowings*								
Trade and other payables*								

* 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
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30 Commitments

Capital commitment

The commitments for acquisition of property, plant and equipment as at 31 December 2020 and 31 December 2019 are as follows:

	2020		2019	
	Contracted US\$'000	Balance US\$'000	Contracted US\$'000	Balance US\$'000
Type of contracts				
Construction of power plant	51,342	18,670	32,046	3,597
Service of land conversion	345	345	–	–
Total	51,687	19,015	32,046	3,597

31 Related parties

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

The Group has determined Vena Energy Holdings and its subsidiaries as a related party in accordance with IAS 24.

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:

	2020 US\$'000	2019 US\$'000
Related parties		
Interest expenses	432	3,406
Shared services costs	4,934	2,918
Associates		
Interest income	94	249
Capital injection	–	45
Euro Medium Term Note Issuer		
Interest expenses	413	–

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':

	2020 US\$'000	2019 US\$'000
Non-current assets	95,403	76,103
Current assets	13,196	6,040
Non-current liabilities	(82,955)	(31,613)
Current liabilities	(8,431)	(35,530)
Net assets	17,213	15,000
Dividend paid by subsidiary during the year	(963)	–

Vena Energy (Taiwan) Holdings Ltd
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32 Non-controlling interest (cont'd)

	2020 US\$'000	2019 US\$'000
NCI percentage	30%	30%
Net assets attributable to NCI	5,164	4,500
Revenue	10,628	—*
Profit	1,427	—*
OCI	1,750	—*
Total comprehensive income	3,177	—*
Attributable to NCI:		
- Profit	428	—*
- OCI	525	—*
- Total comprehensive income	953	—*
Cash flows (used in)/generated from operating activities	792	25
Cash flows used in investment activities	(1,955)	(1,741)
Cash flows generated from/(used in) financing activities	2,479	1,423
Net increase/(decrease) in cash and cash equivalents	1,316	(293)

* Less than US\$1,000

Dividends

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

	Group 2020 \$'000	2019 \$'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	—
	289	—

33 Acquisition of a subsidiary

In line with the Group's strategic growth objective, the Group entered into a share purchase agreement to acquire 100% interest of Hui Xu Solar Energy Ltd for an amount of NTD240,000,000 (US\$8,557,000). As at 31 December 2020, NTD 9,600,000 (US\$327,000) was paid up and the Group obtains control of the Company.

The transaction is subject to certain conditions precedents including obtaining the construction and establishment permit.

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

	US\$'000
Initial cash consideration	327
Intangible assets	325
Cash	2
Total identifiable net assets	327

34 Contingent liability

Guarantee on bond issuance

On 27 February 2020, a related party, Vena Energy Capital Pte. Ltd., issued US\$325,000,000 3.133 per cent. Notes due 2025 under the US\$1,000,000,000 Global Medium Term Note Programme on the Singapore Stocks Exchange. The Notes will bear interest at the rate of 3.133 per cent. 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.

The Company together with Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) 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.

35 Going concern

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally. The potential impact from COVID-19 on the operation and construction activities of the Company includes physical mobility of human resources and the availability of physical assets.

In response to the COVID-19 outbreak, management has activated its Business Continuity Plan ("BCP") which includes measures such as work-from-home arrangement, remote monitoring of operating assets, and reorganization of human resources to allow flexibility in supporting the Company's operating and construction activities across the region.

The management assessed that there would not be: (1) any significant impact to the operating activities of the Company, (2) any material delays in construction activities of the Company; and (3) any significant risk of accelerated debt and hence immediate liquidity risks.

The directors of the Company consider that it is appropriate for the Company to prepare its financial statements on a going concern basis.

The assessment performed by management is based on information available as at the date of this report. However, as the situation evolves, the potential impacts from COVID-19 remain uncertain. In the event that there are further developments due to COVID-19, the assessment performed by management needs to be revised to incorporate up to date information.

36 Subsequent events

(i) Investment in a subsidiary

- i) In Jan 2021, the Company subscribed 55,154,308 ordinary shares of US\$1.00 each amounting to US\$55,154,308 in Vena Energy (Taiwan) Ltd, a wholly owned subsidiary of the Company;
- ii) In Mar 2021, the Company subscribed 21,026,127 ordinary shares of US\$1.00 each amounting to US\$21,026,127 in Vena Energy (Taiwan) Ltd, a wholly owned subsidiary of the Company; and
- iii) In Apr 2021, the Company subscribed 296,655 ordinary shares of US\$1.00 each amounting to US\$296,655 in Vena Energy (Taiwan) Ltd, a wholly owned subsidiary of the Company.

36 Subsequent events (cont'd)

(ii) Amendment to existing revolving credit facilities agreement

On 21 May 2021, Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd, and Zenith Japan Holdings Trust (collectively "Borrowers") amended and restated the terms of their existing JPY33.4bn (approximately US\$300m equivalent) corporate revolving credit facility (the "RCF") and included a sustainability-linked feature in the facility.

The credit limit of the RCF was expanded to JPY52.8bn (approximately US\$500m) and its tenor was extended to 36 months from the 2021 Amendment Effective Date of the amended and restated agreement. The margin of the RCF was also reduced from 1.25% to 0.95% with the potential to accomplish a further margin reduction if certain sustainability-related key performance indicators (KPIs) are jointly achieved, or a margin increase in case all the KPIs are jointly missed.

37 Standards issued but not yet effective

A number of new standards 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 any of the forthcoming new or amended standards in preparing these financial statements.



Zenith Japan Holdings Trust and its subsidiaries

Financial Statements

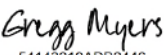
Year ended 31 December 2020

Statement by Directors of the Trustee

In the opinion of the directors of Zenith Japan Holdings Ltd (the 'Trustee'):

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS60 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2020, 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 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 as at 31 December 2020, and its consolidated financial performance and consolidated cash flows, as well as, the financial position of the Trust and its financial performance and cash flows for the year then ended 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:

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Gregg Myers
Director

Date: 25 May 2021



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Independent auditors' report

The Trustee
 Zenith Japan Holdings Trust

Report on the financial statements

Opinion

We have audited the accompanying 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 2020, 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 financial statements including significant accounting policies, as set out on pages FS1 to FS60.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group and Trust as at 31 December 2020, the Group's consolidated financial performance, changes in unitholder's fund and consolidated 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 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 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 financial statements for the purpose of a potential bond issuance and reporting to external counterparties for existing bonds issued and for no other purpose. Our report will be made available by you to the bond holders 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.



*Zenith Japan Holdings Trust
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Independent auditors' report
Year ended 31 December 2020*

Responsibilities of management for the 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 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 directors' responsibilities include overseeing the Trust's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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
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Year ended 31 December 2020*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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 be 'KPMG LLP', written over the printed name 'KPMG LLP'.

*Public Accountants and
Chartered Accountants*

Singapore

Date: 25 May 2021

**Statement of financial position
As at 31 December 2020**

		Group		Trust	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Assets					
Property, plant and equipment	4	1,001,708	675,634	—	—
Right-of-use assets	5	219,087	109,241	—	—
Intangible assets	6	1,329,071	1,174,314	—	—
Investment in subsidiary	7	—	—	1,668,500	1,429,182
Equity-accounted investees	8	46,147	28,151	—	—
Prepayment and other assets	9	3,816	6,929	—	—
Trade and other receivables	10	29,494	2,791	—	—
Non-current assets		2,629,323	1,997,060	1,668,500	1,429,182
Prepayment and other assets	9	5,446	3,984	—	—
Trade and other receivables	10	381,709	12,528	350,000	—
Cash and cash equivalents	12	107,402	423,326	6,808	318,160
Current assets		494,557	439,838	356,808	318,160
Total assets		3,123,880	2,436,898	2,025,308	1,747,342
Unitholders' fund					
Units in issue	13	1,712,182	1,416,051	1,712,182	1,416,051
Accumulated profit / (losses)		16,266	48,673	(14,060)	(404)
Advance from unitholder	14	—	13,131	—	13,131
Reserves	15	142,330	42,470	—	—
Equity attributable to unitholder of the Trust		1,870,778	1,520,325	1,698,122	1,428,778
Non-controlling interests	31	16,255	11,859	—	—
Total unitholders' fund		1,887,033	1,532,184	1,698,122	1,428,778
Liabilities					
Loans and borrowings	16	826,132	720,222	325,022	—
Lease liabilities	16	205,118	101,355	—	—
Derivative liabilities	11	13,130	6,720	—	—
Asset retirement obligation	17	26,489	16,779	—	—
Trade and other payables	18	759	—	—	—
Non-current liabilities		1,071,628	845,076	325,022	—
Loans and borrowings	16	69,044	2,277	1,996	—
Lease liabilities	16	6,529	3,170	—	—
Trade and other payables	18	88,703	53,717	168	318,564
Current tax liabilities		943	474	—	—
Current liabilities		165,219	59,638	2,164	318,564
Total liabilities		1,236,847	904,714	327,186	318,564
Total equity and liabilities		3,123,880	2,436,898	2,025,308	1,747,342

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

**Statement of profit or loss
Year ended 31 December 2020**

		Group		Trust	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Revenue	19	96,368	102,339	—	—
Other income	19	1,809	3,830	—	—
Operating costs	20	(16,939)	(21,680)	(306)	(337)
Asset management fees	21	(4,062)	(3,971)	—	—
Development costs	22	(1,116)	(1,124)	—	—
Depreciation expense	4,5	(26,882)	(27,416)	—	—
Amortisation expense	6	(25,798)	(24,428)	—	—
Results from operating activities		23,380	27,550	(306)	(337)
Finance income	23	1	1,088	—	—*
Finance costs	23	(10,537)	(25,523)	(3,693)	—
Net foreign exchange (loss)/gain		(14,911)	5,600	(9,657)	—
Change in fair value of financial derivatives		(5,847)	(6,272)	—	—
		(31,294)	(25,107)	(13,350)	—*
(Impairment loss)/written back on cash, trade and other receivables	25	(44)	132	—	—
Loss on disposal of property, plant & equipment		(190)	—	—	—
Acquisition related costs		(6,534)	—	—	—
Gain from transfer of TK interests		—	72,634	—	—
Share of net loss of equity-accounted investees, net of tax	8	(2,170)	(5)	—	—
Profit/(Loss) before tax		(16,852)	75,204	(13,656)	(337)
Tax expense	24	(15,485)	(47)	—	—
Profit/(Loss) for the year		(32,337)	75,157	(13,656)	(337)
Profit/(Loss) attributable to:					
Unitholder of the Trust		(32,407)	74,887	(13,656)	(337)
Non-controlling interests		70	270	—	—
		(32,337)	75,157	(13,656)	(337)

* Amount less than US\$1,000.

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

Statement of other comprehensive income
Year ended 31 December 2020

	Note	Group 2020 US\$'000	2019 US\$'000	Trust 2020 US\$'000	2019 US\$'000
Other comprehensive income/(loss)					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		98,699	8,265	–	–
Equity-accounted investees – share of OCI	8	2,010	–	–	–
Foreign currency translation differences on transfer of TK interests reclassified to profit or loss		–	(12,113)	–	–
Other comprehensive income/(loss) for the year		100,709	(3,848)	–	–
Total comprehensive income for the year		68,372	71,309	(13,656)	(337)
Total comprehensive income/(loss) attributable to:					
Unitholders of the Trust		67,453	70,942	(13,656)	(337)
Non-controlling interests		919	367	–	–
		68,372	71,309	(13,656)	(337)

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

Statement of changes in unitholder's fund
Year ended 31 December 2020

Note	Attributable to unitholder of the Trust					Non- controlling interest US\$'000	Total US\$'000
	Units in issue US\$'000	Unitholder's funds US\$'000	Accumulated (losses)/ profits US\$'000	Translation reserves US\$'000	Total US\$'000		
At 1 January 2020	1,416,051	13,131	48,673	42,470	1,520,325	11,859	1,532,184
Total comprehensive income for the year (Loss)/profit for the year	-	-	(32,407)	-	(32,407)	70	(32,337)
Other comprehensive income Foreign currency translation differences	-	-	-	99,860	99,860	849	100,709
Total comprehensive income for the year	-	-	(32,407)	99,860	67,453	919	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	-	-	-	350,000	-	350,000
Redemption of units	(67,000)	-	-	-	(67,000)	-	(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	2,832
Acquisition of subsidiaries with non-controlling interest	-	-	-	-	-	645	645
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3,477	3,477
Total transactions with unitholder	-	-	-	-	-	3,477	3,477
At 31 December 2020	1,712,182	-	16,266	142,330	1,870,778	16,255	1,887,033

Statement of changes in unitholder's fund (cont'd)
Year ended 31 December 2020

	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 2019		1,416,051	13,131	(8,838)	45,538	15,075
Adjustment on initial application of IFRS 16 (net of tax)		–	–	(17,376)	877	65
Adjusted balance at 1 January 2019		1,416,051	13,131	(26,214)	46,415	15,140
Total comprehensive income for the year		–	–	74,887	–	270
Profit for the year						75,157
Other comprehensive income						
Foreign currency translation differences		–	–	–	8,168	97
Foreign currency translation differences on disposal of subsidiaries reclassified to profit	15	–	–	–	(12,113)	–
Total comprehensive income for the year		–	–	74,887	(3,945)	367
Changes in ownership interests in subsidiaries						
Issue of ordinary shares without a change in control		–	–	–	–	1,918
Transfer of TK interests with non-controlling interest		–	–	–	–	(5,566)
Total changes in ownership interests in subsidiaries		–	–	–	–	(3,648)
Total transactions with unitholder		–	–	–	–	(3,648)
At 31 December 2019		1,416,051	13,131	48,673	42,470	11,859
					1,520,325	1,532,184

**Statement of changes in unitholders' fund
Year ended 31 December 2020**

Trust	Note	Units in issue US\$'000	Unitholder's funds US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2020		1,416,051	13,131	(404)	1,428,778
Total comprehensive loss for the year		<u>–</u>	<u>–</u>	<u>(13,656)</u>	<u>(13,656)</u>
Transactions with unitholder, recognised directly in equity					
Conversion of advance from unitholder	13,14	13,131	(13,131)	–	–
Issue of units	13	350,000	–	–	350,000
Redemption of units	13	(67,000)	–	–	(67,000)
Total transactions with unitholder		<u>296,131</u>	<u>(13,131)</u>	<u>–</u>	<u>283,000</u>
At 31 December 2020		<u>1,712,182</u>	<u>–</u>	<u>(14,060)</u>	<u>1,698,122</u>
At 1 January 2019		1,416,051	13,131	(67)	1,429,115
Total comprehensive loss for the year		<u>–</u>	<u>–</u>	<u>(337)</u>	<u>(337)</u>
At 31 December 2019		<u>1,416,051</u>	<u>13,131</u>	<u>(404)</u>	<u>1,428,778</u>

*Zenith Japan Holdings Trust
and its subsidiaries
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Statement of cash flows
Year ended 31 December 2020

Group	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
(Loss)/Profit before tax		(16,852)	75,204
Adjustments for:			
Depreciation expense	4,5	26,882	27,416
Amortisation expense	6	25,798	24,428
Loss on disposal of property, plant & equipment		190	–
Net changes in fair value of financial derivatives		5,847	6,272
Finance income	23	(1)	(1,088)
Finance costs	23	10,537	25,523
Gain on transfer of TK interests		–	(72,634)
Gain on disposal of land		–	(448)
Impairment loss/(written back) on trade and other receivables	25	44	(132)
Net foreign exchange gain		13,892	2,250
Share of net loss of equity-accounted investees, net of tax	8	2,170	5
		<u>68,507</u>	<u>86,796</u>
Changes in:			
- Trade and other receivables		(9,248)	(201,052)
- Prepayments and other assets		2,105	(3,391)
- Trade and other payables		14,079	13,100
- Provisions		–	2,130
Cash generated from/(used in) operating activities		<u>75,443</u>	<u>(102,417)</u>
Tax paid		(15,062)	(546)
Net cash generated from/(used in) operating activities		<u>60,381</u>	<u>(102,963)</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	28	(90,455)	–
Acquisition of loan from seller	28(a)	(42,867)	–
Acquisition of interest in equity-accounted investees	8	(18,156)	(28,156)
Proceeds from transfer of TK interests, net of cash disposed		–	408,708
Purchase of property, plant and equipment		(238,301)	(215,340)
Purchase of intangible assets		(20,416)	(39,761)
Proceeds from disposal of property, plant and equipment		17,991	6,953
Interest received		–	1,088
Net cash (used in)/from investing activities		<u>(392,204)</u>	<u>133,492</u>
Cash flows from financing activities			
Redemption of units	13	(67,000)	–
Subscriptions received from NCI		2,832	–
Proceeds from drawdown of loans and borrowings:			
- Project finance debt	16	201,048	209,051
- Loan from related parties	16	409,988	224,429
- Loan from Euro Medium Term Note Issuer	16	127,849	–
Repayment of loans and borrowings:			
- Project finance debt	16	(6,831)	(2,910)
- Loan from related parties	16	(632,446)	(129,424)
Payment of transaction costs related to loans and borrowings	16	(6,499)	(444)
Interest paid	16	(6,654)	(37,437)
Payment of lease liabilities	16	(7,258)	–
Deposits pledge		315,278	–
Net cash from financing activities		<u>330,307</u>	<u>263,265</u>
Net (decrease)/increase in cash and cash equivalents		(1,516)	293,794
Less: restricted cash		–	(326,057)
Cash and cash equivalents at 1 January	12	97,269	127,172
Effect of exchange rate fluctuations on cash held		633	2,360
Cash and cash equivalents at 31 December	12	<u>96,386</u>	<u>97,269</u>

*Zenith Japan Holdings Trust
and its subsidiaries
Financial statements
Year ended 31 December 2020*

Statement of cash flows (cont'd)
Year ended 31 December 2020

Trust	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Loss before tax		(13,656)	(337)
Finance income	23	—	—*
Finance costs	23	3,111	—
Net foreign exchange gain		13,295	—*
		<u>2,750</u>	<u>(337)</u>
Changes in:			
- Trade and other receivables		(368,562)	—
- Trade and other payables		(4,810)	320,516
Cash used in operating activities		<u>(370,622)</u>	<u>320,179</u>
Tax paid		—	—
Net cash (used in)/from operating activities		<u>(370,622)</u>	<u>320,179</u>
Cash flows from financing activities			
Redemption of Units	13	(67,000)	—
Proceeds from drawdown of loans and borrowings:			
- Loan from related parties	16	272,853	—
- Loan from Euro Medium Term Note issuer	16	127,849	—
Repayment of loans and borrowings:			
- Loan from related parties	16	(272,234)	—
- Loan from Euro Medium Term Note Issuer			
Transaction costs related to loans and borrowings	16	(1,517)	—
Interest paid	16	(1,900)	—
Interest received from bank		—	—*
Net cash from financing activities		<u>58,051</u>	<u>—*</u>
Net (decrease)/increase in cash and cash equivalents		(312,571)	320,179
Cash and cash equivalents at 1 January		318,160	—
Effect of exchange rate fluctuations on cash held		1,219	(2,019)
Cash and cash equivalents at 31 December		<u>6,808</u>	<u>318,160</u>

* Amount less than US\$1,000.

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). No such novation happened in 2019.
- 2) The Trust repaid related party, Vena Energy Holdings Ltd, on behalf of subsidiary. Non-trade amount due to subsidiary amounting to US\$ 320 million (2019: US\$ Nil) was thus extinguished.
- 3) The Trust increased its investment in the subsidiary by US\$ 239 million (2019: US\$ Nil) by extinguishing advances to subsidiaries.
- 4) Advance from unitholder amounting to US\$ 13 million (US\$ Nil) was converted into units in issue. This amount was reclassified from 'unitholder's funds' to 'units in issue' in equity.
- 5) As at year end, 350 million (2019: Nil) units remain unpaid. A corresponding receivable from unitholder amounting to US\$ 350 million (2019: US\$ Nil) 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 25 May 2021.

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 2020 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.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

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), Note 29 – 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 26 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 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business* (Amendments to IFRS 3)
- *Definition of Material* (Amendments to IAS 1 and 8)
- *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7)

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.

(iv) Interest in equity accounted investees

The Group's interests in equity accounted investees comprise interests in joint ventures.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iv) Interest in equity accounted investees (cont'd)

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.

3.2 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 retranslated 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.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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 retranslation 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.

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.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(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.

(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.

(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.

3 Significant accounting policies (cont'd)

3.4 Intangible assets and goodwill (cont'd)

(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- 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.

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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (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)

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 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.

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 financial 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 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 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.

3.6 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 meets the definition of a financial asset.

3 Significant accounting policies (cont'd)

3.7 Unitholder's Fund (cont'd)

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.

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)

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.

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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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 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 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 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 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 Significant accounting policies (cont'd)

3.13 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.

3.14 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 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.

3.16 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.

3.17 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.

3 Significant accounting policies (cont'd)

3.17 Tax (cont'd)

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. 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.

3 Significant accounting policies (cont'd)

3.18 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)

3.18 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.

3.19 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)

3.20 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 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.

- *Covid-19-Related Rent Concessions* (Amendment to IFRS 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37)
- *Annual Improvements to IFRS Standards 2018–2020*
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16)
- *Reference to the Conceptual Framework* (Amendments to IFRS 3)
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- IFRS 17 and amendments to IFRS 17
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)

4 Property, plant and equipment

Group	Note	Freehold land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost						
At 1 January 2019		48,631	17,757	638,287	164,364	869,039
Recognition of right-of-use asset on initial application of IFRS 16		–	(17,757)	–	–	(17,757)
Adjusted balance at 1 January 2019		48,631	–	638,287	164,364	851,282
Additions		8,449	2	2,306	204,584	215,341
Reclassifications		–	–	111,938	(111,938)	–
Reclassifications from right- of-use asset	5	–	–	–	1,423	1,423
Transfer of TK interests		(4,813)	(171)	(366,106)	(111)	(371,201)
Disposal		(6,290)	(78)	(137)	–	(6,505)
Effect of exchange rate changes		223	257	22,535	828	23,843
At 31 December 2019/ 1 January 2020		46,200	10	408,823	259,150	714,183
Acquisition through asset acquisition of subsidiaries	28	–	–	–	42,280	42,280
Acquisition through business combination	28	–	–	55,220	–	55,220
Additions		1,904	4	2,480	239,641	244,029
Reclassifications	(a)	–	–	133,317	(159,705)	(26,388)
Reclassifications from right- of-use asset	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		33,367	15	631,857	402,205	1,067,444

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 2019	–	1,323	25,709	–	27,032
Recognition of right-of-use asset on initial application of IFRS 16	–	(1,323)	–	–	(1,323)
Adjusted balance at 1 January 2019	–	–	25,709	–	25,709
Depreciation charge for the year	–	–	24,839	–	24,839
Transfer of TK interests	–	(19)	(32,701)	–	(32,720)
Effect of exchange rate changes	–	20	20,701	–	20,721
At 31 December 2019/ 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	65,735	–	65,736
Carrying amounts					
At 31 December 2019	46,200	9	370,275	259,150	675,634
At 31 December 2020	33,367	14	566,122	402,205	1,001,708

(a) These pertain to recoverable taxes that were subsequently reclassified to "Trade and other receivables" in the financial year.

At 31 December 2020, freehold land and electric generator equipment of the Group with carrying amounts of US\$495 million (2019: US\$398 million) are pledged as security to secure bank loans.

During the year ended 31 December 2020, 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\$25 million (31 December 2019: US\$14.4 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
Cost		
At 1 January 2019		–
Recognition of right-of-use assets on initial application of IFRS 16		129,606
Additions		27,058
Transfer of TK interests		(45,076)
Effect of exchange rate changes		654
At 31 December 2019/1 January 2020		112,242
Acquisition through asset acquisition of subsidiaries	28	4,554
Acquisition through business combination	28	14,349
Additions	30	86,707
Effect of exchange rate changes		10,689
At 31 December 2020		228,541

*Zenith Japan Holdings Trust
and its subsidiaries
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5 Right-of-use assets (cont'd)

Group	Note	Land US\$'000
Accumulated depreciation		
At 1 January 2019		–
Depreciation expense		2,577
Reclassification to property, plant and equipment	4	1,423
Transfer of TK interests		(1,099)
Effect of exchange rate changes		100
At 31 December 2019/1 January 2020		3,001
Depreciation expense		2,874
Reclassification to property, plant and equipment	4	3,199
Effect of exchange rate changes		380
At 31 December 2020		9,454
Carrying amounts		
At 31 December 2019		109,241
At 31 December 2020		219,087

6 Intangible assets

Group	Note	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Cost				
At 1 January 2019		354,983	1,149,542	1,504,525
Additions		–	39,761	39,761
Transfer of TK interests		(104,488)	(245,780)	(350,268)
Effect of exchange rate changes		2,061	5,858	7,919
At 31 December 2019		252,556	949,381	1,201,937
Acquisition through asset acquisition of subsidiaries	28	–	65,756	65,756
Acquisition through business combination	28	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
Accumulated amortisation				
At 1 January 2019		–	25,221	25,221
Amortisation expense for the year		–	24,428	24,428
Transfer of TK interests		–	(22,242)	(22,242)
Effect of exchange rate changes		–	216	216
At 31 December 2019		–	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
Carrying amounts				
At 31 December 2019		252,556	921,758	1,174,314
At 31 December 2020		276,897	1,052,174	1,329,071

Amortisation of the intangible assets will begin on the commercial operation date of the renewable assets as defined in the respective power purchase agreements.

6 Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill

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

	2020 US\$'000	2019 US\$'000
Group		
Japan	276,897	252,556

Operations in Japan

The recoverable amount of the CGU 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 – 39 years and no terminal value is assumed. The post-tax discount rates of 4.2% - 5.7% (2019: 5.0% - 7.0%) 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 2020, 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 subsidiary

	Trust 2020 US\$'000	2019 US\$'000
Equity investments, at cost	1,668,500	1,429,182

The table below provides a reconciliation of the movement in investment in the subsidiary:

	Trust 2020 US\$	2019 US\$
Balance as at 1 January	1,429,182	1,429,182
Additions during the period	239,318	–
Balance as 31 December	1,668,500	1,429,182

During the financial year, the Trust increased its investment in the subsidiary by US\$ 239,318,000 (2019: US\$Nil) by extinguishing advances to subsidiary.

Details of the subsidiary is as follows:

Name of subsidiary	Country of incorporation	Effective equity interest held by the Trust	
		2020 %	2019 %
Zenith Japan Trust	Guernsey	100	100

8 Equity-accounted investees

Interest in joint venture

	Group	
	2020 US\$'000	2019 US\$'000
Interests in joint venture		
As at 31 December	46,147	28,151

During the 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 Hatsudensho 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.

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

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:

	Nanao		KK Kyudenko	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<u>Statement of financial position</u>				
Property, plant and equipment	43,658	–	16,131	8,919
Intangible asset	1,538	–	40,920	38,645
Right of use	17,393	–	57,921	10,770
Non-current prepayment and other assets	1,917	–	97	3
Non-current assets	64,506	–	115,069	58,337
Prepayment and other assets	–	–	246	879
Trade and other receivables	221	–	33,177	35
Cash and cash equivalents	3,792	–	10,513	156
Current assets	4,013	–	43,936	1,070
Total assets	68,519	–	159,005	59,407
Loans and borrowings	40,813	–	109,958	10,770
Derivative liabilities	1,709	–	2,063	–
Non-current liabilities	42,522	–	112,021	10,770
Loans and borrowings	405	–	375	–
Trade and other payables	100	–	5,837	8,763
Current liabilities	505	–	6,212	8,763
Total liabilities	43,027	–	118,233	19,533
Net assets	25,492	–	40,772	39,874

8 Equity-accounted investees (cont'd)

	Nanao		KK Kyudenko	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Statement of comprehensive income</u>				
Other income	—*	—	—*	832
Development costs	(1,745)	—	(1,398)	(838)
Loss before tax	(1,745)	—	(1,398)	(6)
Tax expense	—*	—	(2)	(1)
Loss for the year	(1,745)	—	(1,400)	(7)
Foreign currency translation differences	617	—	2,296	—
Total comprehensive income	(1,128)	—	896	(7)

* Amount less than US\$1,000

	Nanao US\$'000	KK Kyudenko US\$'000	Total US\$'000
2020			
Carrying amount of interest in joint ventures at 1 January 2020	—	28,151	28,151
Group's acquisition of share capital during the year	18,156	—	18,156
Share of losses of joint ventures	(1,204)	(966)	(2,170)
Share of OCI of joint ventures	426	1,584	2,010
Carrying amount of interest in joint ventures at 31 December 2020	17,378	28,769	46,147
2019			
Carrying amount of interest in joint ventures at 1 January 2019	—	—	—
Group's acquisition of share capital during the year	—	28,156	28,156
Share of losses of joint ventures	—	(5)	(5)
Carrying amount of interest in joint ventures at 31 December 2019	—	28,151	28,151

9 Prepayments and other assets

	Group	
	2020	2019
	US\$'000	US\$'000
Non-current		
Prepaid asset management fees	1,858	5,590
Prepaid O&M mobilisation fees	1,958	1,339
	3,816	6,929
Current		
Prepaid Insurance	689	975
Advance payments for construction costs	3,399	1,735
Other assets	1,358	1,274
	5,446	3,984
	9,262	10,913

10 Trade and other receivables

		Group		Trust	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current					
VAT receivables	4	28,912	—	—	—
Deposits		582	2,791	—	—
		<u>29,494</u>	<u>2,791</u>	<u>—</u>	<u>—</u>
Current					
Non-trade amounts due from:					
- Unitholder	(a)	350,000	—	350,000	—
- Related parties	(b)	9,314	175	—	—
- Asset Managers		137	—	—	—
- O&M Provider		13	—	—	—
Contract assets		5,150	2,687	—	—
VAT receivables		11,302	6,775	—	—
Deposits to EPC		1,248	1,374	—	—
Other deposits		4,645	1,609	—	—
		<u>381,809</u>	<u>12,620</u>	<u>350,000</u>	<u>—</u>
Less: Impairment loss	25	(100)	(92)	—	—
		<u>381,709</u>	<u>12,528</u>	<u>350,000</u>	<u>—</u>
		<u>411,203</u>	<u>15,319</u>	<u>350,000</u>	<u>—</u>

(a) 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.

(b) Amount due from related parties (as defined in note 30) are unsecured, non-trade in nature, non-interest bearing and repayable on demand.

11 Derivative

		Group	
		2020 US\$'000	2019 US\$'000
Derivative liabilities			
Non-current			
Interest rate swaps		<u>13,130</u>	<u>6,720</u>

The Group manages interest rate risk on variable rate borrowings by entity into floating-to-fixed interest rate swaps.

12 Cash and cash equivalents

		Group		Trust	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Bank balances		107,438	423,326	6,808	318,160
Less: Impairment loss	25	(36)	—	—	—
Cash and cash equivalents in the statement of financial position		<u>107,402</u>	<u>423,326</u>	<u>6,808</u>	<u>318,160</u>
Restricted bank balances and deposits		(11,052)	(326,057)	—	—
Add: impairment loss		36	—	—	—
Cash and cash equivalents in the statement of cash flows		<u>96,386</u>	<u>97,269</u>	<u>6,808</u>	<u>318,160</u>

12 Cash and cash equivalents (cont'd)

As at 31 December 2020, US\$11 million (2019: US\$326 million) of the Group's cash and cash equivalents were restricted. Out of this, US\$11 million (2019: US\$ 3.8 million) were held under Debt Service Reserve Accounts ("DSRA"), a reserve account for servicing of project finance debt.

13 Units in issue

	Group and Trust	
	2020	2019
	No. of units	No. of units
	('000)	('000)
Issued		
At 1 January	1,416,051	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	<u>1,712,872</u>	<u>1,416,051</u>

Units

Each unit in the Trust represents an equal undivided interest in the Trust.

All units in issue in the Trust are subject to security interests created pursuant to a Guernsey law security interest agreement under the Security Interest (Guernsey) Law, 1993 in favour of Credit Agricole Corporate and Investment Bank as security agent and may not be dealt with without the prior written consent of the said Credit Agricole Corporate and Investment Bank.

As at 31 December 2020, 1,362,872,092 units (2019: 1,416,050,925 units) were issued and fully paid and the remaining 350,000,000 units (2019: Nil) remained unpaid as at 31 December 2020. The consideration for the 350,000,000 units were received in February 2021.

Issue and redemption of units

During the year, the Unitholder redeemed 66,310,372 (2019: Nil) units held in the Trust at a price of US\$1.0104 per unit for the aggregate consideration of US\$67,000,000.

During the year, 13,131,539 (2019: Nil) units were issued and fully paid.

During the year, 350,000,000 (2019: Nil) units were issued 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.

14 Advance from unitholder

	Group and Trust	
	2020	2019
	US\$'000	US\$'000
Advance from unitholder	–	<u>13,131</u>

The advance received from unitholder represents the excess amount over the par of units issued, or contributions from unitholder for which units have yet to be issued. On 13 May 2020, the advance in amount of \$13,131,539 has been converted into 13,131,539 units at \$1 per unit.

15 Reserves

The reserves of the Group comprise the following balances:

	2020 US\$'000	2019 US\$'000
Translation reserve	142,330	42,470

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

	Note	Group 2020 US\$'000	2019 US\$'000	Trust 2020 US\$'000	2019 US\$'000
Non-current					
Project finance debt	(a)	498,472	311,782	–	–
Bond issued by O&M Provider		339	320	–	–
Loan from:					
- Related parties	(b)	193,058	407,540	190,759	–
- Euro Medium Term Note Issuer	(c)	134,263	–	134,263	–
Interest payable on loan from related parties	(b)	–	580	–	–
		826,132	720,222	325,022	–
Lease liabilities		205,118	101,355	–	–
Current					
Project finance debt	(a)	66,997	2,165	–	–
Interest payable on:					
- Project finance debt	(a)	4	88	–	–
- Euro Medium Term Note Issuer	(c)	656	–	656	–
- Bond issued by O&M Provider		11	7	–	–
- Loan from related parties	(b)	1,376	17	1,340	–
		69,044	2,277	1,996	–
Lease liabilities		6,529	3,170	–	–
		1,106,823	827,024	327,018	–

(a) **Project finance debt**

Project finance debt are entered into with ING and Sumitomo Bank by respective Group entities and are repayable over the loan tenor of 13.50 to 17.75 years (2019: 14.50 to 18.75 years) on a quarterly basis. The interest rates on these borrowings ranges between 3-month TIBOR + 0.62% to 0.70% and LIBOR + 0.62% to 0.7% (2019: 3-month TIBOR + 0.62% to 0.70%).

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.

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

(b) Loan from related parties

The Group and the Trust has a loan from Vena Energy Holdings Ltd with an annual interest rate of 1.375% (2019: 1.35%) on the principal outstanding and is repayable on demand. Vena Energy Holdings Ltd has agreed in writing not to recall the loan and interest in the next 12 months.

The Group has another loan from Vena Energy Solar (Japan) Pte. Ltd. with an annual interest of 0.8% (2019: 0.8%) on the principal outstanding and will be paid within 15 years (2019: 16 years) in equal and consecutive instalments of 33.33% (2019: 33.33%) with a first payment 12 years (2019: 13 years) from the date signed and the same amount on the same day every year thereafter, or earlier upon demand. Vena Energy Solar (Japan) Pte. Ltd. does not have the intention to recall the loan in the next 12 months.

(c) Loan from Euro Medium Term Note Issuer

The Euro Medium Term Note Issuer refers to Vena Energy Capital Pte. Ltd., a related company, who 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 27 February 2020.

The proceeds from the bond issuance were allocated to the Trust through intercompany loans.

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 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 loan from Euro Medium Term Note Issuer is a 5-year loan maturing on 26 February 2025 denominated in Japanese Yen ('JPY') with the contractual interest rate at 1.372% payable on a semi-annual basis.

The below table shows the notional amount of the outstanding loans and borrowings excluding transaction costs.

	Group		Trust	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Gross debt				
Non-current				
Loan from:				
Project finance debt	505,600	315,596	—	—
Bond issued by O&M Provider	339	320	—	—
Loan from:				
- Related parties	193,058	407,540	190,759	—
- Euro Medium Term Note Issuer	135,528	—	135,528	—
	<u>834,525</u>	<u>723,456</u>	<u>326,287</u>	<u>—</u>
Current				
Project Finance Debt	67,870	2,859	—	—
	<u>67,870</u>	<u>2,859</u>	<u>—</u>	<u>—</u>
	<u>902,395</u>	<u>726,315</u>	<u>326,287</u>	<u>—</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 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	28	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		4,634	3	1,738	1,797	777	8,949
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

Group	Liabilities				
	Project finance debt US\$'000	Bond issued by O&M provider US\$'000	Loan from related parties US\$'000	Lease liabilities US\$'000	Total US\$'000
Balance at 1 January 2019	625,267	321	325,696	–	951,284
Adjustment on initial application of IFRS 16	–	–	–	116,077	116,077
Restated balance at 1 January 2019	625,267	321	325,696	116,077	1,067,361
Changes from financing cash flows					
Proceeds from borrowings	209,051	–	224,429	–	433,480
Repayment of borrowings	(2,910)	–	(127,486)	–	(130,396)
Repayment of borrowings via equity conversion	–	–	(1,938)	–	(1,938)
Transaction costs related to loans and borrowings	(444)	–	–	–	(444)
Interest paid	(9,555)	–	(27,882)	–	(37,437)
Total changes from financing cash flows	196,142	–	67,123	–	263,265
Changes arising from transfer of TK interests	(518,632)	–	(881)	(35,594)	(555,107)
The effect of changes in foreign exchange rates	3,202	3	1,831	2,531	7,567
Other changes					
Liability-related					
IFRS 16	–	–	–	20,877	20,877
Interest expense	8,056	3	14,368	634	23,061
Total liability-related other changes	8,056	3	14,368	21,511	43,938
Balance at 31 December 2019	314,035	327	408,137	104,525	827,024

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

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

<u>Trust</u>	<u>Liabilities</u>		<u>Total US\$'000</u>
	<u>Loan from related parties US\$'000</u>	<u>Loan from Euro Medium Term Note Issuer US\$'000</u>	
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

	<u>Group</u>	
	<u>2020 US\$'000</u>	<u>2019 US\$'000</u>
At 1 January	16,779	26,870
Acquisitions through business combinations	2,390	–
Provision made during the year	5,728	4,121
Unwinding of discount	137	471
Transfer of TK interests	–	(14,856)
Effect of exchange rate changes	1,455	173
At 31 December	<u>26,489</u>	<u>16,779</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 between 0.3% - 0.8% (2019: 0.3% - 0.8%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 19 to 35 years (2019: 20 to 25 years) after the commissioning of the power plants.

18 Trade and other payables

	Group		Trust	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current				
Deferred income	759	—	—	—
	<u>759</u>	<u>—</u>	<u>—</u>	<u>—</u>
Current				
Trade payables	13,795	10,145	—	—
Other tax payables	4,424	947	—	—
Advances received	56	813	—	—
Accrued expenses	30,719	25,928	108	73
Non-trade amounts due to:				
- Asset Managers	26,850	14,395	—	—
- O&M Provider	1,115	729	—	—
- Related parties	8,049	574	60	318,464
- Other third parties	3,695	186	—	27
	<u>88,703</u>	<u>53,717</u>	<u>168</u>	<u>318,564</u>
	<u>89,462</u>	<u>53,717</u>	<u>168</u>	<u>318,564</u>

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	
	2020 US\$'000	2019 US\$'000
<u>Revenue:</u>		
Sale of energy	96,368	102,339
	<u>96,368</u>	<u>102,339</u>
<u>Other income:</u>		
Insurance claims	1,752	3,803
Others	57	27
	<u>1,809</u>	<u>3,830</u>
	<u>98,177</u>	<u>106,169</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.

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

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19 Revenue and other income (cont'd)

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	
	2020	2019
	US\$'000	US\$'000
Japan Solar	96,368	102,339

Contract balances

Please refer to note 10 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	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Operations and maintenance costs	5,963	8,263	—	—
Asset related tax and levies	5,609	7,647	—	—
Site office maintenance costs	990	299	—	—
Professional fees	1,187	1,235	182	107
Asset related insurance	1,543	3,221	—	—
Utilities and transmission costs	452	539	—	—
Service fees	—	—	120	230
Other general and administrative costs	1,195	476	4	—
	<u>16,939</u>	<u>21,680</u>	<u>306</u>	<u>337</u>

21 Asset management fee

	Group	
	2020	2019
	US\$'000	US\$'000
Asset management fees	4,062	3,971

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.

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22 Development costs

	Group	
	2020 US\$'000	2019 US\$'000
Professional fees	518	627
Business related taxes	271	143
Insurance	9	93
Occupancy costs	45	11
Other general and administrative costs	273	250
	<u>1,116</u>	<u>1,124</u>

23 Finance income and finance costs

	Note	Group		Trust	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Finance income					
Interest income on:					
Locked box period of TK interest transfer		—	1,047	—	—
Others		1	41	—	—*
Total finance income		<u>1</u>	<u>1,088</u>	<u>—</u>	<u>—*</u>
Finance costs					
Interest expense on:					
Loan from related parties	16	1,738	14,368	1,314	—
Loan from Euro Medium Term Note Issuer	16	1,797	—	1,797	—
Bond with O&M Provider	16	3	3	—	—
Project finance debt	16	3,217	8,056	—	—
Lease liabilities	16	777	634	—	—
Interest rate swaps		1,451	—	—	—
Other finance costs		1,554	2,462	582	—
Total finance cost		<u>10,537</u>	<u>25,523</u>	<u>3,693</u>	<u>—</u>

* Amount less than US\$1,000.

24 Tax expense

	Group	
	2020 US\$'000	2019 US\$'000
Current tax expense		
Withholding tax	15,430	—
Current year	55	47
	<u>15,485</u>	<u>47</u>
Reconciliation of effective tax rate		
(Loss)/profit before tax	<u>(16,852)</u>	<u>75,204</u>
Tax using Japan tax rate of 28% (2019: 28%)	(4,719)	21,057
Effect of tax rates in foreign jurisdiction 0% (2019: 0%)	—	—
Expenses non-deductible for tax purposes	26,150	26,674
Tax-exempt income	(21,431)	(47,731)
Withholding tax expense	15,430	—
Others	55	47
	<u>15,485</u>	<u>47</u>

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.

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 comprehensive income

	2020 US\$'000	2019 US\$'000
Impairment loss on cash	36	–
Impairment loss on trade receivables	11	–
(Write back)/Impairment loss on other receivables	(3)	92
	44	92

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.

25 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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	
	2020	2019
	US\$'000	US\$'000
Japan	5,150	2,687

Impairment

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

	Group			
	2020		2019	
	Not credit- impaired US\$'000	Credit- impaired US\$'000	Not credit- impaired US\$'000	Credit- impaired US\$'000
Japan	5,150	–	2,687	–
Total gross carrying amount	5,150	–	2,687	–
Loss allowance	(11)	–	–	–
	5,139	–	2,687	–

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 2020:

Credit risk grade	Loss rate %	Group		Credit impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
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.

25 Financial instruments (cont'd)

Credit risk (cont'd)

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2019				
<u>Government or government-linked</u>				
Low	0.00*	2,687	—	No
		<u>2,687</u>	<u>—</u>	

* 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	2020 US\$'000	2019 US\$'000
At 1 January	—	5
Impairment loss allowance recognised	11	—
Impairment loss written back	—	(5)
At 31 December	<u>11</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	
	2020 US\$'000	2019 US\$'000
Guernsey	350,000	175
Japan	21,089	9,758
	<u>371,089</u>	<u>9,933</u>

25 Financial instruments (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

Impairment

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

	2020		2019	
Group	Not credit-impaired US\$'000	Credit-impaired US\$'000	Not credit-impaired US\$'000	Credit-impaired US\$'000
Guernsey	350,000	—	175	—
Japan	21,089	—	9,758	—
Total gross carrying amount	371,089	—	9,933	—
Loss allowance	(89)	—	(92)	—
	371,000	—	9,841	—

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 2020:

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit impaired
2020				
<u>Government or government-linked</u>				
Low	0.00*	8,064	—	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
		371,089	89	

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

25 Financial instruments (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

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

Credit risk grade	Loss rate %	Group Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit impaired
2019				
<u>Government or government-linked</u>				
Low	0.00*	5,790	—	No
<u>Utilities industry</u>				
Low	0.43	1,000	4	No
<u>Real estate industry</u>				
Low	0.69	151	1	No
<u>Forest & building industry</u>				
Low	2.48	1,375	34	No
<u>Media industry</u>				
Low	3.29	1,617	53	No
		<u>9,933</u>	<u>92</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	2020 US\$'000	2019 US\$'000
At 1 January	92	220
Impairment loss written back	(3)	(128)
At 31 December	<u>89</u>	<u>92</u>

Other receivables – Trust

As at 31 December 2020, the Trust had US\$350,000,000 other receivables due from unitholder. No provision for ECL was provided and the amount had been received by Trust subsequent to year-end. The maximum exposure to credit risk is the carrying amount.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated [A] (2019: A), based on Rating Agency S&P global ratings.

25 Financial instruments (cont'd)

Credit risk (cont'd)

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of US\$107.4 million and US\$6.8 million at 31 December 2020 (2019: US\$423.3 million and US\$318.2 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 A to A+ (2019: A to A+), based S&P global ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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.

As at 31 December 2020, the ECL with respect to cash and cash equivalents is US\$36,000[2019: 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 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:

	Carrying amount US\$'000	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 2020						
Non-derivative financial liabilities						
Project Finance Debt	565,473	(611,530)	(71,371)	(55,911)	(104,534)	(379,714)
Bond issued by O&M Provider	350	(350)	—	—	—	(350)
Lease liabilities	211,647	(245,506)	(8,653)	(8,626)	(25,702)	(202,525)
Loan from related parties	194,434	(194,693)	(1,377)	(190,778)	(55)	(2,483)
Loan from Euro Medium Term Note Issuer	134,919	(138,807)	(656)	(656)	(137,495)	—
Trade and other payables*	84,223	(84,223)	(84,223)	—	—	—
	1,191,046	(1,275,109)	(166,280)	(255,971)	(267,786)	(585,072)
Derivative financial instruments						
	13,130	(14,807)	(1,696)	(1,640)	(4,352)	(7,119)
	1,204,176	(1,289,916)	(167,976)	(257,611)	(272,138)	(592,191)

25 Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount US\$'000	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 2019						
Non-derivative financial liabilities						
Project Finance Debt	318,543	(342,121)	(5,291)	(47,474)	(57,411)	(231,945)
Bond issued by O&M Provider	327	(327)	—	—	—	(327)
Lease liabilities	104,524	(220,708)	(3,919)	(3,903)	(11,710)	(201,176)
Loan from related parties	408,137	(414,460)	(16)	(412,032)	(49)	(2,363)
Trade and other payables*	51,958	(51,958)	(51,958)	—	—	—
	883,489	(1,029,574)	(61,184)	(463,409)	(69,170)	(435,811)
Derivative financial instruments						
	6,720	(5,804)	(1,021)	(1,005)	(2,755)	(1,023)
	890,209	(1,035,378)	(62,205)	(464,414)	(71,925)	(436,834)

* 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 functional currency of the Trust.

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:

	2020 JPY US\$'000	2019 JPY US\$'000
Group		
Trade and other receivables	21,089	15,145
Cash and cash equivalents	100,496	98,217
Project finance debts	(565,473)	(314,036)
Loan from a related parties	(194,434)	(408,137)
Loan from Euro Medium Term Note Issuer	(134,919)	—
Bond with O&M Provider	(350)	(327)
Lease liabilities	(211,647)	(104,524)
Trade and other payables	(80,896)	(50,065)
Net exposure	(1,066,134)	(763,727)

25 Financial instruments (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	2020 JPY US\$'000	2019 JPY US\$'000
Trust		
Cash and cash equivalents	6,789	318,157
Loan from a related party	(190,759)	–
Loan from Euro Medium Term Note Issuer	(134,919)	–
Trade and other payables	–	(318,157)
Net exposure	<u>(318,889)</u>	<u>–</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.

	2020 Profit or loss US\$'000	2020 Equity US\$'000	2019 Profit or loss US\$'000	2019 Equity US\$'000
31 December 2020				
JPY (5% strengthening)	53,307	53,307	15,944	15,944
JPY (5% weakening)	<u>(53,307)</u>	<u>(53,307)</u>	<u>(15,944)</u>	<u>(15,944)</u>
31 December 2019				
JPY (5% strengthening)	38,186	38,186	–	–
JPY (5% weakening)	<u>(38,186)</u>	<u>(38,186)</u>	<u>–</u>	<u>–</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.

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 Nominal amount 2020 US\$'000	Group Nominal amount 2019 US\$'000	Trust Nominal amount 2020 US\$'000	Trust Nominal amount 2019 US\$'000
Fixed rate instruments				
Financial liabilities				
- Bond issued by O&M Provider	(350)	(327)	–	–
- Lease liabilities	(211,647)	(104,525)	–	–
- Loan from related parties	(194,434)	(408,137)	(192,099)	–
- Loan from Euro Medium Term Note Issuer	(134,919)	–	(134,919)	–
	<u>(541,350)</u>	<u>(512,989)</u>	<u>(327,018)</u>	<u>–</u>

25 Financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk (cont'd)

	Group Nominal amount		Trust Nominal amount	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Variable rate instruments				
Financial liabilities				
- Project finance debt	(565,473)	(318,543)	—	—
Effect of interest rate swaps	389,356	277,186	—	—
	<u>(176,117)</u>	<u>(41,357)</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.

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 Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2020				
Variable rate instruments	5,655	(5,655)	—	—
Interest rate swap	(3,894)	3,894	—	—
Cash flow sensitivity (net)	<u>1,761</u>	<u>(1,761)</u>	<u>—</u>	<u>—</u>
31 December 2019				
Variable rate instruments	3,185	(3,185)	—	—
Interest rate swap	(2,772)	2,772	—	—
Cash flow sensitivity (net)	<u>413</u>	<u>(413)</u>	<u>—</u>	<u>—</u>

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 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.

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 2020								
Trade and other receivable*	10	–	371,089	371,089				
Cash and cash equivalents	12	–	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	11	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				

26 Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

Group	Note	Carrying amount			Fair value			
		Mandatorily	Amortised	Total	Level 1	Level 2	Level 3	Total
		at FVTPL	cost					
31 December 2019								
Trade and other receivable*	10	–	5,857	5,857				
Cash and cash equivalents	12	–	423,326	423,326				
		–	429,183	429,183				
Loans and borrowings and lease liabilities	16	–	831,532	831,532		831,582		831,582
Derivative liabilities	11	6,720	–	6,720		6,720		6,720
Other financial liabilities (net of advances)*	18	–	51,958	51,958				
		6,720	883,490	890,210				
Trust								
31 December 2020								
Trade and other receivable*	10	–	350,000	350,000				
Cash and cash equivalents	12	–	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				
31 December 2019								
Cash and cash equivalents	12	–	318,160	318,160				
		–	318,160	318,160				
Other financial liabilities (net of advances)*	18	–	318,564	318,564				
		–	318,564	318,564				

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

* Excludes non-financial assets and liabilities

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.

26 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
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	<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:

	2020		2019	
	Contracted US\$'000	Balance US\$'000	Contracted US\$'000	Balance US\$'000
<u>Type of contracts</u>				
Property, plant and equipment	862,918	649,892	292,422	242,215
Total	862,918	649,892	292,422	242,215

28 Significant acquisitions of assets and business

Asset acquisitions

On 10 September 2020, the Group entered into a TK agreement to acquired 98% TK interest of SEJ III GK, a solar renewable energy development company, for a total consideration of JPY 2.0 billion (US\$18.5 million), of which JPY 1.6 billion (US\$15.5 million) was paid in cash and JPY 0.3 billion (US\$3 million) is accrued as other payables. The assets in SEJ III GK largely consists of property, plant and equipment related to a solar project without any substantive process.

On 26 November 2020, the Group entered into a Tokumei Kumiai ("TK") agreement to acquire 100% TK interest of Amateras Solar GK, a solar renewable energy development company, for a total consideration of JPY5.0 billion (US\$48 million) paid in cash. The assets in Amateras Solar GK largely consists of a ready-to-build solar project without any substantive process.

The acquisition of Amateras Solar GK and SEJ III GK has been assessed and accounted for as acquisitions of assets in the financial statements by the Group as they do 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 for the asset acquisitions:

	Note	Amateras Solar GK US\$'000	SEJ III GK US\$'000	Total US\$'000
Property, plant and equipment	4	38,275	4,005	42,280
Right-of-use assets	5	263	4,291	4,554
Intangible assets - Project-related agreements & licences	6	49,912	15,844	65,756
Prepayment and other assets		–	282	282
Trade and other receivables		1,586	308	1,894
Cash and cash equivalents		1,489	3	1,492
Loans and borrowings	(a)	(42,867)	–	(42,867)
Lease liabilities		(263)	(4,082)	(4,345)
Trade and other payables		–	(1,568)	(1,568)
Total identifiable net assets		48,395	19,083	67,478
Non-controlling interests measured at proportionate share of net assets		–	(374)	(374)
Total Consideration		48,395	18,709	67,104
- Paid in cash		48,395	15,720	64,115
- Accrued consideration		–	2,989	2,989
Cash Consideration paid		48,395	15,720	64,115
Less: Cash in acquired company		(1,489)	(3)	(1,492)
Total net cash outflow		46,906	15,717	62,623

(a) Loans and borrowings acquired in Amateras Solar GK comprise of a shareholder loan which is eliminated within the Group.

Business combination

On 5 August 2019, in line with the Group's strategic growth objective, the Group entered into a TK agreement to acquire 99% TK interest in KP Energy GK, a solar renewable energy development company for a total consideration of JPY3.9 billion (US\$36.3 million). On 16 January 2020, control was assumed upon fulfilment of all conditions precedents and was consolidated as a direct subsidiary of the Group.

For the year ended 31 December 2020, KP Energy GK contributed revenue of US\$10.7 million and profit of US\$1.5 million to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that the Group's revenue would have been US\$96.4 million, and consolidated profit for the year would have been US\$29.5 million.

28 Significant acquisitions of assets and business (cont'd)

Acquisition-related costs

The Group incurred acquisition-related costs of US\$6.6 million on professional fees, including legal fees and brokerage fees. These costs have been included in 'acquisition-related cost' in the statement of comprehensive income.

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
Initial cash consideration		35,784
Total cash consideration		35,784
	Note	US\$'000
Property, plant and equipment	4	55,220
Right-of-use assets	5	14,349
Intangible assets - Project-related agreements & licences	6	14,366
Prepayment and other assets		172
Trade and other receivables		6,163
Cash and cash equivalent		7,952
Loans and borrowings		(56,404)
Trade and other payables		(14,712)
Total identifiable net assets		27,106

Measurement of fair values

The valuation techniques used for measuring the fair value of material asset acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolesces.
Intangible assets	Discounted cash flow model.

Fair value measurement completed

As at 31 December 2020, the valuation was completed and the acquisition date fair value of the intangible assets was US\$14,366,000, resulting in the recognition of goodwill of US\$8,949,000.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

Group	US\$'000
Total consideration transferred	35,784
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	271
Fair value of identifiable net assets	(27,106)
Goodwill	8,949

The goodwill is attributable mainly to synergies expected to be achieved from integrating the company into the Group's existing solar renewable energy business. None of the goodwill recognised is expected to be deductible for tax purposes.

29 Group entities

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	
					2020 %	2019 %
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-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-36 Investment	Solar	Towada	Operating	Japan	99	99
GK NRE-39 Investment	Solar	Ono	Operating	Japan	99	99
KP Energy	Solar	Yaita 2	Operating	Japan	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).

30 Related parties

During the year, in addition to those disclosed elsewhere in the financial statements, the following were significant transactions with related parties.

The Group has determined Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Vena Energy Holdings Limited and its subsidiaries as related parties in accordance with IAS 24.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the financial period:

	2020 US\$'000	2019 US\$'000
Operations and maintenance costs	5,217	5,846

30 Related parties (cont'd)

Sale and leaseback

During the year ended 31 December 2020, 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\$16,821,000. As at 31 December 2020, right-of-use assets and lease liabilities relating to sale and leaseback transactions with related party amounted to US\$10,057,000 and US\$9,787,000 respectively.

31 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.

32 Contingent liability

Guarantee on bond issuance

On 27 February 2020, a related party, Vena Energy Capital Pte. Ltd., issued US\$325,000,000 3.133 per cent. Notes due 2025 under the US\$1,000,000,000 Global Medium Term Note Programme on the Singapore Stocks Exchange. The Notes will bear interest at the rate of 3.133 per cent. 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.

The Trust together with Vena Energy (Taiwan) Holdings Ltd and Vena Energy Holdings Ltd 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.

33 Going concern

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally. The potential impact from COVID-19 on the operation and construction activities of the Trust includes physical mobility of human resources and the availability of physical assets.

In response to the COVID-19 outbreak, management has activated its Business Continuity Plan ("BCP") which includes measures such as work-from-home arrangement, remote monitoring of operating assets, and reorganization of human resources to allow flexibility in supporting the Trust's operating and construction activities across the region.

The management assessed that there would not be: (1) any significant impact to the operating activities of the Trust; (2) any material delays in construction activities of the Trust; and (3) any significant risk of accelerated debt and hence immediate liquidity risks.

The unitholders of the Trust consider that it is appropriate for the Trust to prepare its financial statements on a going concern basis.

The assessment performed by management is based on information available as at the date of this report. However, as the situation evolves, the potential impacts from COVID-19 remain uncertain. In the event that there are further developments due to COVID-19, the assessment performed by management needs to be revised to incorporate up to date information.

34 Subsequent events

Amendment to existing revolving credit facilities agreement

On 21 May 2021, Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd, and Zenith Japan Holdings Trust (collectively "Borrowers") amended and restated the terms of their existing JPY33.4bn (approximately US\$300m equivalent) corporate revolving credit facility (the "RCF") and included a sustainability-linked feature in the facility.

The credit limit of the RCF was expanded to JPY52.8bn (approximately US\$500m) and its tenor was extended to 36 months from the 2021 Amendment Effective Date of the amended and restated agreement. The margin of the RCF was also reduced from 1.25% to 0.95% with the potential to accomplish a further margin reduction if certain sustainability-related key performance indicators (KPIs) are jointly achieved, or a margin increase in case all the KPIs are jointly missed.

35 Standards issued but not yet effective

A number of new standards 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 any of the forthcoming new or amended standards in preparing these financial statements.