



**VENA
ENERGY**

**SUSTAINABILITY &
FINANCIAL REPORT 2019**
APPENDIX



**THIS APPENDIX IS AN INTEGRAL PART OF VENA ENERGY'S
SUSTAINABILITY AND FINANCIAL REPORT 2019**



APPENDIX A: SUPPLEMENTARY FINANCIAL INFORMATION

The following section presents certain non-IFRS financial and other operating data for the financial year ended 31 December 2019 and 31 December 2018. These non-IFRS financial data have been derived from the Pro Forma Consolidated Financial Information and the Audited Financial Statements of Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trust, and management schedules, where applicable, are supplemental financial measures and are not presented in accordance with International Financial Reporting Standards ("IFRS") or generally accepted accounting principles in other countries, including the United States. Accordingly, these data should not be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of Vena Energy, as reported under IFRS.

The following non-IFRS financial data, namely Proportionate Revenue, Proportionate EBITDA, Proportionate EBITDA Margin, Corporate Net Debt, Funds from Operational Assets and Corporate Net Debt to Funds from Operational Assets, as well as other operating data, are presented below as Vena Energy believes they are useful supplements to its financial data presented under IFRS, as measures of Vena Energy's financial and operating performance as well as measures of its assets' ability to generate cash from operations. In particular, as assets located in the Philippines are defined as associates under IFRS, among other things, revenues from 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 financial data presented under IFRS 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 Pro Forma Consolidated Financial Information and the Audited Financial Statements.

²⁰ **"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 year ended 31 December 2019. The Audited Financial Statements for the year ended 31 December 2019 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.

Key Non-IFRS Financial Data

<i>(USD in millions except margin data)</i>	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Proportionate Revenue ^(a)	352.9	308.0
Proportionate EBITDA ^(b)	261.0	206.8
Proportionate EBITDA Margin ^(c)	74%	67%
Corporate Net Debt ^(d)	58.2	522.3
Funds from Operational Assets (" FFOA ")	162.7	155.5
Corporate Net Debt to FFOA ^(e)	1.65x	3.36x

Reconciliation of Pro Forma Financial Results to Proportionate Financial Results

Reconciliation of Gross Revenue to Proportionate Revenue

<i>(USD in millions)</i>	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Revenue	337.5	375.4
Other income	8.0	6.9
Total income	345.5	382.3
Less: Service concession income	(35.6)	(123.0)
Less: Total income attributable to non-controlling interest	(15.2)	(14.4)
Add: Total income of equity-accounted investees	58.2	63.1
Proportionate Revenue	352.9	308.0

^(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 related to Vena Energy Capital Ltd, Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trusts, which represents the aggregate third-party debt less the aggregate cash & cash equivalents of the four entities on an unconsolidated or standalone basis.

^(e) Corporate Net Debt to FFOA is a non-IFRS financial measure and represents an indicator of the ability of Vena Energy 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 Profit/(Loss) for the Year to Adjusted EBITDA and Proportionate EBITDA

(USD in millions)	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Profit/(Loss) for the Year	98.6	(28.6)
Less: Service concession income	(35.6)	(123.0)
Add: Cost of service concession income	35.6	123.0
Add: Development costs	3.6	3.3
Add: Depreciation and amortisation expense	117.3	98.0
Add: Net finance costs	52.1	94.3
Add: Impairment loss on financial assets and assets held for sale	12.3	0.7
Less: Gain on transfer of TK interests	(72.2)	
Add: Loss on disposal of property, plant and equipment	0.1	1.4
Add: Share of net results of equity-accounted investees, net of tax	6.8	0.3
Add: Tax expense	9.9	1.2
Adjusted EBITDA	228.5	170.6
Less: Adjusted EBITDA attributable to non-controlling interest	(13.6)	(12.8)
Add: Adjusted EBITDA of equity-accounted investees	46.2	49.0
Proportionate EBITDA	261.1	206.8

Funds from Operational Assets

The following tables present the Funds from Operational Assets of Vena Energy for the year ended 31 December 2019 and 31 December 2018.

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 and (d) 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 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	1.5	25.4	10.1	69.3	30.6	4.3	21.5	162.7

YEAR ENDED 31 DECEMBER 2018

Revenue	-	101.9	-	102.8	68.3	2.0	48.9	323.9
Less: Operating Expenses	-		-					
- Operation and maintenance costs	-	(8.0)	-	(6.3)	(4.4)	(0.1)	(1.8)	(20.6)
- Asset management & shared service fees	-	(2.5)	-	(3.9)	(2.2)	(0.7)	(0.8)	(10.1)
- Business related taxes	-	(0.1)	-	(6.4)	(4.0)		(0.1)	(10.6)
- Land rent and occupancy costs	-	(0.6)	-	(4.5)	(0.6)	(0.2)	(0.8)	(6.7)
- General and administrative expenses	-	(3.0)	-	(2.9)	(4.2)	(0.5)	(1.5)	(12.1)
Results from Operational Assets^(a)	-	87.7	-	78.8	52.9	0.5	43.9	263.8
Less: Share of economic interest attributable to other shareholder ^(b)	-	-	-	-	(0.8)	-	(13.2)	(14.0)
Proportionate results from Operational Assets	-	87.7	-	78.8	52.1	0.5	30.7	249.8
Add: Interest income received ^(c)	-	2.4	-	-	0.6	-	0.1	3.1
Less: Debt service ^(d) and tax payments	-	(54.1)	-	(12.0)	(19.4)	(0.2)	(11.7)	(97.4)
Funds from Operational Assets	-	36.0	-	66.8	33.3	0.3	19.1	155.5

^(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 associates of Vena Energy.

^(c) Interest income received represents Vena Energy's 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 Energy's 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 and repayment of scheduled amortisation of project finance debt. 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 shareholders.

APPENDIX B

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION & AUDITED FINANCIAL STATEMENTS



Important information:

The Pro Forma Consolidation Financial Information (as defined herein) included in this document has been prepared in order to present the (a) pro forma consolidated statements of financial position of Vena Energy as at 31 December 2019 and as at 31 December 2018, (b) pro forma consolidated statements of comprehensive income of Vena Energy for the year ended 31 December 2019 and for the year ended 31 December 2018, and (c) pro forma consolidated statements of cash flows of Vena Energy for the year ended 31 December 2018 and for the year ended 31 December 2018 (together with the notes comprising a summary of significant accounting policies and other explanatory information, the “Pro Forma Consolidated Financial Information”). The Pro Forma Consolidated Financial Information 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 Pro Forma Consolidated Financial Information 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 2019 and for the year ended 31 December 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and included in this document. Readers of the Pro Forma Consolidated Financial Information who are not familiar with IFRS are urged to consult with their own professional advisers.

The Pro Forma Consolidated Financial Information 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 Pro Forma Consolidated Financial Information 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 Pro Forma Financial Information 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 Pro Forma Consolidated Financial Information are based upon available information and assumptions that Vena Energy’s management believes to be reasonable.

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

Pro Forma Consolidated Financial Information
Year ended 31 December 2019

Pro Forma consolidated statement of financial position
As at 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
Assets			
Property, plant and equipment	4	1,551,954	1,652,874
Right-of-use assets	5	164,785	–
Intangible assets	6	2,330,545	2,619,198
Equity-accounted investees	7	454,257	526,464
Other investments	8	5,062	5,363
Deferred tax assets	9	21,886	13,734
Loans receivables	10	64,252	78,780
Derivative assets	11	117,992	53,844
Prepayment and other assets	12	17,541	21,271
Non-current assets		4,728,274	4,971,528
Loans receivables	10	4,607	23,554
Trade and other receivables	13	134,990	113,063
Prepayment and other assets	12	8,720	17,735
Derivative assets	11	3,888	1,199
Cash and cash equivalents	14	634,461	486,744
Asset held for sale	30	7,638	–
Current assets		794,304	642,295
Total assets		5,522,578	5,613,823
Equity			
Share capital and units in issue		3,232,919	3,232,919
Retained earnings/(Accumulated losses)		34,930	(37,025)
Reserves	15	86,261	70,211
Equity attributable to owners of the Holding Companies		3,354,110	3,266,105
Non-controlling interests		82,528	78,027
Total equity		3,436,638	3,344,132
Liabilities			
Loans and borrowings	16	1,656,839	1,989,840
Employee benefits		110	188
Derivative liabilities	11	19,902	15,457
Asset retirement obligation	17	20,082	29,307
Deferred tax liabilities	9	33,841	20,812
Non-current liabilities		1,730,774	2,055,604
Loans and borrowings	16	221,391	134,016
Derivative liabilities		2,501	–
Trade and other payables	18	130,348	78,264
Current tax liabilities		926	1,807
Current liabilities		355,166	214,087
Total liabilities		2,085,940	2,269,691
Total equity and liabilities		5,522,578	5,613,823

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

Pro forma consolidated statement of comprehensive income
Year ended 31 December 2019

	Note	Year ended 31 Dec 2019 US\$'000	Year ended 31 Dec 2018 US\$'000
Sale of energy		296,232	250,967
Service concession income		35,621	123,042
Fee income		5,574	1,405
Total revenue	19	<u>337,427</u>	<u>375,414</u>
Other income	20	8,028	6,866
Cost of service concession income		(35,621)	(123,042)
Operating costs	21	(43,110)	(37,948)
Shared services costs	22	(38,222)	(50,656)
Development costs	23	(3,585)	(3,330)
Depreciation expense	4	(65,512)	(55,090)
Amortisation expense	6	(51,737)	(42,849)
		<u>(237,787)</u>	<u>(312,915)</u>
Finance income	24	12,691	8,332
Finance costs	24	(112,234)	(107,911)
Change in fair value of financial instruments	26	48,693	34,035
Foreign exchange loss		(1,250)	(28,794)
Net finance costs		<u>(52,100)</u>	<u>(94,338)</u>
Impairment loss on financial assets	25	(8,130)	(738)
Impairment loss on asset held for sale	29	(4,234)	–
Gain on transfer of TK interests	31	72,228	–
Loss on disposal of property, plant and equipment		(59)	(1,347)
Share of net profit of equity-accounted investees, net of tax	7	(6,826)	(345)
Profit/(loss) before tax	27	<u>108,547</u>	<u>(27,403)</u>
Tax expense	28	(9,929)	(1,154)
Profit/(loss) for the year		<u>98,618</u>	<u>(28,557)</u>
Profit/(loss) attributable to:			
Owners of the Holding Companies		89,095	(37,025)
Non-controlling interests		9,523	8,468
		<u>98,618</u>	<u>(28,557)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(16)	113
Equity-accounted investees – share of OCI		–	(4)
Related tax		–	(11)
		<u>(16)</u>	<u>98</u>
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		7,292	8,072
Equity-accounted investees – share of OCI	7	10,295	(17,632)
Other comprehensive income for the year		<u>17,571</u>	<u>(9,462)</u>
Total comprehensive income for the year		<u>116,189</u>	<u>(38,019)</u>
Total comprehensive income attributable to:			
Owners of the Holding Companies		104,219	(46,794)
Non-controlling interests		11,970	8,775
		<u>116,189</u>	<u>(38,019)</u>

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

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Pro forma consolidated statement of changes in equity
Year ended 31 December 2019

	Note	Attributable to owners of the Holding Companies					
		Share capital and units in issue US\$'000	Capital reserves US\$'000	Accumulated losses US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total equity US\$'000
At 1 January 2018		–	–	–	–	–	–
Total comprehensive income for the year		–	–	(37,025)	–	–	(37,025)
Other comprehensive income							
Foreign currency translation differences		–	–	–	7,765	–	7,765
Equity-accounted investees – share of OCI		–	–	–	(17,632)	(4)	(17,636)
Defined benefit plan remeasurements		–	–	–	–	113	113
Tax on other comprehensive income		–	–	–	–	(11)	(11)
Total comprehensive income for the year		–	–	(37,025)	(9,867)	98	(46,794)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares and units		3,232,919	–	–	–	–	3,232,919
Additional equity received from parent	15	–	79,980	–	–	–	79,980
Contribution by non-controlling interests		–	–	–	–	–	–
Dividends declared		–	–	–	–	–	–
Acquisition of subsidiaries with non-controlling interest		–	–	–	–	–	–
Total transactions with owners		3,232,919	79,980	–	–	–	3,312,899
At 31 December 2018		3,232,919	79,980	(37,025)	(9,867)	98	3,266,105
							78,027
							3,344,132

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

Pro forma consolidated statement of cash flows
Year ended 31 December 2019

	Note	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		108,547	(27,403)
Adjustments for:			
Depreciation expense	4,5	65,512	55,090
Amortisation expense	6	51,737	42,849
Gain on transfer of TK interests		(72,228)	–
Loss on disposal of property, plant and equipment		59	–
Finance income	24	(12,691)	(8,332)
Finance costs	24	112,234	107,911
Impairment loss on financial assets	25	8,130	738
Impairment loss on asset held for sale		4,234	–
Property, plant and equipment write off		–	1,347
Net changes in fair value of financial derivatives	26	(48,693)	(34,035)
Unrealised foreign exchange loss		8,783	37,431
Share of net profit of equity-accounted investees, net of tax	7	6,826	345
		232,450	175,941
Changes in:			
- Trade and other receivables		(256,010)	10,206
- Prepayments and other assets		(7,608)	(11,711)
- Trade and other payables		72,958	(82,624)
- Provisions and employee benefits		(78)	224
Cash generated from operating activities		41,712	92,036
Tax paid		(4,227)	(6,967)
Net cash from operating activities		37,485	85,069
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		–	(3,353,079)
Acquisition of interest in equity-accounted investees		(31,862)	(45,019)
Repayment of loan from equity-accounted investees		18,768	6,875
Distributions from equity-accounted investees		99,891	8,535
Purchase of property, plant and equipment		(324,940)	(278,715)
Purchase of intangible assets		(39,761)	–
Proceeds from disposal of land		6,577	–
Disbursement of loan to equity account investees		–	(3,600)
Development expenditure under service concession arrangement		(34,861)	(127,947)
Proceeds from transfer of TK interests		408,708	–
Deposits pledged		(304,528)	(57,935)
Disposal of financial instruments		(4,351)	–
Interest received		22,476	7,122
Net cash used in investing activities		(183,883)	(3,843,763)

Pro forma consolidated statement of cash flows (cont'd)
Year ended 31 December 2019

	Note	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares		—	3,232,919
Proceeds from additional equity received		—	29,980
Contribution from non-controlling interest		—	3,600
Dividends paid to non-controlling interests		(7,023)	(6,671)
Proceeds from drawdown of loans and borrowings		392,987	1,440,726
Repayment of loans and borrowings		(286,629)	(389,228)
Payment of lease liabilities		(4,746)	(30)
Transaction costs related to loans and borrowings		(5,769)	(35,798)
Interest paid to loans and borrowings		(101,715)	(76,892)
Interest paid to on acquisition		—	(17,472)
Net cash (used in)/ from financing activities		<u>(12,895)</u>	<u>4,181,134</u>
Net (decrease)/increase in cash and cash equivalents		(159,293)	422,440
Cash and cash equivalents at 1 January		424,596	—
Effect of exchange rate fluctuations on cash held		(2,213)	2,156
Cash and cash equivalents at 31 December	14	<u>263,090</u>	<u>424,596</u>

Significant non-cash transaction

In the previous financial year, the Pro Forma Group increased its investment in subsidiaries by way of novating a promissory note of US\$50 million to the seller.

Notes to the Pro forma consolidated financial information

1 Domicile and activities

Reporting entity	Incorporation/ Establishment date	Place of incorporation/ establishment	Registered address
Vena Energy Holdings Ltd (f.k.a GIP Zenith Cayco II, 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 (f.k.a. GIP Zenith Cayco IV, Ltd)	13 October 2017	Cayman Islands	
Zenith Japan Holdings Trust (f.k.a. GIP III Zenith Trust II)	18 October 2017	Island of Guernsey	N/A

Vena Energy Holdings Ltd (f.k.a GIP Zenith Cayco II, Ltd), Vena Energy (Taiwan) Holdings Ltd (f.k.a. GIP Zenith Cayco IV, Ltd) and Zenith Japan Holdings Trust (f.k.a. GIP III Zenith Trust II) are each known as a “Holding Company” and collectively known as the “Holding Companies”.

Zenith Japan Holdings Ltd (f.k.a. GIP III Zenith 2, Limited), 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 (f.k.a. GIP III Zenith Trust II).

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 (f.k.a GIP Zenith Cayco II, 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 (f.k.a. GIP III Zenith Trust II) acquired economic interests in renewable energy assets in Japan and Vena Energy (Taiwan) Holdings Ltd (f.k.a. GIP Zenith Cayco IV, Ltd) acquired economic interests in renewable energy assets in the Philippines and Taiwan.

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

2 Basis of preparation

2.1 Basis of compilation

The purpose of the unaudited Pro forma consolidated financial information (“Pro forma consolidated financial information”) is to show the financial position, financial performance, changes in equity and cash flows of the Holding Companies as a single performance unit (the “Pro Forma Group”) as at and for the year ended 31 December 2019.

2 Basis of preparation (cont'd)

2.1 Basis of compilation (cont'd)

The Pro forma consolidated financial information have been prepared in accordance with the significant accounting policies set out in Note 3 and certain assumptions to show what the consolidated financial position, consolidated financial results, consolidated changes in equity and consolidated cash flows of the Holding Companies as at and for the year ended 31 December 2019 would have been if they were reported in a single performance unit since the date of acquisition on 19 January 2018. The Pro forma consolidated financial information has been compiled based on the 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 financial year ended 31 December 2019 (the "Relevant Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain disclosures from the Relevant Financial Statements are not included in the Pro Forma consolidated financial statements.

In compiling the Pro forma consolidated financial information from the Relevant Financial Statements, like items of assets, liabilities, equity, income, expenses and cash flows of each Holding Company and its subsidiaries were aggregated.

In addition, the following key adjustments were made in the compilation of the Pro forma consolidated financial information from the Relevant Financial Statements:

- Reinstatement of 1% Tokumei Kumiai ("TK") interest in certain subsidiaries of Zenith Japan Holdings Trust held by certain subsidiaries of Vena Energy Holdings Ltd as investment in subsidiary and elimination of holdings of Vena Energy Holdings Ltd accounted for as investments measured at FVTPL;
- Elimination of balances and transactions between the subsidiaries of the Holding Companies, and any unrealised income and expenses arising from intra-group transactions between the subsidiaries of the Holding Companies; and
- Elimination of unrealised gains arising from transactions between subsidiaries of the Holding Companies and equity-accounted investees of the Holding Companies against the investment in the equity-accounted investee, to the extent of the Pro Forma Group's interest in the investee.

2.2 Basis of measurement

The consolidated financial information 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 consolidated 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 Pro forma consolidated financial information is presented in United States dollars ('US\$') which is the Pro Forma Group's presentation currency and have been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (cont'd)

2.4 Changes in accounting policies

New standards and amendments

The Pro Forma Consolidated Financial information applies the accounting policy of the Pro Forma Group. The Pro Forma Group has adopted new accounting policies in relation to leases that has a material effect on the financial information for the first time for the annual period beginning on 1 January 2019.

Leases

The Pro Forma Group applied the Pro Forma Group's accounting policy on Leases using the modified retrospective approach, under which the cumulative effect of initial application of the policy is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under the previous accounting policy. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in accounting policy have not generally been applied to comparative information.

Definition of a lease

Previously, the Pro Forma Group determined at contract inception whether an arrangement was or contained a lease under the Pro Forma Group's accounting policy on *Determining whether an Arrangement contains a Lease*. The Pro Forma Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in the Pro Forma Group's accounting policy.

On transition to Pro Forma Group's new accounting policy, the Pro Forma Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Pro Forma Group applied the policy only to contracts that were previously identified as leases. Contracts that were not identified as leases prior to 1 January 2019 were not reassessed for whether there is a lease under the Pro Forma Group's accounting policy on Leases. Therefore, the definition of a lease was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Pro Forma Group leases many assets including property, production equipment and IT equipment. The Pro Forma Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Pro Forma Group. The Pro Forma Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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

Leases classified as operating leases prior to 1 January 2019

Previously, the Pro Forma Group classified property leases as operating leases. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if the Pro Forma Group's accounting policy on leases had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Pro Forma Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Pro Forma Group applied this approach to all other leases.

The Pro Forma Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

2 Basis of preparation (cont'd)

2.4 Changes in accounting policies (cont'd)

As a lessee (cont'd)

Leases classified as operating leases prior to 1 January 2019 (cont'd)

The Pro Forma Group used a number of practical expedients when applying the accounting policy to leases previously classified as operating leases. In particular, the Pro Forma Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases prior to 1 January 2019

The Pro Forma Group leases a number of items of production equipment. These leases were classified as finance leases before 1 January 2019. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability immediately before that date.

As a lessor

The Pro Forma Group leases out its investment property, including own property and right-of-use assets. The Pro Forma Group has classified these leases as operating leases.

The Pro Forma Group is not required to make any adjustments on transition for leases in which it acts as a lessor, except for a sub-lease.

The Pro Forma Group sub-leases some of its properties. The head lease and sub-lease contracts were classified as operating leases. On transition, the right-of-use assets recognised from the head leases are presented in investment property and measured at fair value at that date. The Pro Forma Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are operating leases.

The Pro Forma Group has applied the group's accounting policy on *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

The Pro Forma Group has also entered into a sub-lease during 2019, which has been classified as a finance lease.

Impact on financial information

*Impact on transition**

On transition, the Pro Forma Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 \$'000
Right-of-use assets – property, plant and equipment	186,887
Right-of-use assets – finance lease on land previously accounted for	(677)
Prepaid lease payments	(20,571)
Lease liabilities	165,639
Retained earnings	(17,326)
Effect of exchange rate changes	892
	<u>(16,434)</u>

2 Basis of preparation (cont'd)

2.4 Changes in accounting policies (cont'd)

Impact on financial information (cont'd)

Impact on transition (cont'd)*

Buildings and leasehold improvements amounting to US\$16 million were deemed as initial direct costs attributable to operating leases capitalised in prior years. Upon adoption of the Pro Forma Group's accounting policy on Leases, these costs were transferred to retained earnings.

For the details of the Pro Forma Group's accounting policies on Leases, see note 3.16.

When measuring lease liabilities for leases that were classified as operating leases, the Pro Forma Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The range of incremental borrowing rates applies is from 1.0% to 10.8%.

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under in the Pro Forma Group's financial information	180,367
Discounted using the incremental borrowing rate at 1 January 2019	<u>(14,728)</u>
Lease liabilities recognised at 1 January 2019	<u>165,639</u>

3 Significant accounting policies

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

3.1 Basis of consolidation

(i) *Business combinations*

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

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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 at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition.

Changes in the Pro Forma 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 Pro Forma Group. The Pro Forma 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 consolidated financial information 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 Pro Forma 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.

The Pro Forma 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

Associates are those entities in which the Pro Forma 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 Pro Forma Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial information include the Pro Forma 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 Pro Forma Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Pro Forma 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 Pro Forma Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(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 consolidated financial information. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Pro Forma 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.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Pro Forma 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.

(ii) 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 Pro Forma 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 Pro Forma Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

(i) *Recognition and measurement*

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

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

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Pro Forma 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 Pro Forma 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 Pro Forma 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	20-30 years
Vehicle	5 years
Computers, fittings and fixture and office equipment	3-5 years

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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 Pro Forma 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) 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.

(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 10-20 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

Non-derivative financial assets and financial liabilities

(i) Recognition and initial measurement

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 Pro Forma 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 Pro Forma 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 Pro Forma 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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Financial assets at FVTPL (cont'd)

In addition, on initial recognition, the Pro Forma 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 Pro Forma Group changes its business model for managing financial assets.

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

(iii) Derecognition

Financial assets

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

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(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 Pro Forma 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.

- 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.

3.6 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 Pro Forma Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Pro Forma 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.

3.8 Impairment

(i) Non-derivative financial assets

The Pro Forma Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in Pro Forma Group policy).

Loss allowances of the Pro Forma 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 Pro Forma 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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

General approach

The Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma Group on terms that the Pro Forma Group would not consider otherwise; and
- a breach of contract such as a default.

The Pro Forma Group considers the counterparty to be in default if the counterparty is unlikely to pay its contractual obligations to the Pro Forma Group in full, without recourse by the Pro Forma 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 Pro Forma 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 Pro Forma 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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Credit-impaired financial assets (cont'd)

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 Pro Forma Group on terms that the Pro Forma 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 Pro Forma 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 Pro Forma Group's procedures for recovery of amounts due.

The carrying amounts of the Pro Forma 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 Pro Forma 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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Write-off (cont'd)

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.

(ii) *Non-financial assets*

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 Pro Forma 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 Pro Forma 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 Pro Forma 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.

3 Significant accounting policies (cont'd)

3.10 Revenue (cont'd)

Sale of electricity (cont'd)

The transaction price is determined based on the applicable tariff rates. Transaction price is the amount of consideration in the contract to which the Pro Forma 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 Pro Forma Group does not receive a separate identifiable benefit from the customer.

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 Pro Forma 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 Pro Forma Group. When the Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

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

3 Significant accounting policies (cont'd)

(iii) *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) *Other long-term employee benefits*

The Pro Forma 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 Pro Forma 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 Pro Forma Group's service entities in providing shared services and asset management services to renewable energy assets of the Pro Forma Group's affiliates.

3.15 Development costs

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

3 Significant accounting policies (cont'd)

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.

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 Pro Forma Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3 Significant accounting policies (cont'd)

3.17 Tax (cont'd)

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals for existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Pro Forma 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 Pro Forma 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

Policy applicable from 1 January 2019

At inception of a contract, the Pro Forma 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 Pro Forma Group uses the definition of a lease in accordance with group policy.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Pro Forma 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 Pro Forma Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Pro Forma 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 Lease (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 Pro Forma Group by the end of the lease term or the cost of the right-of-use asset reflects that the Pro Forma 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 Pro Forma Group uses the lessee's incremental borrowing rate as the discount rate.

The Pro Forma 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 Pro Forma Group is reasonably certain to exercise, lease payments in an optional renewal period if the Pro Forma Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Pro Forma 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 Pro Forma Group's estimate of the amount expected to be payable under a residual value guarantee, if the Pro Forma 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 Pro Forma 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 Pro Forma 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 Pro Forma 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)

3.18 Lease (cont'd)

As a lessor

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

When the Pro Forma 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 Pro Forma 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 Pro Forma Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Pro Forma 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 Pro Forma 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 Pro Forma Group applies the Pro Forma Group's policy to allocate the consideration in the contract.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Pro Forma Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Pro Forma Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

3 Significant accounting policies (cont'd)

3.18 Lease (cont'd)

Leases - Policy applicable before 1 January 2019 (cont'd)

As a lessee (cont'd)

Assets held under other leases were classified as operating leases and were not recognised in the Pro Forma Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Pro Forma Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

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 Pro Forma 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 Pro Forma 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.

4 Property, plant and equipment

	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computer and fitting and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost							
At 1 January 2019	58,779	32,569	1,321,408	224	2,884	289,734	1,705,598
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 1 January 2018	–	–	–	–	–	–	–
At 31 December 2018	58,779	30,348	1,271,730	198	2,085	289,734	1,652,874
At 31 December 2019	67,508	18,032	1,196,088	208	2,275	267,843	1,551,954

4 Property, plant and equipment (cont'd)

	Land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Vehicles US\$'000	Computer and fitting and fixture and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost							
At 1 January 2018	—	—	—	—	—	—	—
Acquisitions through business combinations	50,519	29,703	1,168,825	267	1,546	207,774	1,458,634
Additions	8,168	2,269	122,771	40	1,337	144,130	278,715
Write off	—	(33)	(218)	(79)	—	(1,079)	(1,409)
Reclassification	—	419	56,669	—	16	(57,104)	—
Effect of exchange rate changes	92	211	(26,639)	(4)	(15)	(3,987)	(30,342)
At 31 December 2018	58,779	32,569	1,321,408	224	2,884	289,734	1,705,598
Accumulated depreciation							
At 1 January 2018	—	—	—	—	—	—	—
Depreciation charge for the year	—	2,252	52,002	37	799	—	55,090
Write off	—	(33)	(19)	(10)	—	—	(62)
Effect of exchange rate changes	—	2	(2,305)	(1)	—	—	(2,304)
At 31 December 2018	—	2,221	49,678	26	799	—	52,724
Carrying amounts							
At 1 January 2018	—	—	—	—	—	—	—
At 31 December 2018	58,779	30,348	1,271,730	198	2,085	289,734	1,652,874

At 31 December 2019, property, plant and equipment of the Pro Forma Group with carrying amounts of US\$1,186 million (2018: US\$1,269 mill) are pledged as security to secure bank loans.

5 Right-of-use assets

	Land and buildings 2019 \$'000	Office lease 2019 \$'000	Others 2019 \$'000	Total 2019 \$'000
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 1 January 2019	—	—	—	—
At 31 December 2019	158,959	5,316	510	164,785

6 Intangible assets

	Goodwill US\$'000	Project-related agreements & licences US\$'000	Other intangible assets US\$'000	Total US\$'000
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 1 January 2018	—	—	—	—
At 31 December 2018	877,739	1,601,952	139,507	2,619,198
At 31 December 2019	776,841	1,384,051	169,653	2,330,545

6 Intangible assets (cont'd)

	Goodwill	Project-related agreements & licences	Other intangible assets	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Cost				
At 1 January 2018	—	—	—	—
Acquisitions through business combinations	886,701	1,592,834	11,584	2,491,119
Service concession	—	—	127,947	127,947
Effect of exchange rate changes	(8,962)	52,175	(24)	43,189
At 31 December 2018	877,739	1,645,009	139,507	2,662,255
Accumulated depreciation				
At 1 January 2018	—	—	—	—
Amortisation expense	—	(42,849)	—	(42,849)
Effect of exchange rate changes	—	(208)	—	(208)
At 31 December 2018	—	(43,057)	—	(43,057)
Carrying amounts				
At 1 January 2018	—	—	—	—
At 31 December 2018	877,739	1,601,952	139,507	2,619,198

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.

Impairment testing for CGUs containing goodwill

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

	2019 US\$'000	2018 US\$'000
Australia	113,344	115,546
India	28,153	28,869
Indonesia	37,324	37,131
Japan	255,710	358,140
Philippines	97,483	94,361
Taiwan	32,847	32,372
Thailand	7,263	6,760
Asset manager	204,717	204,560
	<u>776,841</u>	<u>877,739</u>

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 flows. 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)

The discounted cash flows valuation is based on management's latest cash flow projection over 25 – 30 years and no terminal value is assumed. The post-tax discount rates of 5.0% - 13.7% (2018: 8.0% - 14.1%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, shovel ready and development assets.

Asset Manager

The Asset Manager CGU represents the Engineering, Procurement and Construction Management ('EPCM') and Operations and Maintenance ('O&M') capabilities of the Pro Forma 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 Equity-accounted investees

	Note	2019 US\$'000	2018 US\$'000
Interests in joint venture		28,153	—
Interests in associates		433,742	526,464
Less asset held for sale (Wawa)	30	(7,638)	—
		<u>426,104</u>	<u>526,464</u>
As at 31 December		<u>454,257</u>	<u>526,464</u>

Investment in joint venture

The following summarises the financial information of the Pro Forma Group's joint venture based on the financial statements prepared in accordance with the Pro Forma Group's accounting policy:

	KK Kyudenko 2019 US\$'000
<u>Statement of financial position</u>	
Property, plant and equipment	8,919
Intangible asset	38,645
Right of use	10,770
Non-current prepayment and other assets	3
Non-current assets	<u>58,337</u>
Prepayment and other assets	879
Trade and other receivables	35
Cash and cash equivalents	156
Current assets	<u>1,070</u>
Total assets	<u>59,407</u>

7 Equity-accounted investees (cont'd)

Investment in joint venture (cont'd)

	KK Kyudenko 2019 US\$'000
<u>Statement of financial position (cont'd)</u>	
Lease liabilities	10,770
Non-current liabilities	10,770
Trade and other payables	8,763
Current liabilities	8,763
Total liabilities	19,533
Net assets	39,874

	2019 US\$'000
<u>Statement of comprehensive income</u>	
Other income	832
Development costs	(838)
Loss before tax	(6)
Tax expense	(1)
Loss for the year	(7)
Total comprehensive income	(7)

2019	
Pro Forma Group's interest in net assets of associates at beginning of the year	
Share of loss of associates	(5)
Pro Forma Group's acquisition of share capital during the year	28,158
	28,153
Carrying amount of interest in associates at beginning of the year	—
Carrying amount of interest in associates at end of the year	28,153

KK Kyudenko US\$'000	Total US\$'000
—	—
(5)	(5)
28,158	28,158
28,153	28,153
—	—
28,153	28,153

7 Equity-accounted investees (cont'd)

Interests in associates

The Pro Forma Group has 7 material associates and 12 immaterial associates which are equity accounted. The following are the material associates:

	Hangin ng Amihan Holdings, Inc. and its subsidiaries ("HANGIN")	Vena Energy Wind (Phil) Holdings Inc and its subsidiaries ("VEWPHI") ¹	Hydro Power Holdings Phils. Inc. and its subsidiaries ("HPI") ²	Helios Solar Energy Holdings Inc. and its subsidiaries ("HSEHI")	First Soleq Holdings Philippines Inc. ("FSHPI")	One Bukidnon Project Holdings Inc. ("OBPHI")	RA Solar Energy Holdings Inc. and its subsidiaries ("RSEHI")
Project name	Pililla	Pililla	Wawa	Pollo	Ironman	Zorro	Garcia
Sector	54.0 MW wind	54.0 MW wind	250.0 MW hydro	132.5 MW solar	30.4 MW solar	10.5 MW solar	20.1 MW solar
Nature of relationship with the Pro Forma Group	Investment holding entity for Alternergy Wind One Corporation	Investment holding entity for Alternergy Wind One Corporation	Investment holding entity for Olympia Violago Water & Power Inc.	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	Philippines
Economic interest held (%)	99.88%	100.00%	99.97%	99.91%	99.87%	99.89%	99.91%
Effective economic interest held on the underlying project (%)	55.26% ³	39.84% ³	89.97%	99.95%	99.90%	99.90%	99.91%
Voting rights held (%)	39.92%	44.63%	25.00%	25.00%	25.00%	25.00%	40%

¹ VEWPHI was formerly known as Energon Philippines Holding Inc.

² HPI was formerly known as Hydrepower Phil., Inc.

³ Through investment in HANGIN & VEWPHI, the Pro Forma Group's aggregate economic interest in Project Pililla (54Mw Wind) is 95.1%.

7 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates based on the financial statements prepared in accordance with the Pro Forma 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

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	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
	13,455	43	197	31,003	5,527	3,825	3,359
	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
	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
	5,598	6	1,660	7,466	4,153	2,932	7,061
	79,150	7	1,660	131,151	22,276	11,795	25,247
	27,663	10,133	6,529	50,148	19,097	4,471	10,856

7 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates based on the financial statements prepared in accordance with the Pro Forma Group's accounting policy:

2019

Statement of comprehensive income

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 income/(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

7 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates based on the financial statements prepared in accordance with Pro Forma 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	2,158	526,464
Pro Forma 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)
Pro Forma 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
Pro Forma Group's share of other comprehensive income	679	39	199	(751)	541	135	–	(20)	822
Pro Forma Group's share of total comprehensive income	(582)	(839)	100	750	3,662	484	666	(772)	3,469
Pro Forma 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	5,089	433,742

In October 2019, management committed to a plan to sell its interest in Project Wawa. The Pro Forma Group's interest in Project Wawa has been classified as held for sale (Note 36).

7

Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates:

2018

	Pilila HANGIN US\$'000	Pilila VEWPHI US\$'000	Wawa HPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
Property, plant and equipment	91,730	—	7,428	145,694	32,199	12,773	28,472
Intangible assets	678	—	—	—	—	—	—
Equity-accounted investees	—	14,686	—	—	—	—	3,534
Deferred tax assets	—	—	—	—	—	—	1
Other non-current receivables	1,058	60	246	11,317	3,364	974	2,655
Prepayment and other assets	34	—	—	1,408	10	4	—
Non-current assets	93,500	14,746	7,674	158,419	35,573	13,751	34,662
Trade and other receivables	10,134	42	7	8,102	3,246	1,495	1,961
Prepayment and other assets	511	—	162	1,936	120	29	95
Cash and cash equivalents	27,880	7	172	34,561	4,729	1,737	4,743
Current assets	38,525	49	341	44,599	8,095	3,261	6,799
Total assets	132,025	14,795	8,015	203,018	43,668	17,012	41,461
Loans and borrowings	82,426	—	—	63,119	20,710	9,360	20,822
Employee benefits	36	—	—	—	—	—	—
Asset retirement obligation	1,839	—	—	562	132	55	120
Deferred tax liabilities	768	—	—	—	9	12	11
Non-current liabilities	85,069	—	—	63,681	20,851	9,427	20,953
Loans and borrowings	4,036	—	—	5,795	7,470	2,850	10,653
Trade and other payables	5,662	402	570	512	629	888	707
Current tax liabilities	6	—	—	11	3	1	—
Current liabilities	9,704	402	570	6,318	8,102	3,739	11,360
Total liabilities	94,773	402	570	69,999	28,953	13,166	32,313
Net assets	37,252	14,393	7,445	133,019	14,715	3,846	9,148

7 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates:

2018	Piilila HANGIN US\$'000	Piilila VEWPHI US\$'000	Wawa HPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Garcia RSEHI US\$'000
Sale of energy	19,796	–	–	32,301	6,893	2,622	5,569
Other income	279	5	–	582	111	40	169
Revenue	20,075	5	–	32,883	7,004	2,662	5,738
Operating costs	(5,653)	(127)	–	(4,385)	(1,003)	(1,057)	(2,372)
Shared services costs charged by ROHQ	(722)	–	(112)	(502)	(425)	(347)	–
Development costs	–	–	(93)	–	–	–	–
Depreciation expenses	(4,242)	(5)	(1)	(6,606)	(1,731)	(637)	(1,424)
	(10,617)	(132)	(206)	(11,493)	(3,159)	(2,041)	(3,477)
Finance income	208	–	–	267	4	15	7
Finance costs	(6,303)	(1)	–	(4,810)	(1,307)	(592)	(1,305)
Foreign exchange gain/(loss)	(3,158)	(39)	11	(3,570)	(1,460)	(628)	(1,397)
Net finance income/(costs)	(9,253)	(40)	11	(8,113)	(2,763)	(1,205)	(2,695)
Share of profits of associate	–	363	–	–	–	–	–
Profit/(loss) before tax	205	196	(195)	13,277	1,082	(584)	(753)
Income tax expenses	(658)	(1)	–	(11)	(9)	(13)	(22)
Profit/(loss) from continuing operations	(453)	195	(195)	13,266	1,073	(597)	(775)
Other comprehensive income							
Foreign operations - foreign currency translation differences	(707)	54	(323)	(6,566)	(689)	(231)	(620)
Total comprehensive income	(1,160)	249	(518)	6,700	384	(828)	(1,395)

7 Equity-accounted investees (cont'd)

Interests in associates (cont'd)

The following summarises the financial information of the Pro Forma Group's associates:

2018	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Wawa HPI 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
Acquisitions through business combinations	11,842	13,133	8,037	122,810	12,422	4,306	10,227	1,129	183,906
Project-related agreements & licences (Intangible asset)	48,009	34,615	–	160,188	26,419	5,868	55,197	–	330,296
Pro Forma Group's share of amortisation of intangible asset acquired through business combinations	(2,674)	(1,928)	–	(8,310)	(1,443)	(304)	(2,876)	–	(17,535)
Pro Forma Group's share of profit from continuing operations	(168)	196	(55)	13,615	2,793	274	913	(378)	17,190
Effect of exchange rate changes from Project-related agreements & licences	(2,365)	(1,705)	–	(7,886)	(1,301)	(289)	(2,717)	–	(16,263)
Pro Forma Group's share of other comprehensive income	(882)	55	(323)	901	(688)	(225)	(619)	408	(1,373)
Pro Forma Group's share of total comprehensive income	(6,089)	(3,382)	(378)	(1,680)	(639)	(544)	(5,299)	30	(17,981)
Pro Forma Group's contribution during the year	8,481	1,007	–	29,700	2,400	1,836	–	1,595	45,019
Distribution during the year	–	–	–	(8,535)	–	–	–	–	(8,535)
Elimination of unrealised gains from transactions with associates	(692)	–	(121)	(501)	(1,722)	(921)	(1,688)	(596)	(6,241)
Carrying amount of interest in associates at end of the year	61,551	45,373	7,538	301,982	38,880	10,545	58,437	2,158	526,464

8 Other investments

	2019 US\$'000	2018 US\$'000
Equity investment – at FVTPL	3,262	–
Debt investment – at FVTPL	1,800	5,363
	5,062	5,363

Equity investment at FVTPL comprise the Pro Forma 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.

9 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 US\$'000	Assets 2018 US\$'000	Liabilities 2019 US\$'000	Liabilities 2018 US\$'000
Property, plant and equipment	165	47	(33,338)	(20,686)
Intangible assets	–	–	(1)	(1)
Loans and borrowings	–	–	(129)	(121)
Employee benefits	1,000	1,150	–	–
Provisions	–	–	(27)	–
Other items	1,676	82	(345)	(4)
Tax loss carry-forwards	19,045	12,455	(1)	–
Adoption of Pro Forma Group's accounting policy on leases	–	–	–	–
Deferred tax assets(liabilities)	21,886	13,734	(33,841)	(20,812)

Deferred tax assets/(deferred tax liabilities) are attributable to the following:

Movement in deferred tax balances

	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
2019						
Deferred tax						
assets/liabilities						
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	78	–	471	–	8	557
Tax loss carry- forwards	12,455	–	3,970	–	3,394	19,819
Adoption of Pro Forma Group's accounting policy on leases	–	–	(1)	–	–	(1)
	(7,078)	–	(5,203)	2	324	(11,955)

9 Deferred tax (cont'd)

	Balance as at 1 January 2018 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 2018 US\$'000
2018						
Deferred tax						
assets/liabilities						
Property, plant and equipment	–	(30,505)	7,524	–	2,342	(20,639)
Intangible assets	–	(1)	–	–	–	(1)
Loans and borrowings	–	(92)	(26)	–	(3)	(121)
Employee benefits	–	1,938	(837)	(11)	60	1,150
Other items	–	115	(89)	–	52	78
Tax loss carry-forwards	–	16,699	(2,343)	–	(1,901)	12,455
	–	(11,846)	4,229	(11)	550	(7,078)

10 Loans receivables

	2019 US\$'000	2018 US\$'000
Non-current		
Loan receivables from:		
- Equity-accounted investees	43,051	52,388
- Other third parties	13,477	19,510
Promissory note receivables	8,001	7,238
	64,529	79,136
Less: Impairment loss on loans receivables	(277)	(356)
	64,252	78,780
Current		
Interest receivables from:		
- Equity-accounted investees	1,856	9,997
- Promissory note	314	203
- Other third parties	799	2,380
Loan receivables from:		
- Equity-accounted investees	1,650	11,081
	4,619	12,661
Less: Impairment loss on loans receivables	(12)	(107)
	4,607	23,554
	67,003	102,334

Promissory notes receivable are zero coupon, non-transferable and redeemable, with maturity date of 3 August 2027. At redemption date, the Pro Forma Group is entitled to receive a redemption amount equal to 101% of the principal amount plus accrued redemption fee per annum.

11 Derivative assets and liabilities

	2019 US\$'000	2018 US\$'000
Derivative assets		
Non-current		
Electricity derivative	117,992	50,226
Cross currency swap	–	3,351
Interest rate swaps	–	267
	<u>117,992</u>	<u>53,844</u>
Current		
Cross currency swap	3,888	–
Forward exchange contract	–	1,160
Interest rate swaps	–	39
	<u>3,888</u>	<u>1,199</u>
Total derivative assets	<u>121,880</u>	<u>55,043</u>
Derivative liabilities		
Non-current		
Interest rate swaps	19,902	15,457
	<u>19,902</u>	<u>15,457</u>
Current		
Forward exchange contract	191	–
Interest rate swaps	2,310	–
	<u>2,501</u>	<u>–</u>
Total derivative liabilities	<u>22,403</u>	<u>15,457</u>

Electricity derivative

The Pro Forma Group entered into an electricity derivative to hedge floating electricity price risk by locking in a fixed electricity price for a 127 MW Solar project in Australia.

Interest rate swaps

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

Cross currency swap

The Pro Forma Group uses cross currency swap to hedge its currency & interest rate risk on bank borrowings denominated in foreign currency.

12 Prepayments and other assets

	2019 US\$'000	2018 US\$'000
Non-current		
Prepaid land rent	–	7,617
Prepaid O&M mobilisation fees	1,339	9,911
Deposits	2,791	2,006
Other assets	13,411	1,737
	<u>17,541</u>	<u>21,271</u>
Current		
Prepaid land rent	–	3,779
Other prepayments	4,543	5,590
Other assets	2,442	2,202
Advances payment for construction costs	1,735	6,164
	<u>8,720</u>	<u>17,735</u>
Total prepayments and other assets	<u>26,261</u>	<u>39,006</u>

13 Trade and other receivables

	2019 US\$'000	2018 US\$'000
Trade receivables	65,855	47,748
Contract assets	27,475	16,195
Amount due from:		
- Equity-accounted investees	2,242	1,561
- Other third parties	4,635	4,071
Commission receivables	—	4,941
Deposits	20,642	8,814
Other receivables	12,801	16,521
Other tax receivables	11,574	13,640
	<u>145,224</u>	<u>113,491</u>
Less: Impairment loss on trade and other receivables	<u>(10,234)</u>	<u>(428)</u>
	<u>134,990</u>	<u>113,063</u>

Disaggregation of trade receivables

A summary of the Pro Forma Group's exposure to credit risk for trade receivables by geographic region is as follows:

	2019 US\$'000	2018 US\$'000
Australia	—	180
India	53,816	41,525
Indonesia	6,810	918
Taiwan	48	108
Thailand	4,748	4,271
Japan	—	746
Singapore	433	—
	<u>65,855</u>	<u>47,748</u>

14 Cash and cash equivalents

	Note	2019 US\$'000	2018 US\$'000
Bank balances		572,735	429,204
Bank deposits		61,726	57,540
Cash and cash equivalents in the consolidated statement of financial position		<u>634,461</u>	<u>486,744</u>
Restricted bank balances and deposits	(a)	(362,463)	(57,935)
Bank overdrafts used for cash management purposes		(8,908)	(4,213)
Cash and cash equivalents in the consolidated statement of cash flows		<u>263,090</u>	<u>424,596</u>

(a) As at 31 December 2019, the Pro Forma Group's cash and cash equivalents of \$29.8 million (2018: \$57.9 million) of the Pro Forma Group's cash and cash equivalents were held under project accounts.

15 Reserves

The reserves of the Pro Forma Group comprise the following balances:

	2019 US\$'000	2018 US\$'000
Capital reserve	79,980	79,980
Translation reserve	6,199	(9,867)
Defined benefit reserve	82	98
	<u>86,261</u>	<u>70,211</u>

Capital reserve

Capital reserve comprises the excess of amounts received from shareholders over the par value of shares issued, or 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).

16 Loans and borrowings

	2019 US\$'000	2018 US\$'000
Non-current		
Project finance debt	1,054,041	1,397,510
Term loan	470,978	622,452
Lease liabilities	147,522	42
Deferred financing cost	(15,702)	(30,164)
	<u>1,656,839</u>	<u>1,989,840</u>
Current		
Project finance debt	58,419	53,436
Revolving credit facility	146,279	78,399
External party loan	420	–
Bank overdrafts	8,908	4,213
Lease liabilities	7,087	31
Deferred financing cost	(1,138)	(5,039)
Interest payable	1,416	2,976
	<u>221,391</u>	<u>134,016</u>
	<u>1,878,230</u>	<u>2,123,856</u>

17 Asset retirement obligation

	2019 US\$'000	2018 US\$'000
At 1 January	29,307	–
Acquisitions through business combinations	–	25,327
Provision made during the year	4,958	3,054
Unwind of discount	471	144
Effect of exchange rate changes	202	782
Transfer of TK interests	(14,856)	–
At 31 December	<u>20,082</u>	<u>29,307</u>

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

18 Trade and other payables

	2019 US\$'000	2018 US\$'000
Trade payables	24,205	3,552
Payables to EPC contractors	4,345	39,108
Accrued operating expenses	81,869	15,762
Accrued staff costs	1,211	8,013
Deferred income	6,861	1,290
Other tax payable	6,033	4,398
Amount due to:		
- Equity-accounted investees	373	482
- Other third parties	5,451	5,659
	<u>130,348</u>	<u>78,264</u>

19 Revenue

The Pro Forma Group's revenue comprises:

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Sale of energy	296,232	250,967
Service concession income	35,621	123,042
Fee income		
- Shared services fee income from equity-accounted investees	5,574	1,405
	<u>337,427</u>	<u>375,414</u>

Service Concession Arrangements

In 2018, the Pro Forma 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 Pro Forma 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 Pro Forma Group will be responsible for any maintenance services required during the concession period. The Pro Forma Group does not expect major repairs to be necessary during the concession period.

19 Revenue (cont'd)

The Pro Forma 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 Pro Forma Group will have no further involvement in its operation or maintenance requirements.

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

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Revenue	35,621	123,042
Profit	—	—

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the plant. The Pro Forma Group has recognised of US\$169.7 million (2018: US\$139.5 million) in intangible asset (see note 6) as at 31 December 2018.

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.

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Japan Solar	102,339	101,709
Thailand Solar	50,179	45,733
India Solar	25,502	25,030
India Wind	71,750	76,491
Australia Solar	8,485	—
Indonesia Solar	3,257	—
Indonesia Wind	27,875	—
Taiwan Solar	6,845	2,004
	296,232	250,967

20 Other income

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Insurance claim	5,100	3,275
Pre-commercial operation revenue	861	888
Government grants	694	—
Ancillary income	—	888
Others	1,373	1,815
	8,028	6,866

21 Operating costs

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Operations and maintenance costs	19,566	15,720
Utilities and transmission costs	3,016	1,854
Asset related insurance	4,533	2,206
Professional fees	4,698	2,916
Rental - land & site office	596	6,238
Asset related tax and levies	8,175	6,763
Other general and administrative costs	2,526	2,251
	<u>43,110</u>	<u>37,948</u>

Staff costs of US\$1.2 million (2018: US\$4.3 million) is included within Operations and maintenance costs.

22 Shared services costs

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Staff costs	33,428	33,858
Directors and Investment Committee members fee	264	2,478
Occupancy costs	1,457	2,741
Professional fees	7,733	4,597
Secondment fee	2,306	1,331
Travel and entertainment expenses	3,182	2,172
Other general and administrative costs	5,731	3,479
	<u>54,101</u>	<u>50,656</u>
Less shared service costs capitalised	<u>(15,879)</u>	<u>–</u>
	<u>38,222</u>	<u>50,656</u>

23 Development costs

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Business related taxes	147	226
Insurance	217	221
Staff costs	6	102
Professional fees	1,139	1,679
Travel and entertainment expenses	450	505
Occupancy costs	235	226
Other general and administrative costs	1,391	371
	<u>3,585</u>	<u>3,330</u>

24 Finance income and finance costs

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Finance income		
Interest income from:		
- Loan to third party	8,614	4,335
- Bank deposits	4,077	3,997
Total finance income	<u>12,691</u>	<u>8,332</u>
Finance costs		
Interest expense on:		
- Project finance debt	(63,583)	(49,541)
- Term loan	(24,398)	(27,086)
- Acquisition of subsidiaries	—	(17,472)
Lease liabilities	(1,945)	—
Other finance costs		
- Deferred financing costs expensed on refinancing	(10,333)	—
- Transaction fees on refinancing	(2,733)	—
- Others	(9,242)	(13,812)
Total finance costs	<u>(112,234)</u>	<u>(107,911)</u>

25 Impairment loss on financial assets

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Impairment loss on trade and other receivables	8,304	275
(Writeback of)/Impairment loss on loan receivables	(174)	463
	<u>8,130</u>	<u>738</u>

26 Change in fair value of financial instrument at FVTPL

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Gain/(loss) on change in fair value:		
- Debt investment	(275)	368
- Electricity derivatives	68,935	43,193
- Forward contract	614	(1,159)
- Interest rate swaps	(20,581)	(8,367)
	<u>48,693</u>	<u>34,035</u>

27 Profit/(loss) before tax

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

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Staff costs		
Wages and salaries	26,209	18,244
Transaction bonus	1,038	12,366
Ordinary bonus	3,299	3,679
Contributions to defined contribution plans	2,303	1,379
Employee insurance	568	555
Recruitment fee	1,680	547
Staff benefits, allowances and others	2,214	1,510
	<u>37,311</u>	<u>38,280</u>

28 Tax expense

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Current tax expense		
Withholding tax	(4,105)	(4,129)
Current year	(621)	(1,254)
	<u>(4,726)</u>	<u>(5,383)</u>
Deferred tax credit		
Origination and reversal of temporary difference	(5,203)	4,229
Tax expense	<u>(9,929)</u>	<u>(1,154)</u>
Tax recognised in OCI		
Defined benefit plan remeasurements	<u>2</u>	<u>(11)</u>

29 Non-controlling interest

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

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 Pro Forma Group's material associate on 31 August 2018.

30 Asset held for sale

In October 2019, management committed to a plan to sell its hydro business in the Philippines. Accordingly, one of the Pro Forma Group's investment in associates is presented as an asset held for sale. Efforts to sell the asset have started and a sale is expected by 2020.

As part of the cost of disposal of the Pro Forma Group's interest in associate, the Pro Forma Group expects to write-down its loan receivable to a third party by US\$4.2 million.

31 Transfer of TK interests

During the financial year, the Pro Forma Group transferred 99% of 7 subsidiaries for a total sales consideration of US\$466 million with net assets of US\$393 million, resulting in a gain of US\$73 million. These subsidiaries were part of the Japan Solar business.



**Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd)
and its subsidiaries)**

Financial Statements
Year ended 31 December 2019

Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS81 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, 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 2019, 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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Director

5th June 2020



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Independent auditors' report

Member of the Company
Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd)

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Vena Energy Holdings Ltd (formerly known as GIP Zenith Cayco II 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 2019, 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 a summary of significant accounting policies, as set out on pages FS1 to FS81.

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 2019, its 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 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 the member of the Company on those matters strictly for the purpose of internal management reporting and/or obtaining financing from financial institutions. Our report is not to be circulated to parties other than the member of the Company. We do not assume responsibility to anyone other than the member of the Company for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.

Other information

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

We have obtained all other information prior to the date of this auditors' report.

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



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

Responsibilities of management 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 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.

*Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Independent auditors' report
Year ended 31 December 2019*



- 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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

5th June 2020

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

Statements of financial position
As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	4	772,244	784,157	–	–
Right-of-use assets	5	27,194	–	–	–
Intangible assets	6	1,102,733	1,086,405	–	–
Investment in subsidiaries	7	–	–	1,906,256	1,913,741
Equity-accounted investees	8	367,015	468,052	–	–
Other investments	9	26,443	25,546	–	–
Deferred tax assets	10	21,074	12,661	–	–
Loans receivables	11	575,398	436,754	508,665	352,760
Derivative assets	12	117,992	53,577	–	–
Prepayment and other assets	13	14,636	11,690	–	–
Non-current assets		3,024,729	2,878,842	2,414,921	2,266,501
Loans receivables	11	3,680	35,434	981	15,247
Trade and other receivables	14	135,185	137,155	2,169	24,224
Prepayment and other assets	13	4,125	3,238	–	–
Derivative assets	12	3,888	1,199	–	39
Cash and cash equivalents	15	188,618	322,427	23,318	164,600
Asset held for sale	36	7,638	–	–	–
Current assets		343,134	499,453	26,468	204,110
Total assets		3,367,863	3,378,295	2,441,389	2,470,611
Equity					
Share capital	16	1,690,245	1,690,245	1,690,245	1,690,245
Accumulated profits/(losses)		17,343	(7,490)	(2,084)	23,627
Reserves	17	29,984	13,401	65,674	65,674
Equity attributable to owner of the Company		1,737,572	1,696,156	1,753,835	1,779,546
Non-controlling interests		79,620	74,427	–	–
Total equity		1,817,192	1,770,583	1,753,835	1,779,546
Liabilities					
Loans and borrowings	18	1,194,592	1,359,610	470,978	613,152
Employee benefits		110	188	–	–
Derivative liabilities	12	13,183	6,946	–	–
Asset retirement obligation	19	2,441	2,341	–	–
Deferred tax liabilities	10	33,496	20,808	–	–
Non-current liabilities		1,243,822	1,389,893	470,978	613,152
Loans and borrowings	18	213,945	120,468	148,096	75,769
Derivative liabilities	12	2,501	–	191	–
Trade and other payables	20	89,950	96,517	68,289	2,144
Current tax liabilities		453	834	–	–
Current liabilities		306,849	217,819	216,576	77,913
Total liabilities		1,550,671	1,607,712	687,554	691,065
Total equity and liabilities		3,367,863	3,378,295	2,441,389	2,470,611

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

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

Statement of comprehensive income
Year ended 31 December 2019

		Group		Company	
	Note	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Dividend income		—	—	1,846	46,622
Sale of energy		187,048	147,254	—	—
Service concession income		35,621	123,042	—	—
Fee income		36,933	23,802	—	—
Total revenue	21	259,602	294,098	1,846	46,622
Other income	22	4,227	5,818	—	—
Cost of service concession income		(35,621)	(123,042)	—	—
Operating costs	23	(27,408)	(22,330)	—	—
Shared services costs	24	(52,535)	(49,910)	(484)	(473)
Development costs	25	(462)	(1,334)	—	—
Depreciation expense	4,5	(35,984)	(28,832)	—	—
Amortisation expense	6	(26,601)	(17,353)	—	—
		(178,611)	(242,801)	(484)	(473)
Finance income	26	29,120	25,092	18,511	15,932
Finance costs	26	(100,529)	(92,747)	(40,265)	(34,110)
Change in fair value of financial instruments at FVTPL	27	56,369	44,815	(4,701)	39
Foreign exchange loss		(8,103)	(29,960)	(181)	(2,610)
Net finance costs		(23,143)	(52,800)	(26,636)	(20,749)
Write off of property, plant and equipment		(20)	(82)	—	—
Impairment loss on financial assets	30	(8,585)	(2,592)	(437)	(1,773)
Impairment loss on asset held for sale	36	(4,234)	—	—	—
Loss on disposal of investment		(157)	—	—	—
Share of net profit/(loss) of equity-accounted investees, net of tax	8	(5,875)	1,425	—	—
Profit/(loss) before tax	28	43,204	3,066	(25,711)	23,627
Tax expense	29	(8,954)	(2,088)	—	—
Profit/(loss) for the year		34,250	978	(25,711)	23,627
Profit/(loss) attributable to:					
Owners of the Company		24,833	(7,490)		
Non-controlling interests		9,417	8,468		
		34,250	978		

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

Statement of comprehensive income (cont'd)
Year ended 31 December 2019

	Note	Group		Company	
		2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit plan		(18)	113	—	—
Equity-accounted investees – share of OCI	8	—	(4)	—	—
Related tax	29	2	(11)	—	—
		(16)	98	—	—
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		10,689	(37,792)	—	—
Equity-accounted investees – share of OCI	8	8,709	(14,272)	—	—
Other comprehensive (loss)/income for the year		19,382	(51,966)	—	—
Total comprehensive (loss)/income for the year		53,632	(50,988)	(25,711)	23,627
Total comprehensive income/(loss) attributable to:					
Owner of the Company		41,416	(59,763)		
Non-controlling interests		12,216	8,775		
		53,632	(50,988)		

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

**Statement of changes in equity
Year ended 31 December 2019**

	Note	Attributable to owner of the Company					Non-controlling interest US\$'000	Total equity US\$'000
		Share capital US\$'000	Accumulated (losses)/gains US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total US\$'000		
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								
<i>Contributions by and distributions to owners</i>								
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.

Statement of changes in equity
Year ended 31 December 2019

Note	Attributable to owner of the Company					Non-controlling interest US\$'000	Total equity US\$'000
	Share capital US\$'000	Accumulated losses US\$'000	Translation reserves US\$'000	Other reserves US\$'000	Total US\$'000		
1 January 2018	—	—	—	—	—	—	—
	—	(7,490)	—	—	(7,490)	8,468	978
	—	—	(38,099)	—	(38,099)	307	(37,792)
	—	—	(14,272)	(4)	(14,276)	—	(14,276)
	—	—	—	113	113	—	113
	—	—	—	(11)	(11)	—	(11)
29	—	(7,490)	(52,371)	98	(59,763)	8,775	(50,988)
	1,690,245	—	—	—	1,690,245	—	1,690,245
	—	—	—	65,674	65,674	—	65,674
35	—	—	—	—	—	(6,671)	(6,671)
	1,690,245	—	—	65,674	1,755,919	(6,671)	1,749,248
	—	—	—	—	—	72,323	72,323
	—	—	—	—	—	72,323	72,323
	1,690,245	—	—	65,674	1,755,919	65,652	1,821,571
	1,690,245	(7,490)	(52,371)	65,772	1,696,156	74,427	1,770,583

* Less than US\$1,000

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

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

Statement of changes in equity
Year ended 31 December 2019

Company	Note	Share capital US\$'000	Other reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
1 January 2019		1,690,245	65,674	23,627	1,779,546
Total comprehensive income for the year					
Profit for the year		—	—	(25,711)	(25,711)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	16	—	—	—	—
Additional equity received from parent		—	—	—	—
Total contributions by and distributions to owners/Total transactions with owners		—	—	(25,711)	(25,711)
At 31 December 2019		<u>1,690,245</u>	<u>65,674</u>	<u>(2,084)</u>	<u>1,753,835</u>
1 January 2018		—*	—	—	—*
Total comprehensive income for the year					
Profit for the year		—	—	23,627	23,627
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	16	1,690,245	—	—	1,690,245
Additional equity received from parent		—	65,674	—	65,674
Total contributions by and distributions to owners/Total transactions with owners		<u>1,690,245</u>	<u>65,674</u>	<u>23,627</u>	<u>1,779,546</u>
At 31 December 2018		<u>1,690,245</u>	<u>65,674</u>	<u>23,627</u>	<u>1,779,546</u>

* Less than US\$1,000

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

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

Statement of cash flows
Year ended 31 December 2019

Group	Note	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit before tax		43,204	3,066
Adjustments for:			
Depreciation expense	4, 5	35,984	28,832
Amortisation expense	6	26,601	17,353
Finance income	26	(29,120)	(25,092)
Finance costs	26	100,529	92,747
Change in fair value of financial instruments	27	(56,369)	(44,815)
Unrealised foreign exchange loss		7,331	34,902
Loss on disposal of property, plant and equipment		20	82
Impairment losses on financial assets	30	8,585	2,592
Impairment loss on asset disposal	36	4,234	—
Share of net profit of equity-accounted investees, net of tax	8	5,875	(1,425)
		<u>146,874</u>	<u>108,242</u>
Changes in:			
- Trade and other receivables		(1,503)	(5,190)
- Prepayments and other assets		(10,437)	(11,754)
- Trade and other payables		(1,174)	2,646
- Provisions and employee benefits		(81)	220
Cash generated from operating activities		<u>133,679</u>	<u>94,164</u>
Tax paid		<u>(3,677)</u>	<u>(6,884)</u>
Net cash from operating activities		<u>130,002</u>	<u>87,280</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		—	(1,672,687)
Acquisition of interest in equity-accounted investees	8	(3,658)	(45,019)
Purchase of property, plant and equipment	4	(32,242)	(134,342)
Development expenditures under service concession arrangement	6	(34,861)	(127,947)
Disposal of financial instruments		(4,351)	—
Disbursement of loan to related parties		(262,470)	(415,590)
Proceeds from repayment of loan receivables from related parties:		143,036	69,624
Distributions from equity-accounted investees	8	99,891	8,535
Interest received		19,744	6,895
Deposits pledged	15	21,608	(47,289)
Net cash used in investing activities		<u>(53,303)</u>	<u>(2,357,820)</u>
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	16	—	1,690,245
Proceeds from additional equity received	17	—	15,674
Proceeds from drawdown of loans and borrowings		179,867	1,346,577
Repayment of loans and borrowings		(283,100)	(383,899)
Payment of transaction costs related to loans and borrowings		(5,325)	(35,272)
Payment of finance lease liabilities		(3,751)	(30)
Interest paid for loans and borrowings		(81,408)	(69,705)
Interest paid on acquisition		—	(9,507)
Dividends paid to non-controlling interests	35	(7,023)	(6,671)
Net cash (used in)/from financing activities		<u>(200,740)</u>	<u>2,547,412</u>
Net (decrease)/increase in cash and cash equivalents		<u>(124,041)</u>	<u>276,872</u>
Cash and cash equivalents at 1 January		270,925	—
Effect of exchange rate fluctuations on cash held		7,145	(5,947)
Cash and cash equivalents at 31 December	15	<u>154,029</u>	<u>270,925</u>

Significant non-cash transaction

In 2018, the Group increased its investment in subsidiaries by way of novating a promissory note of US\$50 million to the seller.

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

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

Company statement of cash flows
Year ended 31 December 2019

Company	Note	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit before tax		(25,711)	23,627
Adjustments for:			
Dividend income		(1,846)	–
Finance income	26	(18,511)	(15,932)
Finance costs	26	40,265	34,110
Change in fair value of financial derivatives		4,701	(39)
Impairment losses on trade and other receivables	30	437	1,773
Foreign exchange loss		3,461	2,610
		<u>2,796</u>	<u>46,149</u>
Changes in:			
- Trade and other receivables		(2,178)	(27,990)
- Trade and other payables		2,880	2,144
Cash generated/net cash from operating activities		<u>3,498</u>	<u>20,303</u>
Cash flows from investing activities			
Acquisition of subsidiaries		–	(1,862,063)
Distribution from subsidiaries:			
- Dividend received		1,846	–
- Reduction in share premium contribution		7,485	–
Advances to subsidiary		(86,378)	–
Advances from subsidiary		173,976	–
Disbursement of loan to related parties		(262,470)	(415,590)
Proceeds from repayment of loan receivables from related parties		126,974	62,749
Disposal of financial instruments		(4,351)	–
Interest received		9,287	648
Net cash used in investing activities		<u>(33,631)</u>	<u>(2,214,256)</u>
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	16	–	1,690,245
Proceeds from additional equity received	17	–	15,674
Proceeds from drawdown of loan and borrowings:			
- Revolving credit facility		115,420	76,098
- Term loan		–	620,221
- Intercompany loan		1,580	–
Repayment of loan and borrowings:			
- Revolving credit facility		(200,409)	–
Payment of transaction costs related to loans and borrowings		(3,467)	(16,955)
Interest paid on:			
- Acquisition		–	(2,288)
- Term loan		(24,273)	(26,797)
Deposit pledged	15	20,214	(20,214)
Net cash (used in)/from financing activities		<u>(90,935)</u>	<u>2,335,984</u>
Net (decrease)/increase in cash and cash equivalents		(121,068)	142,031
Cash and cash equivalents at 1 January		144,386	–
Effect of exchange rate fluctuations on cash held		–	2,355
Cash and cash equivalents at 31 December	15	<u>23,318</u>	<u>144,386</u>

Significant non-cash transaction

In 2018, the Group increased its investment in subsidiaries by way of novating a promissory note of US\$50 million to the seller.

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 5th June 2020.

1 Domicile and activities

Vena Energy Holdings Ltd (formerly known as GIP Zenith Cayco II 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 2019 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 and ultimate holding companies of the Group as at 31 December 2019 are GIP Zenith Cayco I, Ltd and GIP III Zenith Holdings L.P. respectively, both incorporated in the Cayman Islands.

2 Basis of preparation

2.1 Statement of compliance

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

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars ('US\$') which is the Company's 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.

Management applied critical judgement in assessing if Power Purchase Agreements ('PPAs') entered into by Group Entities falls within the scope of *IFRIC 12 – Service Concession Arrangements*, including:

- whether the counterparty of the PPA controls or regulates what services the Group Entity must provide with the infrastructure, to whom it must provide them, and at what price; and
- whether the counterparty of the PPA controls — through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the PPA.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is 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;

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 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Previously Held Interest in a Joint Operation* (Amendments to IFRS 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendment Amendments to IFRS 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)
- *Plan, Curtailment or Settlement* (Amendments to IAS 19)

Other than IFRS 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Leases classified as finance leases under IAS 17

The Group leases a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group leases out its own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

The Group has also entered into a sub-lease during 2019, which has been classified as a finance lease.

Impact on financial statements

Impact on transition*

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 \$'000
Right-of-use assets – property, plant and equipment	28,373
Right-of-use assets – finance lease on land previously accounted under IAS17	(677)
Prepaid lease payments	(6,521)
Lease liabilities	<u>(21,175)</u>

For the details of accounting policies under IFRS 16 and IAS 17, see note 2.5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The range of incremental borrowing rates applies is from 1.0% to 10.8%.

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's financial statements	25,301
Discounted using the incremental borrowing rate at 1 January 2019	(4,126)
Lease liabilities recognised at 1 January 2019	<u>21,175</u>

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.

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 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.

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

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Interest in associates (equity accounted investees) (cont'd)

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) 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.

(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.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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 10-20 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.

Debit investments at FVOCI

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

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

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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.

(ii) *Classification and subsequent measurement (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.

(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 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.

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, 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.

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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

General approach (cont'd)

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.

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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Write-off

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

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.

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

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

3.9 Provisions

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

3 Significant accounting policies (cont'd)

3.9 Provisions (cont'd)

(i) Asset retirement obligation

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

3.10 Revenue

Sale of electricity

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

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

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 Significant accounting policies (cont'd)

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.

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.

(iii) 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 Significant accounting policies (cont'd)

3.15 Development costs

Development costs include expenditure that are incurred by the Group's renewable energy assets before these assets become 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.

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.

3 Significant accounting policies (cont'd)

3.17 Tax (cont'd)

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

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

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

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

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

3.18 Leases

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

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.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

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, 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.

3 Significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessor (cont'd)

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.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

3 Significant accounting policies (cont'd)

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 2019 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.

- *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 IAS 8)
- *IFRS 17 Insurance Contracts*

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 2018	–	–	–	–	–	–	–
Acquisitions through business combinations	10,610	13,758	622,592	267	1,539	77,763	726,529
Additions	433	878	47,479	40	1,301	84,211	134,342
Disposals/write-offs	–	(33)	–	(79)	–	–	(112)
Reclassification	–	419	43,493	–	16	(43,928)	–
Effect of exchange rate changes	(895)	(249)	(43,315)	(4)	(15)	(6,973)	(51,451)
At 31 December 2018	10,148	14,773	670,249	224	2,841	111,073	809,308
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

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 2018	–	–	–	–	–	–	–
Depreciation charge for the year	–	919	27,078	37	798	–	28,832
Disposals/write-offs	–	(33)	–	(10)	–	–	(43)
Effect of exchange rate changes	–	(6)	(3,627)	(1)	(4)	–	(3,638)
At 31 December 2018	–	880	23,451	26	794	–	25,151
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
Carrying amounts							
At 1 January 2018	–	–	–	–	–	–	–
At 31 December 2018	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 2019, property, plant and equipment of the Group with carrying amounts of US\$764 million (2018: US\$666.5 million) are pledged as security to secure bank loans (Note 18).

Vena Energy Holdings Ltd
(formerly known as GIP Zenith Cayco II Ltd) and its subsidiaries
Financial statements
Year ended 31 December 2019

5 Right-of-use assets

	Land and buildings 2019 \$'000	Office lease 2019 \$'000	Others 2019 \$'000	Total 2019 \$'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
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)
Carrying amounts				
At 1 January 2019	–	–	–	–
At 31 December 2019	21,368	5,316	510	27,194

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 2018	–	–	–	–
Acquisitions through business combinations	505,652	492,212	11,584	1,009,448
Service concession	–	–	127,947	127,947
Effect of exchange rate changes	(18,425)	(14,972)	(24)	(33,421)
At 31 December 2018	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

6 Intangible assets (cont'd)

	Note	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 2018		—	—	—	—
Amortisation expense		—	17,353	—	17,353
Effect of exchange rate changes		—	216	—	216
At 31 December 2018		—	17,569	—	17,569
Amortisation expense		—	21,886	4,715	26,601
Impairment loss on asset held for sale	35	—	—	—	—
Effect of exchange rate changes		—	1,206	—	1,206
At 31 December 2019		—	40,661	4,715	45,376
Carrying amounts					
At 1 January 2018		—	—	—	—
At 31 December 2018		487,227	459,671	139,507	1,086,405
At 31 December 2019		488,284	444,796	169,653	1,102,733

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.

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:

	2019 US\$'000	2018 US\$'000
Group		
Australia	113,344	115,546
India	28,153	28,869
Indonesia	37,324	37,131
Philippines	97,483	94,361
Thailand	7,263	6,760
Asset Manager	204,717	204,560
	488,284	487,227

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. 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 25 – 30 years and no terminal value is assumed. The post-tax discount rates of 6.7% - 13.7% (2018: 8.0% - 14.1%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, shovel ready and development assets.

Asset Manager

The Asset Manager CGU represents the Engineering, Procurement and Construction Management ('EPCM') and Operations and Maintenance ('O&M') capabilities of the 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	
	2019 US\$'000	2018 US\$'000
Equity investment, at cost	1,906,256	1,913,741

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

	2019 US\$'000	2018 US\$'000
Balance as at 1 Jan	1,913,741	–
Acquisition of subsidiaries	–	1,955,109
Reduction in share premium	(7,485)	(85,046)
Capital injection into subsidiary	–	43,678
Balance as at 31 Dec	1,906,256	1,913,741

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	
					2019 %	2018 %
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	Ownership interest	
					2019 %	2018 %
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

	Note	2019 US\$'000	Group 2018 US\$'000
Interests in associates		374,653	468,052
Less asset held for sale (Wawa)		(7,638)	–
As at 31 December	36	367,015	468,052

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

	Hangin ng Amihan Holdings, Inc. and its subsidiaries ('HANGIN')	Vena Energy Wind Phil. Holdings Inc ('VEWPHI')	Hydro Power Holdings Phils. Inc. and its subsidiaries ('HPHPI')	Helios Solar Energy Holdings Inc. and its subsidiaries ('HSEHI')	First Soleq Holdings Philippines Inc. ('FSHPI')	One Bukidnon Project Holdings Inc. ('OBPHI')
Project name	Pililia	Pililia	Wawa	Pollo	Ironman	Zorro
Sector	54.0 MW wind	54.0 MW wind	250.0 MW hydro	132.5 MW solar	30.4 MW solar	10.5 MW solar
Nature of relationship with the Group	Investment holdings entity for Alternergy Wind One Corporation	Investment holdings entity for Alternergy Wind One Corporation	Investment holdings entity for Olympia Violago Water & Power Inc.	Investment holdings entity for Helios Solar Energy Corp.	Investment holding entity for First Soleq Energy Corp.	Investment holding entity for Asian Greenenergy Corp.
Principal place of business/ Country of incorporation	Philippines	Philippines	Philippines	Philippines	Philippines	Philippines
Economic interest held (%)	99.88%	100.00%	99.97%	99.78%	99.87%	99.87%
Effective economic interest held on the underlying project (%)	55.13%	39.84%	89.97%	99.78%	99.90%	99.90%
Voting rights held (%)	39.92%	44.63%	25.00%	23.78%	25.00%	25.00%

Through investment in HANGIN & VEWPHI, the Group aggregate economic interest in Project Pililia (54Mw Wind) is 95.1%.

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

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	35,846	12,641
Loan receivables					
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	41,373	16,266
Loans and borrowings					
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
Non-current liabilities					
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	19,097	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	Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
Statement of comprehensive income						
Sale of energy	16,994	–	–	29,959	7,351	2,729
Other income	3	–	1	15	6	1
Revenue	16,997	–	1	29,974	7,357	2,730
Operating costs						
Shared services costs charged by a subsidiary	(4,264)	(24)	(108)	(6,086)	(965)	(1,053)
Development costs	(1,128)	–	–	(793)	(367)	(135)
Depreciation expenses	–	–	–	–	–	–
	(4,374)	–	–	(6,896)	(1,787)	(668)
	(9,766)	(24)	(108)	(13,775)	(3,119)	(1,856)
Finance income	354	–	–	661	7	29
Finance costs	(7,785)	–	–	(11,110)	(1,160)	(568)
Foreign exchange gain/(loss)	645	(1)	(1)	185	749	179
Net finance costs	(6,786)	(1)	(1)	(10,264)	(404)	(360)
Share of profits of associate	–	121	–	–	–	–
Profit/(loss) before tax	445	96	(108)	5,935	3,834	514
Income tax expenses	(217)	–	–	(298)	6	(23)
Profit/(loss) from continuing operations	228	96	(108)	5,637	3,840	491

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	Piilila HANGIN US\$'000	Piilila VEWPHI US\$'000	Wawa HPHPi US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000	Immaterial associates US\$'000	Total associates US\$'000
Carrying amount of interest in associates at start of the year	61,551	45,373	7,538	301,982	38,880	10,545	2,183	468,052
Group's share of amortisation of intangible asset acquired through business combinations	(2,723)	(1,963)	–	(8,465)	(1,470)	(310)	–	(14,931)
Group's share of profit from continuing operations	92	97	(99)	5,361	3,836	490	(721)	9,056
Effect of exchange rate changes from project-related agreements & licences	1,370	988	–	4,605	755	169	–	7,887
Group's share of other comprehensive income	679	39	199	(751)	541	135	(20)	822
Group's share of total comprehensive income	(582)	(839)	100	750	3,662	484	(741)	2,834
Group's contribution during the year	–	–	–	–	–	–	3,658	3,658
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	5,100	374,653

In October 2019, management committed to a plan to sell its interest in Project Wawa. The Group's interest in Project Wawa has been classified as held for sale (Note 36).

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:

2018

Statement of financial position

Property, plant and equipment
Intangible assets
Equity-accounted investees
Other non-current receivables
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
91,730	–	7,428	145,694	32,199	12,773
678	–	–	–	–	–
–	14,686	–	–	–	–
1,058	60	246	11,317	3,364	974
34	–	–	1,408	10	4
93,500	14,746	7,674	158,419	35,573	13,751
–	–	–	–	3	–
10,134	42	7	8,102	3,243	1,495
511	–	162	1,936	120	29
27,880	7	172	34,561	4,729	1,737
38,525	49	341	44,599	8,095	3,261
132,025	14,795	8,015	203,018	43,668	17,012
82,426	–	–	63,119	20,710	9,360
36	–	–	–	–	–
1,839	–	–	562	132	55
768	–	–	–	9	12
85,069	–	–	63,681	20,851	9,427
4,036	–	–	5,795	7,470	2,850
5,662	402	570	512	629	888
6	–	–	11	3	1
9,704	402	570	6,318	8,102	3,739
94,773	402	570	69,999	28,953	13,166
37,252	14,393	7,445	133,019	14,715	3,846

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:

2018

Statement of comprehensive income

Sale of energy
Other income

Revenue

Operating costs

Shared services costs charged by ROHQ

Development costs

Depreciation expenses

Finance income

Finance costs

Foreign exchange gain/(loss)

Net finance income/(costs)

Share of profits of associate

Profit/(loss) before tax

Income tax expenses

Profit/(loss) from continuing operations

Pililia HANGIN US\$'000	Pililia VEWPHI US\$'000	Wawa HPHPI US\$'000	Pollo HSEHI US\$'000	Ironman FSHPI US\$'000	Zorro OBPHI US\$'000
19,796	–	–	32,301	6,893	2,622
279	5	–	582	111	40
20,075	5	–	32,883	7,004	2,662
(5,653)	(127)	–	(4,385)	(1,003)	(1,057)
(722)	–	(112)	(502)	(425)	(347)
–	–	(93)	–	–	–
(4,242)	(5)	(1)	(6,606)	(1,731)	(637)
(10,617)	(132)	(206)	(11,493)	(3,159)	(2,041)
208	–	–	267	4	15
(6,303)	(1)	–	(4,810)	(1,307)	(592)
(3,158)	(39)	11	(3,570)	(1,460)	(628)
(9,253)	(40)	11	(8,113)	(2,763)	(1,205)
–	363	–	–	–	–
205	196	(195)	13,277	1,082	(584)
(658)	(1)	–	(11)	(9)	(13)
(453)	195	(195)	13,266	1,073	(597)

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:

2018	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	–	–	–	–	–	–	–	–
Acquisitions through business combinations	11,842	13,133	8,037	122,810	12,422	4,306	1,128	173,678
Project-related agreements & licences	48,009	34,615	–	160,188	26,419	5,868	–	275,099
Group's share of amortisation of intangible asset acquired through business combinations	(2,674)	(1,928)	–	(8,310)	(1,443)	(304)	–	(14,659)
Group's share of profit from continuing operations	(168)	196	(76)	13,615	2,701	216	(400)	16,084
Effect of exchange rate changes from project-related agreements & licences	(2,365)	(1,705)	–	(7,886)	(1,301)	(289)	–	(13,546)
Group's share of other comprehensive income	(882)	55	(323)	901	(688)	(225)	432	(730)
Group's share of total comprehensive income	(6,089)	(3,382)	(399)	(1,680)	(731)	(602)	32	(12,851)
Group's contribution during the year	8,481	1,007	–	29,700	2,400	1,836	1,595	45,019
Distribution during the year	–	–	–	(8,535)	–	–	–	(8,535)
Elimination of unrealised gains from transactions with associates	(692)	–	(100)	(501)	(1,630)	(863)	(572)	(4,358)
Carrying amount of interest in associates at end of the year	61,551	45,373	7,538	301,982	38,880	10,545	2,183	468,052

9 Other investments

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Equity investment – mandatorily at FVTPL	24,643	20,183	–	–
Debt investment – mandatorily at FVTPL	1,800	5,363	–	–
	<u>26,443</u>	<u>25,546</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	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Property, plant and equipment	165	47	(33,338)	(20,686)
Intangible assets	–	–	(1)	(1)
Loans and borrowings	–	–	(129)	(121)
Employee benefits	1,000	1,150	–	–
Provisions	–	–	(27)	–
Other items	883	82	–	–
Tax loss carry-forwards	19,026	11,382	–	–
Adoption of IFRS16	–	–	(1)	–
Deferred tax assets/(liabilities)	<u>21,074</u>	<u>12,661</u>	<u>(33,496)</u>	<u>(20,808)</u>

Deferred tax assets/(liabilities) are attributable to the following:

Movement in deferred tax balances – Group

Group	Balance as at 1 January 2019 US\$'000	Acquisition of subsidiaries 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)
	<u>(8,147)</u>	<u>–</u>	<u>(4,585)</u>	<u>2</u>	<u>308</u>	<u>(12,422)</u>

10 Deferred tax (cont'd)

Movement in deferred tax balances – Group (cont'd)

	Balance as at 1 January 2018 US\$'000	Acquisition of subsidiaries 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 2018 US\$'000
2018						
Property, plant and equipment	–	(30,505)	7,524	–	2,342	(20,639)
Intangible assets	–	(1)	–	–	–	(1)
Loans and borrowings	–	(92)	(26)	–	(3)	(121)
Employee benefits	–	1,938	(837)	(11)	60	1,150
Other items	–	120	(90)	–	52	82
Tax loss carry-forwards	–	16,699	(3,416)	–	(1,901)	11,382
	–	(11,841)	3,155	(11)	550	(8,147)

11 Loans receivables

	Note	Group		Company	
		2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Non-current					
Loans receivables from:					
- Related parties		513,871	359,274	510,862	354,355
- Equity-accounted investees		43,051	52,388	–	–
- Other third parties	(b)	12,640	19,510	–	–
Bond receivables from a subsidiary of a related party		320	318	–	–
Promissory note receivables	(a)	8,001	7,238	–	–
		577,883	438,728	510,862	354,355
Less: Impairment loss	30	(2,485)	(1,974)	(2,197)	(1,595)
Total non-current loans receivables		575,398	436,754	508,665	352,760
Current					
Interest receivables from:					
- Related parties		1,009	15,601	985	15,316
- Equity-accounted investees		1,574	9,925	–	–
- Bond receivables from a subsidiary of a related party		7	4	–	–
- Promissory note receivables		313	203	–	–
- Other third parties	(b)	793	2,380	–	–
Loan receivables from:					
- Equity-accounted investees		–	7,481	–	–
		3,696	35,594	985	15,316
Less: Impairment loss	30	(16)	(160)	(4)	(69)
Total current loans receivables		3,680	35,434	981	15,247

(a) 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.

(b) During the financial year, loan and interest receivables of US\$4,234,000 was written off (2018: Nil) as the amount was assessed not to be recoverable (Note 36).

11 Loans receivables (cont'd)

Terms and conditions of loan receivables are as follows:

	Currency	Maturity date	Principal amount		Interest rate	
			2019 \$'000	2018 \$'000	2019 %	2018 %
Group						
Related parties ^(a)	USD	On demand	—	266,148	—	5
Related parties ^(a)	JPY	On demand	510,862	88,207	1.35	5
Subsidiaries of related parties ^(b)	JPY	2033 to 2035	3,009	4,919	6	6
Equity-accounted investees	USD	2021 to 2026	43,051	59,870	3 - 5	3 - 5
Other third parties (secured) ^(c)	USD	2021	10,290	13,000	17	17
Other third parties ^(a)	USD	On demand	1,900	3,760	4.62	0
Other third parties ^(a)	USD	On demand	450	2,750	5.5	5.5
			<u>569,562</u>	<u>438,654</u>		
Company						
Related parties ^(a)	USD	On demand	—	266,148	—	5
Related parties ^(a)	JPY	On demand	510,862	88,207	1.35	5
			<u>510,862</u>	<u>354,355</u>		

- (a) The Group and the Company does not intend to demand for repayment for the above loans in the next 12 months.
- (b) 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.
- (c) Loan to third party (San Lorenzo Ruiz Builders & Developers Group Inc) is secured by rights to Project Wawa.

12 Derivative assets and liabilities

	Group		Company	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Derivative assets				
Non-current				
Electricity derivative	117,992	50,226	—	—
Forward exchange contract	—	3,351	—	—
	<u>117,992</u>	<u>53,577</u>	<u>—</u>	<u>—</u>
Current				
Forward exchange contract	3,888	1,160	—	—
Interest rate swaps	—	39	—	39
	<u>3,888</u>	<u>1,199</u>	<u>—</u>	<u>39</u>
Total derivative assets	<u>121,880</u>	<u>54,776</u>	<u>—</u>	<u>39</u>

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12 Derivative assets and liabilities (cont'd)

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Derivative liabilities				
Non-current				
Interest rate swaps	13,183	6,946	—	—
	13,183	6,946	—	—
Current				
Forward exchange contract	191	—	191	—
Interest rate swaps	2,310	—	—	—
	2,501	—	191	—
Total derivative liabilities	15,684	6,946	191	—

13 Prepayments and other assets

	Group	
	2019	2018
	US\$'000	US\$'000
Non-current		
Other prepayments	4,879	9,911
Other assets	9,757	1,779
	14,636	11,690
Current		
Prepaid land rent	—	304
Other prepayments	2,998	1,891
Other assets	1,127	1,043
	4,125	3,238
Total prepayments and other assets	18,761	14,928

14 Trade and other receivables

	Note	Group		Company	
		2019	2018	2019	2018
		US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables		65,812	47,645	—	—
Contract assets		19,771	10,858	—	—
Amounts due from:					
- Direct subsidiary	20	—	—	—	24,333
- Indirect subsidiaries		—	—	2,178	—
- Equity-accounted investees		2,242	1,380	—	—
- Related parties		22,736	44,206	—	—
- Other third parties		4,369	3,983	—	—
Commission receivable		—	4,941	—	—
Deposits		14,164	3,308	—	—
Other tax receivables		3,622	4,923	—	—
Other receivables		12,800	16,521	—	—
		145,516	137,765	2,178	24,333
Less: Impairment loss	30				
- Trade receivables and contract assets		(8,470)	(138)	—	—
- Other receivables		(1,861)	(472)	(9)	(109)
Total trade and other receivables		135,185	137,155	2,169	24,224

14 Trade and other receivables (cont'd)

The amount due from subsidiaries of US\$2.2 million (2018: US\$24.3 million) is non-trade, unsecured and non-interest bearing and repayable on demand.

The amount due from equity-accounted investees of US\$2.2 million (2018: US\$1.4 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

The amount due from related parties are asset management fees and operation and maintenance service charges charged to GKs, and shared service charges charged to subsidiaries of Vena Energy (Taiwan) Holdings Ltd.

Included in other receivables are delay liquidated damages receivable from EPC contractors in Indonesia.

15 Cash and cash equivalents

	Note	Group		Company	
		2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Bank balances		137,292	275,287	23,318	164,600
Short term deposits		51,326	47,140	—	—
Cash and cash equivalents in the statement of financial position		188,618	322,427	23,318	164,600
Restricted bank balances and deposits	(a)	(25,681)	(47,289)	—	(20,214)
Bank overdrafts used for cash management purposes		(8,908)	(4,213)	—	—
Cash and cash equivalents in the statement of cash flows		154,029	270,925	23,318	144,386

(a) As at 31 December 2019, the Group's cash and cash equivalents of US\$25.7 million (2018: US\$47.3 million) of the Group's cash and cash equivalents were held under project accounts.

16 Share capital

	Group and Company	
	2019 No. of shares (‘000)	2018 No. of shares (‘000)
Issued and fully paid		
At 1 January	1,690,245	—*
Issued during the year	—	1,690,245
At 31 December	1,690,245	1,690,245

* Less than US\$1,000

Ordinary shares

The ordinary shares were issued with par value of US\$1.00 per share. The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

17 Reserves

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Capital reserve	65,674	65,674	65,674	65,674
Translation reserve	(35,772)	(52,371)	—	—
Defined benefit reserve	82	98	—	—
	<u>29,984</u>	<u>13,401</u>	<u>65,674</u>	<u>65,674</u>

Capital reserve

The capital reserves comprise the excess of amounts received from shareholders over the par value of shares issued, or 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

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Project finance debt	717,520	758,014	—	—
Term loan	470,978	622,452	470,978	622,452
Finance lease liabilities	17,817	42	—	—
Deferred financing cost	(11,723)	(20,898)	—	(9,300)
	<u>1,194,592</u>	<u>1,359,610</u>	<u>470,978</u>	<u>613,152</u>
Current				
Project finance debt	54,201	39,393	—	—
Revolving credit facility	146,279	78,399	146,279	78,399
Loan from subsidiary	—	—	1,580	—
External party loan	420	—	—	—
Bank overdrafts	8,908	4,213	—	—
Finance lease liabilities	3,284	31	—	—
Deferred financing cost	(431)	(4,433)	—	(3,100)
Interest payable	1,284	2,865	237	470
	<u>213,945</u>	<u>120,468</u>	<u>148,096</u>	<u>75,769</u>
	<u>1,408,537</u>	<u>1,480,078</u>	<u>619,074</u>	<u>688,921</u>

18 Loans and borrowings (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.

Impact on adoption of IFRS 16 on current financial year

Amounts recognised in profit or loss

	\$'000
2019 - Lease under IFRS 16	
Interest on lease liabilities	1,106
Expenses relating to short-term leases	<u>125</u>

2018 – Operating lease under IAS 17

Leases expense	<u>3,579</u>
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Amounts recognised in statement of cash flows

	2019
	\$'000
Total cash outflow for leases	<u>3,751</u>

Terms and conditions of loans and borrowings are as follows:

	Currency	Maturity date	Principal amount		Interest rate	
			2019 \$'000	2018 \$'000	2019 %	2018 %
Group						
Project finance debt	AUD	2025	118,850	101,210	BBSY+1.65	BBSY+1.75
Project finance debt	INR	2035	103,779	113,357	10.25	10.25
Project finance debt	INR	2033	19,230	20,903	9.55	9.75
Project finance debt	INR	2033	24,018	26,109	9.50	10.25
Project finance debt	INR	2028	13,919	16,876	10.90	9.75
Project finance debt	INR	2033	64,909	69,672	10.52	10.25
Project finance debt	INR	2035	19,543	–	10.75	–
Project finance debt	INR	2035	32,014	35,315	10.20	10.25
Project finance debt	INR	2035	80,046	85,643	10.22	10.25
Project finance debt	THB	2027	105,744	107,157	4.2 & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2035	37,182	57,940	11	11
Project finance debt	USD	2037	113,505	120,750	3.9 - 5.721	3 & LIBOR+2.25
Project finance debt	USD	2037	13,466	13,875	3 - 5.7060	3 & LIBOR+3.15
						1.1 &
Project finance debt	USD	2037	6,881	9,399	1.1 - 5.7060	LIBOR+3.15
						1.5 &
Project finance debt	USD	2037	18,635	19,201	1.5 - 5.7060	LIBOR+3.15
External party loan	USD	2020	420	–	Interest free	–
Term loan	USD	2023	–	317,716	–	LIBOR+3.5%
Term loan	JPY	2024	470,978	304,736	LIBOR+1.5	LIBOR+3.5%
Revolving credit facility	JPY	2024	146,279	78,399	LIBOR+1.5	LIBOR+1.5%
			<u>1,389,398</u>	<u>1,498,258</u>		

18 Loans and borrowings (cont'd)

Company	Currency	Maturity date	Principal amount		Interest rate	
			2019	2018	2019	2018
			\$'000	\$'000	%	%
Term loan	USD	2023	—	317,716	—	LIBOR+3.5
Term loan	JPY	2024	470,978	304,736	LIBOR+1.5	LIBOR+3.5
Revolving credit facility	JPY	2024	146,279	78,399	LIBOR+1.5	LIBOR+1.5
			<u>617,257</u>	<u>700,851</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 2019 and 31 December 2018.

US\$771,721,000 (2018: US\$797,407,000) of project finance debts, US\$471,398,000 (2018:US\$622,452,000) of term loan and US\$146,279,000 (2018: US\$78,399,000) of revolving credit facilities are taken up by the subsidiaries of the Company where these debt obligations have no recourse to the Company.

18 Loans and borrowings (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	Finance lease liabilities US\$'000	Share capital US\$'000	Reserves US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 January 2019	4,213	786,872	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 finance 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
Total equity-related other changes								
	-	-	-	-	-	-	12,216	12,216
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

18 Loans and borrowings (cont'd)

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

	Liabilities			Equity			Total US\$'000	
	Overdraft facility US\$'000	Project finance debt US\$'000	Working capital loan ¹ US\$'000	Finance lease liabilities US\$'000	Share capital US\$'000	Reserves US\$'000		Non- controlling interests US\$'000
Changes arising from obtaining or losing control of subsidiaries or other business	11,843	535,873	—	103	—	—	72,323	620,142
Changes from financing cash flows								
Proceeds from issuance of shares	—	—	—	—	1,690,245	65,674	—	1,755,919
Dividends paid to non-controlling interests	—	—	—	—	—	—	(6,671)	(6,671)
Proceeds from loan and borrowing	—	650,258	696,319	—	—	—	—	1,346,577
Repayment of loan and borrowing	—	(383,899)	—	—	—	—	—	(383,899)
Payment of finance lease liabilities	—	—	—	(30)	—	—	—	(30)
Transaction costs related to loans and borrowings	—	(18,318)	(16,954)	—	—	—	—	(35,272)
Interest paid on acquisition	—	(7,401)	(2,106)	—	—	—	—	(9,507)
Interest paid	—	(42,908)	(26,797)	—	—	—	—	(69,705)
Total changes from financing cash flows	—	197,732	650,462	(30)	1,690,245	65,674	(6,671)	2,597,412
The effect of changes in foreign exchange rates	—	(5,370)	4,349	—	—	—	—	(1,021)
Other changes								
Liability-related								
Change in bank overdraft	(7,630)	—	—	—	—	—	—	(7,630)
Interest expense	—	58,637	34,110	—	—	—	—	92,747
Total liability-related other changes	(7,630)	58,637	34,110	—	—	—	—	85,117
Total equity-related other changes	—	—	—	—	—	—	8,775	8,775
Balance at 31 December 2018	4,213	786,872	688,921	73	1,690,245	65,674	74,427	3,260,425

¹ Working capital loan included term loan and revolving credit facility

19 Asset retirement obligation

	Group	
	2019	2018
	US\$'000	US\$'000
At 1 January	2,341	–
Acquisitions through business combinations	–	2,058
Provision made during the year	98	184
Effect of exchange rate changes	2	99
At 31 December	<u>2,441</u>	<u>2,341</u>

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

20 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts due to:				
- Direct subsidiary	–	–	63,265	–
- Indirect subsidiaries	–	–	4,201	179
- Related parties	6,577	40,040	–	–
- Equity-accounted investees	3	203	–	–
- Other third parties	4,815	5,578	–	1,678
Trade payables	8,624	3,453	–	–
Payables to EPC contractors	12,759	24,248	–	–
Other tax payable	4,703	3,650	–	–
Accrued operating expenses	45,211	10,933	823	287
Accrued staff costs	1,210	7,972	–	–
Deferred income	6,048	440	–	–
	<u>89,950</u>	<u>96,517</u>	<u>68,289</u>	<u>2,144</u>

The amount due to subsidiaries of US\$67.5 million (2018: US\$0.2 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

The amount due to equity-accounted investees of US\$30,000 (2018: US\$0.2 million) is non-trade, unsecured, non-interest bearing and repayable on demand.

Included in deferred income is contract liabilities of US\$1,408,000 (2018: Nil) which relates to advances received from customers for services yet to be fulfilled, and US\$4,462,904 (2018: Nil) which relates to government grants on project, amortized over PPA period of 25 years.

Included in amounts due to related parties of US\$6,576,661 (2018: US\$40,040,447), are advances received from GKs on asset management fees and operational and maintenance fees.

20 Trade and other payables (cont'd)

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	2019 US\$'000	2018 US\$'000
Balance as at 1 January:			
Amount due from direct subsidiary	14	(24,333)	–
Amount due to direct subsidiary		–	–
Net amount due (from)/to direct subsidiary		(24,333)	–
 Advances to direct subsidiary		(86,378)	(26,213)
Advances from direct subsidiary		173,976	1,880
Net movement in amounts due to/(from) direct subsidiary		87,598	(24,333)
 Balance as at 31 December:			
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)

Post financial year-end, the Company in May 2020 extinguished part of amount due to its subsidiary, Vena Energy Ltd, amounting to US\$61,486,000 by reducing share premium contribution.

21 Revenue

The Group's revenue comprises:

	Group		Company	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Dividend income	–	–	1,846	46,622
Sale of energy	187,048	147,254	–	–
Service concession income	35,621	123,042	–	–
Fee income:				
- Shared services fee income	11,664	5,827	–	–
- Operations & Maintenance service fees income	6,545	5,750	–	–
- Asset management fee income	18,724	12,225	–	–
	259,602	294,098	1,846	46,622

Included in fee income are shared services fee income from related parties of US\$11,664,000 (2018: US\$5,827,000), operations and maintenance service fees income from related parties of US\$5,888,000 (2018: US\$5,750,000) and asset management fee income from related parties of US\$18,489,000 (2018: US\$12,225,000).

21 Revenue (cont'd)

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

Sale of energy

Nature of goods or services	Sale of renewable energy
When revenue is recognised	Revenue from sale of electricity is recognised in profit or loss when the electricity generated is dispatched to the customer. Revenue is determined based on the units of sales delivered at the applicable tariff rates.
Payment terms	30-90 days

Service concession arrangements

In 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	
	2019	2018
	US\$'000	US\$'000
Revenue	35,621	123,042
Profit	—	—

The revenue recognised in relation to construction in 2019 represents the fair value of the construction services provided in constructing the plant. The Group has recognised US\$169.7 million (2018: US\$139.5 million) in intangible asset (see note 6) as at 31 December 2019.

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	
	2019	2018
	US\$'000	US\$'000
Thailand Solar	50,179	45,733
India Solar	25,502	25,030
India Wind	71,750	76,491
Australia Solar	8,485	—
Indonesia Solar	3,257	—
Indonesia Wind	27,875	—
	187,048	147,254

21 Revenue (cont'd)

Contract balances

Please refer to note 14 for contract assets primarily relating to the Group's right to consideration for sale of renewable energy 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.

22 Other income

The Group's other income comprises:

	Group	
	2019	2018
	US\$'000	US\$'000
Insurance claims	1,297	3,165
Pre-commercial operation revenue	861	888
Government grants	694	—
Others	1,375	1,765
	4,227	5,818

23 Operating costs

	Group	
	2019	2018
	US\$'000	US\$'000
Operations and maintenance costs	17,209	15,235
Utilities and transmission costs	2,455	1,210
Asset related insurance	1,209	1,116
Professional fees	3,481	1,755
Rental - land & site office	244	1,534
Asset related tax and levies	528	245
Travel and entertainment expenses	384	336
Other general and administrative costs	1,898	899
	27,408	22,330

Staff costs of US\$3.7 million (2018: US\$4.6 million) is included within Operations and maintenance costs.

24 Shared services costs

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Staff costs	33,428	33,441	—	—
Directors and Investment Committee members fee	258	2,465	—	—
Occupancy costs	1,457	2,740	—	—
Professional fees	6,653	4,192	457	463
IT expenses	2,105	814	—	—
Secondment fee	2,306	1,331	—	—
Insurance	382	228	—	—
Travel and entertainment expenses	3,178	2,149	—	—
Other general and administrative costs	2,768	2,550	27	10
	52,535	49,910	484	473

25 Development costs

	Group	
	2019	2018
	US\$'000	US\$'000
Staff costs	1	89
Professional fees	247	649
Travel and entertainment expenses	43	315
Occupancy costs	31	80
Other general and administrative costs	140	201
	<u>462</u>	<u>1,334</u>

26 Finance income and finance costs

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income from:				
- Loan to related parties	17,684	15,630	17,642	15,284
- Loan to other third parties	7,194	5,830	—	—
- Short term deposits	4,122	3,632	749	648
Gain from disposal of financial instrument	120	—	120	—
Total finance income	<u>29,120</u>	<u>25,092</u>	<u>18,511</u>	<u>15,932</u>
Finance costs				
Interest expense on:				
- Project finance debt	(55,339)	(42,604)	—	—
- Term loan	(24,398)	(27,086)	(24,398)	(27,086)
- Acquisition of subsidiaries	—	(9,507)	—	(2,288)
- Lease liabilities	(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	(6,620)	(13,550)	(2,801)	(4,736)
Total finance costs	<u>(100,529)</u>	<u>(92,747)</u>	<u>(40,265)</u>	<u>(34,110)</u>

Included in other finance costs are deferred financing costs of US\$5,095,000 (2018: 13,550,000).

27 Change in fair value of financial instrument at FVTPL

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Gain/(loss) on change in fair value:				
- Equity investment	1,403	3,515	—	—
- Debt investment	(275)	368	—	—
- Electricity derivatives	68,937	43,193	—	—
- Forward contract	614	(1,159)	—	—
- Interest swaps	(14,310)	(1,102)	(4,701)	39
	<u>56,369</u>	<u>44,815</u>	<u>(4,701)</u>	<u>39</u>

28 Profit before tax

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

	Group	
	2019 US\$'000	2018 US\$'000
Staff costs		
Wages and salaries	26,041	18,210
Transaction bonus	—	12,325
Ordinary bonus	4,359	3,679
Contributions to defined contribution plans	568	608
Employee insurance	2,286	1,321
Recruitment fee	1,680	470
Staff benefits, allowances and others	2,198	1,493
	37,132	38,106

29 Tax expense

	Group		Company	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Current tax expense				
Withholding tax	(3,795)	(4,023)	—	—
Current year	(574)	(1,220)	—	—
	(4,369)	(5,243)	—	—
Deferred tax credit				
Origination and reversal of temporary difference	(4,585)	3,155	—	—
Tax expense	(8,954)	(2,088)	—	—
Tax recognised in OCI				
Defined benefit plan remeasurements	2	(11)	—	—

Reconciliation of effective tax rate

Profit before tax	43,204	3,066	(25,711)	23,627
Tax using Cayman Island tax rate of 0%	—	—	—	—
Effect of tax rates in foreign jurisdiction	20,979	8,033	—	—
Effects of results of equity-accounted investees presented net of tax	(3,720)	(4,034)	—	—
Expenses non-deductible for tax purposes	6,958	11,305	—	—
Tax-exempt income/non-taxable income	(31,187)	(20,124)	—	—
Tax incentives	—	(105)	—	—
Recognition of tax effect of previously unrecognised tax losses	9,774	(6,327)	—	—
Current-year losses for which no deferred tax asset is recognised	2,351	9,490	—	—
Withholding taxes	3,795	4,023	—	—
Change in unrecognised temporary differences	4	(173)	—	—
	8,954	2,088	—	—

The Cayman Islands tax rate of 0% is used in the table above as this is the country in which the Company is domiciled.

30 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

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

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

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Impairment loss on trade receivables	8,332	138	—	—
Impairment loss on other receivables	(114)	320	(100)	109
Impairment loss on loan receivables	367	2,134	537	1,664
	<u>8,585</u>	<u>2,592</u>	<u>437</u>	<u>1,773</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.

30 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

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

The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

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

	Group Carrying amount		Company Carrying amount	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
India	58,690	47,913	—	—
Japan	—	748	—	—
Indonesia	11,044	984	—	—
Thailand	9,277	7,987	—	—
Philippines	659	686	—	—
Australia	5,830	180	—	—
Taiwan	5	5	—	—
Others ¹	78	—	—	—
	85,583	58,503	—	—

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:

	2019		2018	
	Not credit- impaired \$'000	Credit- impaired \$'000	Not credit- impaired \$'000	Credit- impaired \$'000
Group				
India	13,236	45,454	47,913	—
Japan	—	—	748	—
Indonesia	5,085	5,959	984	—
Thailand	9,277	—	7,987	—
Philippines	659	—	686	—
Australia	5,830	—	180	—
Taiwan	5	—	5	—
Others ¹	78	—	—	—
Total gross carrying amount	34,170	51,413	58,503	—
Loss allowance	(107)	(8,363)	(138)	—
	34,063	43,050	58,365	—

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

30 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk (cont'd)

At 31 December 2019, the carrying amount of the Group's top five customers amounts to US\$61.0 million (2018: US\$42.0 million), which accounts for 71.0% (2018: 73.0%) of the trade receivables and contract assets.

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

Expected credit loss assessment for trade receivables and contract assets

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss 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 as at 31 December 2019:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit-impaired
2019				
<u>Government or government-linked</u>				
Low	0.00	9,281	—	No
<u>Utilities industry</u>				
Low	5.02	70,343	3,532	Yes
High	82.9	5,959	4,938	
		<u>85,583</u>	<u>8,470</u>	
2018				
<u>Government or government-linked</u>				
Low	0.00	27,739	—	No
<u>Utilities industry</u>				
Low	0.45	30,764	138	No
		<u>58,503</u>	<u>138</u>	

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

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

	Group US\$'000	Company US\$'000
As at 1 January 2018 per IAS 39	—	—
Adjustment on initial application of IFRS 9	—	—
At 1 January 2018 per IFRS 9	—	—
Impairment loss recognised	138	—
At 31 December 2018 per IFRS 9	138	—
At 1 January 2019 per IFRS 9	138	—
Impairment loss allowance	4,938	—
Impairment loss recognised	3,394	—
At 31 December 2019 per IFRS 9	8,470	—

Other receivables

Other receivables comprises 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	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
India	12,161	2,609	—	—
Japan	17,735	40,597	—	—
Indonesia	13,400	16,632	—	—
Thailand	532	354	—	—
Philippines	4,252	2,964	—	—
Australia	127	130	—	—
Taiwan	5,491	2,474	—	—
Korea	157	—	—	—
Others ¹	6,078	8,579	2,178	24,333
	59,933	74,339	2,178	24,333

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:

	2019		2018	
Group	12-month ECL US\$'000	Credit- impaired US\$'000	12-month ECL US\$'000	Credit- impaired US\$'000
India	12,161	—	2,609	—
Japan	17,735	—	40,597	—
Indonesia	8,927	4,473	16,632	—
Thailand	369	163	354	152
Philippines	4,252	—	2,964	—
Australia	127	—	130	—
Taiwan	5,491	—	2,474	—
Korea	157	—	—	—
Others ¹	6,078	—	8,579	—
Total gross carrying amount	55,297	4,636	74,339	152
Loss allowance	(206)	(1,655)	(320)	(152)
	55,091	2,981	74,019	—
Company				
Singapore	2,178	—	24,333	—
Total gross carrying amount	2,178	—	24,333	—
Loss allowance	(9)	—	(109)	—
	2,169	—	24,224	—

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 2019:

Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Group Impairment loss allowance US\$'000	Credit- impaired
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>	
2018				
<u>Government or government-linked</u>				
Low	0.00	1,008	—	No
<u>Insurance industry</u>				
Low	0.32	16,577	53	No
<u>Financial industry</u>				
Low	0.67	1,503	10	No
<u>Real estate industry</u>				
Low	0.72	3,105	23	No
<u>Utilities industry</u>				
Low	0.45	51,994	234	No
High	100	152	152	Yes
		<u>74,339</u>	<u>472</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
2019				
<u>Utilities industry</u>				
Low	0.43	2,178	9	No
2018				
<u>Utilities industry</u>				
Low	0.45	24,333	109	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
As at 1 January 2018 per IAS 39	—	—
Adjustment on initial application of IFRS 9	—	—
Impairment loss from acquisition of subsidiaries	152	—
At 1 January 2018 per IFRS 9	152	—
Impairment loss recognised	320	109
At 31 December 2018 per IFRS 9	472	109
At 1 January 2019 per IFRS 9	472	109
Effect of exchange rate changes	11	—
Impairment loss allowance	1,492	—
Reversal of impairment loss	(114)	(100)
At 31 December 2019 per IFRS 9	1,861	9

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	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
India	408	390	—	—
Japan	327	322	—	—
Indonesia	19	1,880	—	—
Thailand	8,315	7,440	—	—
Singapore	50,374	79,792	—	—
Cayman Islands	522,136	384,498	511,847	369,671
	<u>581,579</u>	<u>474,322</u>	<u>511,847</u>	<u>369,671</u>

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

The Group has no non credit-impaired loan receivables with significant increase in credit risk.

	2019		2018	
	12-month	Credit-impaired	12-month	Credit-impaired
	ECL		ECL	
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
India	408	—	390	—
Japan	327	—	322	—
Indonesia	19	—	1,880	—
Thailand	8,315	—	7,440	—
Singapore	50,374	—	79,792	—
Cayman Islands	522,136	—	384,498	—
Total gross carrying amount	<u>581,579</u>	<u>—</u>	<u>474,322</u>	<u>—</u>
Loss allowance	(2,501)	—	(2,134)	—
	<u>579,078</u>	<u>—</u>	<u>472,188</u>	<u>—</u>
Company				
Cayman Islands	511,847	—	369,671	—
Total gross carrying amount	<u>511,847</u>	<u>—</u>	<u>369,671</u>	<u>—</u>
Loss allowance	(2,201)	—	(1,664)	—
	<u>509,646</u>	<u>—</u>	<u>368,007</u>	<u>—</u>

¹ Others includes offshore entities in Singapore and Cayman Islands.

Expected credit loss assessment for loans receivables

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

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 2019:

Credit risk grade	Loss rate %	Group		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2019				
<u>Utilities Industry</u>				
Low	0.43	581,578	2,501	No
2018				
<u>Utilities Industry</u>				
Low	0.45	474,322	2,134	No
Credit risk grade	Loss rate %	Company		Credit-impaired
		Gross carrying amount US\$'000	Impairment loss allowance US\$'000	
2019				
<u>Utilities industry</u>				
Low	0.43	511,847	2,201	No
2018				
<u>Utilities industry</u>				
Low	0.45	369,671	1,664	No

Movements in allowance for impairment in respect of loans receivables

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

	Group US\$'000	Company US\$'000
As at 1 January 2018 per IAS 39	—	—
Adjustment on initial application of IFRS 9	—	—
At 1 January 2018 per IFRS 9	—	—
Impairment loss recognised	2,134	1,664
At 31 December 2018 per IFRS 9	2,134	1,664
At 1 January 2019 per IFRS 9	2,134	1,664
Impairment loss recognised	367	537
At 31 December 2019 per IFRS 9	2,501	2,201

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\$188.6 million and US\$23.3 million respectively at 31 December 2019 (2018: US\$322.4 million and US\$164.6 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 AAA to BB (2018: AA+ 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 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 2019 and 31 December 2018, 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 2019						
Non-derivative financial liabilities						
Bank loans	1,390,682	1,456,593	203,654	67,886	678,738	506,315
Finance 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>19,513</u>	<u>6,330</u>	<u>10,894</u>	<u>—</u>	<u>2,289</u>
	<u>1,511,686</u>	<u>1,585,314</u>	<u>301,375</u>	<u>80,936</u>	<u>681,828</u>	<u>521,175</u>

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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 2018						
Non-derivative financial liabilities						
Bank loans	1,501,123	1,583,887	237,601	62,240	806,665	477,381
Finance lease liabilities	73	77	33	33	11	—
Trade and other payables*	92,427	92,427	92,427	—	—	—
Bank overdraft	4,213	4,213	4,213	—	—	—
	<u>1,597,836</u>	<u>1,680,604</u>	<u>334,274</u>	<u>62,273</u>	<u>806,676</u>	<u>477,381</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	6,907	6,907	48	286	2,171	4,402
Forward exchange contracts (gross-settled):	(4,511)					
- Outflow	—	(51,592)	(9,989)	(41,603)	—	—
- Inflow	—	56,058	11,149	44,909	—	—
	<u>2,396</u>	<u>11,373</u>	<u>1,208</u>	<u>3,592</u>	<u>2,171</u>	<u>4,402</u>
	<u>1,600,232</u>	<u>1,691,977</u>	<u>335,482</u>	<u>65,865</u>	<u>808,847</u>	<u>481,783</u>
Company						
31 December 2019						
Non-derivative financial liabilities						
Bank loans	619,074	619,074	148,096	—	470,978	—
Trade and other payables*	68,289	68,289	68,289	—	—	—
	<u>687,363</u>	<u>687,363</u>	<u>216,385</u>	<u>—</u>	<u>470,978</u>	<u>—</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	191	191	191	—	—	—
	<u>687,554</u>	<u>687,554</u>	<u>216,576</u>	<u>—</u>	<u>470,978</u>	<u>—</u>
31 December 2018						
Non-derivative financial liabilities						
Bank loans	701,321	701,321	78,869	—	31,123	591,329
Trade and other payables*	2,144	2,144	2,144	—	—	—
	<u>703,465</u>	<u>703,465</u>	<u>81,013</u>	<u>—</u>	<u>31,123</u>	<u>591,329</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	(39)	(39)	(39)	—	—	—
	<u>703,426</u>	<u>703,426</u>	<u>80,974</u>	<u>—</u>	<u>31,123</u>	<u>591,329</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 (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	USD US\$'000	INR US\$'000	JPY US\$'000	AUD US\$'000	THB US\$'000	Others US\$'000
2019						
Trade and other receivables	8,963	70,851	17,733	5,957	9,646	22,035
Cash and cash equivalents	74,893	54,412	5,426	9,113	24,943	19,831
Derivative assets	121,880	—	—	—	—	—
Loan receivables	58,162	408	512,174	—	8,315	19
Derivative liabilities	(15,684)	—	—	—	—	—
Loans and borrowings	(180,899)	(365,833)	(619,884)	(120,033)	(116,328)	(5,560)
Trade and other payables	(36,833)	(6,208)	20,612	(5,512)	(1,442)	(19,343)
Net exposure	30,482	(246,370)	(105,163)	(110,475)	(74,866)	16,982
2018						
Trade and other receivables	25,604	51,387	41,735	3,568	8,394	6,467
Cash and cash equivalents	126,969	50,003	88,625	18,611	19,274	18,945
Derivative assets	54,776	—	—	—	—	—
Loan receivables	366,084	391	96,393	—	7,440	1,880
Derivative liabilities	(6,946)	—	—	—	—	—
Loans and borrowings	(364,150)	(483,403)	(383,516)	(102,796)	(105,540)	(40,673)
Trade and other payables	(15,930)	(2,751)	(49,342)	(19,468)	(1,489)	(7,537)
Net exposure	186,407	(384,373)	(206,105)	(100,085)	(71,921)	(20,918)
Company						
2019						
Trade and other receivables	2,169	—	—	—	—	—
Cash and cash equivalents	22,847	—	471	—	—	—
Derivative assets	—	—	—	—	—	—
Loan receivables	—	—	509,646	—	—	—
Derivative liabilities	(191)	—	—	—	—	—
Loans and borrowings	(1,580)	—	(617,494)	—	—	—
Trade and other payables	(68,289)	—	—	—	—	—
Net exposure	(45,044)	—	(107,377)	—	—	—
2018						
Trade and other receivables	24,224	—	—	—	—	—
Cash and cash equivalents	80,258	—	84,342	—	—	—
Derivative assets	39	—	—	—	—	—
Loan receivables	271,935	—	96,072	—	—	—
Derivative liabilities	—	—	—	—	—	—
Loans and borrowings	(305,478)	—	(383,443)	—	—	—
Trade and other payables	(2,144)	—	—	—	—	—
Net exposure	68,834	—	(203,029)	—	—	—

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 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	—	—
31 December 2018				
INR (5% strengthening)	19,219	19,219	—	—
JPY (5% strengthening)	10,305	10,305	10,411	10,411
AUD (5% strengthening)	5,004	5,004	—	—
THB (5% strengthening)	3,596	3,596	—	—
Others (5% strengthening)	1,046	1,046	—	—
INR (5% weakening)	(19,219)	(19,219)	—	—
JPY (5% weakening)	(10,305)	(10,305)	(10,411)	(10,411)
AUD (5% weakening)	(5,004)	(5,004)	—	—
THB (5% weakening)	(3,596)	(3,596)	—	—
Others (5% weakening)	(1,046)	(1,046)	—	—

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 borrowings that are subject to interest rate risk were as follows:

	Group Nominal amount		Company Nominal amount	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	569,562	442,449	510,862	354,355
Financial liabilities	(547,127)	(425,816)	—	—
	<u>22,435</u>	<u>16,633</u>	<u>510,862</u>	<u>354,355</u>
Variable rate instruments				
Financial liabilities	(841,851)	(1,072,442)	(617,257)	(700,851)
Interest rate swap	224,594	464,788	—	310,000
	<u>(617,257)</u>	<u>(607,654)</u>	<u>(617,257)</u>	<u>390,851</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 (2018: 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.

A change of 100 basis points in interest rates would have increased or decreased equity by approximately US\$0.2 million (2018: US\$0.2 million) for the Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100bp decrease
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
31 December 2019				
Variable rate instruments	8,419	(8,419)	—	—
Interest rate swap	(2,246)	2,246	—	—
Cash flow sensitivity (net)	<u>6,173</u>	<u>(6,173)</u>	<u>—</u>	<u>—</u>

30 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

Group	Profit or loss		Equity	
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100bp decrease US\$'000
31 December 2018				
Variable rate instruments	10,724	(10,724)	—	—
Interest rate swap	(4,648)	4,648	—	—
Cash flow sensitivity (net)	6,076	(6,076)	—	—
Company				
31 December 2019				
Variable rate instruments	6,173	(6,173)	—	—
Cash flow sensitivity (net)	—	—	—	—
	6,173	(6,173)	—	—
31 December 2018				
Variable rate instruments	7,009	(7,009)	—	—
Cash flow sensitivity (net)	(3,100)	3,100	—	—
	3,909	(3,909)	—	—

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.

31 Fair value of financial instruments (cont'd)

Fair value measurement (cont'd)

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

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

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

31 Fair value of financial instruments (cont'd)

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	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	–	–	–	–
Trade and other receivables*	14	–	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	–	–	(1,408,537)	(1,408,537)	–	(15,493)	–	(15,493)
Interest rate swaps	12	(15,493)	–	–	(15,493)	–	(191)	–	(191)
Forward exchange contract	12	(191)	–	–	(191)	–	–	–	–
Trade and other payables*	20	–	–	(79,199)	(79,199)	–	–	–	–
		(15,684)	–	(1,487,736)	(1,503,420)	–	–	–	–

* 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 FV/TPL 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 2018									
Loans receivables	11	–	472,188	–	472,188	–	–	–	–
Trade and other receivables*	14	–	132,232	–	132,232	–	–	–	–
Other investments	9	25,546	–	–	25,546	–	5,363	20,183	25,546
Electricity derivative	12	50,226	–	–	50,226	–	–	50,226	50,226
Forward exchange contract	12	4,511	–	–	4,511	–	4,511	–	4,511
Interest rate swaps	12	39	–	–	39	–	39	–	39
Cash and cash equivalents	15	–	322,427	–	322,427	–	–	–	–
		80,322	926,847	–	1,007,169	–	–	–	–
Loans and borrowings	18	–	–	(1,480,078)	(1,480,078)	–	–	–	–
Interest rate swaps	12	(6,946)	–	–	(6,946)	–	(6,946)	–	(6,946)
Trade and other payables*	20	–	–	(92,427)	(92,427)	–	–	–	–
		(6,946)	–	(1,572,505)	(1,579,451)	–	–	–	–

* 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 2019									
Loans receivables	11	-	509,646	-	509,646				
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									
Forward exchange contract	18	-	-	(619,074)	(619,074)		(191)		(191)
Trade and other payables*	20	(191)	-	-	(191)				
		-	-	(68,289)	(68,289)				
		(191)	-	(687,363)	(687,554)				
31 December 2018									
Loans receivables	11	-	368,007	-	368,007				
Interest rate swaps	12	39	-	-	39		39	-	39
Trade and other receivables*	14	-	24,224	-	24,224				
Cash and cash equivalents	15	-	164,600	-	164,600				
		39	556,831	-	556,870				
Loans and borrowings									
Trade and other payables*	18	-	-	(688,921)	(688,921)				
	20	-	-	(2,144)	(2,144)				
		-	-	(691,065)	(691,065)				

* Excludes non-financial assets and liabilities

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.	Capacity in development Discount rate	The estimated fair value would increase (decrease) if: - the capacity in development was higher (lower); - 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.	Spot rate Discount rate	The estimated fair value would increase (decrease) if: - The 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.

31 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:

	2019		2018	
	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000	Equity investments – at FVTPL US\$'000	Electricity derivative US\$'000
At 1 January	20,183	50,226	–	–
Acquisition through business combination	–	–	16,515	7,738
Purchases	2,055	–	153	–
Disposals	(2,761)	–	–	–
Total unrealised gains and losses recognised in profit or loss	5,166	68,937	3,515	43,193
Foreign currency translation recognised in OCI	–	(1,171)	–	(705)
At 31 December	24,643	117,992	20,183	50,226

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 2019		
Discount rate (1% movement)	5,299	(5,299)
Development Capacity (1% movement)	96	(96)
31 December 2018		
Discount rate (1% movement)	2,730	(2,730)
Development Capacity (1% movement)	199	(199)

Electricity derivatives

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

	Group (Profit or Loss)	
	Increase US\$'000	Decrease US\$'000
31 December 2019		
Spot rate (0.1% movement)	(286)	286
Discount rate (0.1% movement)	10,030	10,030
31 December 2018		
Spot rate (0.1% movement)	270	(270)
Discount rate (0.1% movement)	878	(878)

32 Commitments

Operation and maintenance agreements

The future aggregate minimum lease payments for operation and maintenance agreements are as follows:

	Group	
	2019	2018
	US\$'000	US\$'000
Within one year	763	999
After one year but within five years	2,606	2,839
After five years	–	294
Total	3,369	4,132

The Group entered into various coordination agreements with the suppliers, service providers, developers and constructors, in order to specify each party's responsibilities for power plant construction.

During the year, an amount of US\$124,859 (2018: US\$3.5 million) was recognised as an expense in profit or loss in respect of operating lease.

Non-cancellable operating lease commitments

The Group leases a number of offices and office equipment under operating leases. The leases have tenure ranging from 1 to 7 years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect the market rate. Future minimum lease payments for the Group and the Company on non-cancellable operating leases are as follows:

	Group	
	2019	2018
	US\$'000	US\$'000
Long-term office lease agreements		
Within one year	302	872
After one year but within five years	312	1,744
After five years	–	273
Total	614	2,889

33 Contingent liability

In 2019, the Company entered into a stand-by letter of credit ("SBLC") arrangement by drawing on an existing revolving credit facility. This SBLC is JPY 387,187,500 and expires in July 2022. The SBLC bears an interest of LIBOR + 1.25% per annum.

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 (formerly known as GIP Zenith Cayco IV, Ltd) and its subsidiaries, Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II) and its subsidiaries as related parties in accordance with IAS 24.

34 Related parties (cont'd)

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:

	2019 US\$'000	2018 US\$'000
Interest income from loan to related parties	17,642	15,284

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.

Dividends

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

	2019 \$'000	Group 2018 \$'000
Paid by a subsidiary to non-controlling interest		
15 dollars per qualifying ordinary share (2018: 14 dollars)	7,023	6,671

36 Asset held for sale

In October 2019, management committed to a plan to sell its hydro business in the Philippines. Accordingly, one of the Group's investment in associates is presented as an asset held for sale. Efforts to sell the asset have started and a sale is expected by 2020.

As part of the cost of disposal of the Group's interest in associate, the Group expects to write-down its loan receivable to a third party by US\$4.2 million.

37 Going concern

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally (see note 38 – subsequent event note). 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.

38 Subsequent events

(i) Contingent liability

On 27 February 2020, a related party, Vena Energy Capital Pte. Ltd., issued U.S.\$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.

VEHL group 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.

(ii) Impact of COVID-19

The COVID-19 outbreak since early 2020 has impacted the Company's operating environment. Management assessment of the impact of COVID-19 is detailed in Note 37. Management assessed that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year 31 December 2019 have not been adjusted to reflect their impact.

(iii) Shares repurchase

In March 2020, the Company entered into share repurchase agreements with its shareholder, GIP Zenith Ltd to repurchase a total of 139,200,000 shares for a consideration of US\$139,200,000.

(iv) Reduction in share premium contribution

In April 2020, the Company reduced share premium contribution to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$1,766,000.

In May 2020, the Company extinguished part of amount due to its wholly owned subsidiary, Vena Energy Ltd, amounting to US\$61,486,000 (note 20) by reducing share premium contribution.



**Vena Energy (Taiwan) Holdings Ltd
(formerly known as GIP Zenith Cayco IV, Ltd.)
and its subsidiaries
(incorporated in Cayman Islands)**

Financial Statements

Year ended 31 December 2019

Vena Energy (Taiwan) Holdings Ltd
(formerly known as GIP Zenith Cayco IV, Ltd.)
and its subsidiaries
Statement by Directors
Year ended 31 December 2019

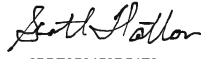
Statement by Directors

In our opinion:

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS52 comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, 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 FS52, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 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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Director

5th June 2020



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Independent auditors' report

Member of the Company
Vena Energy (Taiwan) Holdings Ltd
(formerly known as GIP Zenith Cayco IV, Ltd.)

Report on the financial statements

Opinion

We have audited the accompanying consolidated financial statements of Vena Energy (Taiwan) Holdings Ltd (formerly known as GIP Zenith Cayco IV, 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 2019, 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 FS52.

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 2019, 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 the member of the Company on those matters strictly for the purpose of internal management reporting and/or obtaining financing from financial institutions. Our report is not to be circulated to parties other than the member of the Company. We do not assume responsibility to anyone other than the member of the Company for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.

Other information

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

We have obtained all other information prior to the date of this auditors' report.

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



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

Responsibilities of management 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 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.

Vena Energy (Taiwan) Holdings Ltd
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- 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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

5th June 2020

Vena Energy (Taiwan) Holdings Ltd
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Statement of financial position
As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	4	115,341	36,163	—	—
Right-of-use assets	5	28,349	—	—	—
Intangible assets	6	50,344	50,331	—	—
Investment in subsidiaries	7	—	—	177,557	149,313
Equity-accounted investees	8	59,092	58,412	—	—
Deferred tax assets	9	467	1,069	—	—
Non-current assets		253,593	145,975	177,557	149,313
Loan receivable	10	1,932	3,654	—	—
Trade and other receivables	11	6,442	1,155	50,977	17,560
Prepayments and other assets	12	4,426	5,469	—	—
Cash and cash equivalents	13	22,517	37,145	1,569	8,835
Current assets		35,317	47,423	52,546	26,395
Total assets		288,910	193,398	230,103	175,708
Equity					
Share capital	14	126,623	126,623	126,623	126,623
Accumulated losses		(16,211)	(10,578)	(3,716)	(1,310)
Reserves	15	(54)	(2,672)	1,174	1,174
Equity attributable to owner of the Company		110,358	113,373	124,081	126,487
Non-controlling interests		4,500	3,600	—	—
Total equity		114,858	116,973	124,081	126,487
Liabilities					
Asset retirement obligation	17	861	97	—	—
Loans and borrowings	16	154,701	57,670	105,494	47,847
Non-current liabilities		155,562	57,767	105,494	47,847
Loans and borrowings	16	2,333	10,021	406	1,332
Trade and other payables	18	16,157	8,637	122	42
Current liabilities		18,490	18,658	528	1,374
Total liabilities		174,052	76,425	106,022	49,221
Total equity and liabilities		288,910	193,398	230,103	175,708

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

Vena Energy (Taiwan) Holdings Ltd
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Statement of comprehensive income
Year ended 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	19	6,845	2,004	–	–
Other income		190	–	–	–
Operating costs	20	(1,584)	(1,270)	(91)	(42)
Shared services costs	21	(2,918)	(3,639)	–	–
Development costs	22	(2,229)	(729)	–	–
Depreciation expense	4&5	(2,455)	(542)	–	–
Amortisation expense	6	(708)	(270)	–	–
Property, plant and equipment written off	4	–	(317)	–	–
(Reversal of)/impairment loss on financial assets		17	(17)	–	–
Results from operating activities		(2,842)	(4,780)	(91)	(42)
Finance income	24	519	305	20	64
Finance cost	24	(4,216)	(2,309)	(3,406)	(1,332)
Net foreign exchange gain/(loss)		2,785	(467)	1,071	–
Net finance costs		(912)	(2,471)	(2,315)	(1,268)
Share of loss of equity-accounted investees, net of tax	8	(951)	(4,296)	–	–
Loss before tax	23	(4,705)	(11,547)	(2,406)	(1,310)
Tax (expense)/credit	25	(928)	969	–	–
Loss for the year		(5,633)	(10,578)	(2,406)	(1,310)
Loss attributable to:					
Owner of the Company		(5,633)	(10,578)	(2,406)	(1,310)
Non-controlling interests		–*	–*	–	–
		(5,633)	(10,578)	(2,406)	(1,310)
Loss for the year		(5,633)	(10,578)	(2,406)	(1,310)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		1,032	(1,129)	–	–
Equity-accounted investees – share of OCI	8	1,586	(2,717)	–	–
Other comprehensive income/(loss) for the year		2,618	(3,846)	–	–
Total comprehensive loss for the year		(3,015)	(14,424)	(2,406)	(1,310)
Total comprehensive loss attributable to:					
Owner of the Company		(3,015)	(14,424)	(2,406)	(1,310)
Non-controlling interests		–*	–*	–	–
		(3,015)	(14,424)	(2,406)	(1,310)

* Less than US\$1,000

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

Vena Energy (Taiwan) Holdings Ltd
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Statement of changes in equity
Year ended 31 December 2019

	Attributable to owner of the Company				Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000		
Group						
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	–	–	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						
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
At 31 December 2019	126,623	(16,211)	(54)	110,358	4,500	114,858

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

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Statement of changes in equity (cont'd)
Year ended 31 December 2019

Group	Note	Attributable to owner of the Company				Non-controlling interests US\$'000	Total equity US\$'000
		Share capital US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000		
At 1 January 2018		—*	—	—	—*	—	—*
Total comprehensive loss for the year		—	(10,578)	—	(10,578)	—*	(10,578)
Loss for the year							
Other comprehensive income							
Foreign currency translation differences		—	—	(1,129)	(1,129)	—*	(1,129)
Equity-accounted investees – share of OCI		—	—	(2,717)	(2,717)	—	(2,717)
Total comprehensive loss for the year		—	(10,578)	(3,846)	(14,424)	—*	(14,424)
Transactions with owner, recognised directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	14	126,623	—	—	126,623	—	126,623
Additional equity received from parent	15	—	—	1,174	1,174	—	1,174
Total contributions by and distributions to owners		126,623	—	1,174	127,797	—	127,797
Changes in ownership interest in subsidiary without a change in control							
Contribution by non-controlling interests		—	—	—	—	3,600	3,600
Total changes in ownership interest in subsidiary without a change in control		—	—	—	—	3,600	3,600
Total transactions with owner		126,623	—	1,174	127,797	3,600	131,397
At 31 December 2018		126,623	(10,578)	(2,672)	113,373	3,600	116,973

* Less than US\$1,000

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

Vena Energy (Taiwan) Holdings Ltd
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Statement of changes in equity (cont'd)
Year ended 31 December 2019

Company	Note	Share capital US\$'000	Accumulated losses US\$'000	Reserves US\$'000	Total US\$'000
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
At 1 January 2018		—*	—	—	—*
Total comprehensive loss for the year					
Loss for the year		—	(1,310)	—	(1,310)
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	14	126,623	—	—	126,623
Additional equity received from parent	15	—	—	1,174	1,174
Total contributions by and distributions to owners/Total transactions with owners		126,623	—	1,174	127,797
At 31 December 2018		126,623	(1,310)	1,174	126,487

* Less than US\$1,000

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

Vena Energy (Taiwan) Holdings Ltd
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Statement of cash flows
Year ended 31 December 2019

Group	Note	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Loss before tax		(4,705)	(11,547)
Adjustments for:			
Depreciation expense	4&5	2,455	542
Amortisation expense	6	708	270
(Reversal of)/impairment loss on financial assets	26	(17)	17
Property, plant and equipment written off	4	–	317
Finance cost	24	4,216	2,309
Finance income	24	(519)	(305)
Unrealised foreign exchange (gain)/loss		(827)	467
Share of loss of equity-accounted investees, net of tax	8	951	4,296
		2,262	(3,634)
Changes in:			
- Trade and other receivables		(5,217)	1,281
- Prepayment and other assets		1,258	(5,411)
- Trade and other payables		2,829	5,339
Cash from/(used in) operating activities		1,132	(2,425)
Tax paid		(2)	(55)
Net cash from/(used in) operating activities		1,130	(2,480)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29	–	(127,074)
Capital injection in an associate	8	(45)	–
Purchase of property, plant and equipment		(75,332)	(26,547)
Interest received		307	227
Restricted bank deposit for projects	13	(79)	(246)
Fixed deposit pledged for bank facility	13	–	(10,400)
Loan receivable from an associate		–	(3,600)
Repayment of loan receivable from an associate	10	1,950	–
Net cash used in investing activities		(73,199)	(167,640)
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares		–	126,623
Proceeds from additional equity received	15	–	1,174
Proceeds from drawdown of project finance debts		4,069	18,660
Proceeds from drawdown of loans from a related party		55,790	49,847
Repayment of loans from a related party		(1,405)	(2,000)
Repayment of project finance debts		(619)	(155)
Payment of lease liabilities		(995)	–
Interest paid for:			
- Project finance debts		(586)	(292)
- Acquisition		–	(696)
- Other finance costs		–	(109)
Contribution from non-controlling interest		900	3,600
Net cash from financing activities		57,154	196,652
Net (decrease)/increase in cash and cash equivalents		(14,915)	26,532
Cash and cash equivalents at 1 January		26,499	–
Effect of exchange rate fluctuations on cash held		208	(33)
Cash and cash equivalents at 31 December	13	11,792	26,499

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

Vena Energy (Taiwan) Holdings Ltd
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Financial statements
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Statement of cash flows
Year ended 31 December 2019

Company	Note	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Loss before tax		(2,406)	(1,310)
Adjustment for:			
Finance cost	24	3,406	1,332
Finance income	24	(20)	(64)
Unrealised foreign exchange loss		(1,073)	—
		(93)	(42)
Changes in:			
- Trade and other receivables		—	(17,496)
- Trade and other payables		83	42
Net cash used in operating activities		(10)	(17,496)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		—	—*
Subscription of additional shares in a subsidiary	7	(13)	(149,313)
Advances to subsidiary	11	(64,708)	—
Repayment of advances from subsidiary	11	3,060	—
Interest received		20	—
Net cash used in investing activities		(61,641)	(149,313)
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares		—	126,623
Proceeds from additional equity received		—	1,174
Proceeds from drawdown of loans from a related party		55,790	49,847
Repayment of loans from a related party		(1,405)	(2,000)
Net cash from financing activities		54,385	175,644
Net (decrease)/increase in cash and cash equivalents		(7,266)	8,835
Cash and cash equivalents at 1 January		8,835	—
Cash and cash equivalents at 31 December	13	1,569	8,835

* Less than US\$1,000

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 5th June 2020..

1 Domicile and activities

Vena Energy (Taiwan) Holdings Ltd (formerly known as GIP Zenith Cayco IV, 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 2019 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 and ultimate holding company of the Company as at 31 December 2019 is GIP Zenith (Taiwan) Ltd (formerly known as GIP Zenith Cayco III, Ltd.) and GIP III Zenith (Taiwan), L.P. respectively, which are incorporated in the Cayman Islands.

2 Basis of preparation

2.1 Statement of compliance

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

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The 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.

Management applied critical judgement in assessing if Power Purchase Agreements ('PPAs') entered into by Group Entities falls within the scope of *IFRIC 12 – Service Concession Arrangements*, including:

- whether the counterparty of the PPA controls or regulates what services the Group Entity must provide with the infrastructure, to whom it must provide them, and at what price; and

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

- whether the counterparty of the PPA controls — through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the PPA.

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 6 – impairment test of intangible assets and goodwill: key assumptions used in estimating the recoverable amounts;

Note 26 – measurement of expected credit loss ('ECL') allowance for trade and other receivables and loan receivable: key assumptions in determining the loss rate

Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 27 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 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Previously Held Interest in a Joint Operation* (Amendments to IFRS 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendment Amendments to IFRS 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Other than IFRS 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

IFRS 16 Leases

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property and land. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

Impact on financial statements

Impact on transition*

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 \$'000
Right-of-use assets	28,908
Prepaid lease payments	(521)
Lease liabilities	<u>(28,387)</u>

For the details of accounting policies under IFRS 16, see note 2.5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rate of 2.28% at 1 January 2019.

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's financial statements	36,940
Discounting using the incremental borrowing rate at 1 January 2019	<u>(8,553)</u>
Lease liabilities recognised at 1 January 2019	<u>28,387</u>

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.

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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.

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.

(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 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 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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(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.

(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 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Building and leasehold improvement	25 years
Electric generator equipment	25 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 assets under construction.

3 Significant accounting policies (cont'd)

3.4 Intangible assets

(i) Goodwill

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

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

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

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

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

(iii) Amortisation

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

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

- Power purchase agreements 20 years

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

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(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)*

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.

(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 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.

3 Significant accounting policies (cont'd)

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 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.

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 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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

General approach (cont'd)

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

- significant financial difficulty of the borrower or counterparty;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- a breach of contract such as a default.

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Write-off (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 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.

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.

3 Significant accounting policies (cont'd)

3.9 Provisions (cont'd)

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.

3.11 Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

3 Significant accounting policies (cont'd)

3.11 Employee benefits (cont'd)

(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.

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.

3.12 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 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.

3.14 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.

3 Significant accounting policies (cont'd)

3.14 Finance income and finance costs (cont'd)

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.

3.15 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.

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

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.

3.16 Leases

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

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

3 Significant accounting policies (cont'd)

3.16 Lease (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' 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.

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.

3 Significant accounting policies (cont'd)

3.16 Lease (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessor (cont'd)

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.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

3 Significant accounting policies (cont'd)

3.17 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 2019 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 financial statements.

- *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 IAS 8)
- *IFRS 17 Insurance Contracts*

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4 Property, plant and equipment

	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Computer, fitting and office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Group Cost					
At 1 January 2018	–	–	–	–	–
Acquisitions through business combinations	24	6	7	10,411	10,448
Additions	15	110	36	26,483	26,644
Reclassification	–	13,176	–	(13,176)	–
Disposal/write off	–	–	–	(317)	(317)
Effect of exchange rate changes	–	(419)	–	348	(71)
At 31 December 2018	39	12,873	43	23,749	36,704
Additions	11	3,604	101	74,961	78,677
Reclassification	–	90,253	–	(90,253)	–
Effect of exchange rate changes	1	2,993	1	(337)	2,658
At 31 December 2019	51	109,723	145	8,120	118,039
Accumulated depreciation					
At 1 January 2018	–	–	–	–	–
Depreciation charge for the year	19	522	1	–	542
Effect of exchange rate changes	(1)	(4)	4	–	(1)
At 31 December 2018	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
Carrying amounts					
At 1 January 2018	–	–	–	–	–
At 31 December 2018	21	12,355	38	23,749	36,163
At 31 December 2019	22	107,076	123	8,120	115,341

At 31 December 2019, electric generator equipment of the Group with carrying amounts of US\$26.4 million (2018: US\$12.4 million) are pledged as security to secure bank loans.

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5. Right-of-use assets

	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>
Accumulated depreciation	
At 1 January 2019	–
Depreciation	349
Reclassification	700
Effect of exchange rate changes	23
At 31 December 2019	<u>1,072</u>
Carrying amounts	
At 1 January 2019	–
At 31 December 2019	<u>28,349</u>

6 Intangible assets

	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Group			
Cost			
At 1 January 2018	–	–	–
Acquisitions through business combinations	33,051	18,609	51,660
Effect of exchange rate changes	(679)	(383)	(1,062)
At 31 December 2018	<u>32,372</u>	<u>18,226</u>	<u>50,598</u>
Effect of exchange rate changes	475	267	742
At 31 December 2019	<u>32,847</u>	<u>18,493</u>	<u>51,340</u>
Accumulated amortisation			
At 1 January 2018	–	–	–
Amortisation expense	–	270	270
Effect of exchange rate changes	–	(3)	(3)
At 31 December 2018	<u>–</u>	<u>267</u>	<u>267</u>
Amortisation expense	–	708	708
Effect of exchange rate changes	–	21	21
At 31 December 2019	<u>–</u>	<u>996</u>	<u>996</u>
Carrying amounts			
At 1 January 2018	–	–	–
At 31 December 2018	<u>32,372</u>	<u>17,959</u>	<u>50,331</u>
At 31 December 2019	<u>32,847</u>	<u>17,497</u>	<u>50,344</u>

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.

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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:

	Group	
	2019	2018
	US\$'000	US\$'000
Taiwan	32,847	32,372

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 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 cash flow projections over 30 years and no terminal value is assumed. The post -tax discount rate of 6.2% to 7.7% (2018: 7.5% to 9.0%) 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.

A reasonable possible change in the discount rate and development capacity assumptions used to estimate the recoverable amounts would cause the respective CGUs' carrying amount to exceed its recoverable amount.

7 Investment in subsidiaries

	Company	
	2019	2018
	US\$'000	US\$'000
Equity investment, at cost	177,557	149,313

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

	2019	2018
	US\$'000	US\$'000
Balance as at 1 Jan	149,313	–
Acquisition of subsidiaries	–	149,313
Capital injection during the year	13	–
Amount due from subsidiary (Note 11)	28,231	–
Balance as at 31 Dec	177,557	149,313

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	
					2019	2018
					%	%
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

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8 Equity-accounted investees

Interest in associates

	Group	
	2019	2018
	US\$'000	US\$'000
Interests in associates		
As at 31 December	59,092	58,412

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 preference shares ('RPS'). RPS are non-convertible, non-voting and are redeemable at the option of RSEHI at par value.

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

The following summarises the financial information of the Group's associates based on the financial statements prepared in accordance with IFRS:

	Garcia	
	RSEHI Group	
	2019	2018
	US\$'000	US\$'000
<u>Statement of financial position</u>		
Property, plant and equipment	28,073	28,472
Equity-accounted investees	4,433	3,534
Deferred tax assets	-	1
Other non-current receivables	184	2,655
Non-current prepayment and other assets	23	-
Right-of-use assets	31	-
Non-current assets	32,744	34,662
Trade and other receivables	1,806	1,961
Prepayment and other assets	29	95
Cash and cash equivalents	1,524	4,743
Current assets	3,359	6,799
Total assets	36,103	41,461
Loans and borrowings	18,008	20,822
Asset retirement obligation	134	120
Deferred tax liabilities	44	11
Non-current liabilities	18,186	20,953
Loans and borrowings	6,018	10,653
Trade and other payables	1,034	707
Current tax liabilities	9	-
Current liabilities	7,061	11,360
Total liabilities	25,247	32,313
Net assets	10,856	9,148

Interest in associates (cont'd)

Garcia RSEHI Group	
2019	2018
US\$'000	US\$'000

Sale of energy	5,501	5,569
Other income	56	169
	5,557	5,738
Operating costs	(1,655)	(1,721)
Shared services costs	(271)	(332)
Depreciation expenses	(1,469)	(1,424)
	2,162	2,261
Other expenses	—	(319)
Finance income	7	7
Finance costs	(1,186)	(1,305)
Net foreign exchange gain/(loss)	1,069	(2,016)
Net finance costs	(110)	(3,314)
Profit/(loss) before tax	2,052	(1,372)
Tax expense	(42)	(22)
Profit/(loss) for the year	2,010	(1,394)
Total comprehensive income	2,010	(1,394)

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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
2018			
Group's interest in net assets of associates at the beginning of the year			
Share of loss of associates	(1,394)	(26)	(1,420)
Amortisation expenses of intangibles allocated to associates	(2,876)	—	(2,876)
Foreign currency translation difference on intangibles allocated to associates	(2,717)	—	(2,717)
	(6,987)	(26)	(7,013)
Project-related agreements & licences	55,197	—	55,197
Group's acquisition of share capital during the year	10,227	1	10,228
Carrying amount of interest in associates at beginning of the year	—	—	—
Carrying amount of interest in associates at end of the year	58,437	(25)	58,412

9 Deferred tax

Deferred tax assets are attributable to the following:

Movement in deferred tax balances

Group	Balance as at 1 January US\$'000	Acquisition of subsidiaries US\$'000	Recognised in profit or loss (Note 25) US\$'000	Exchange differences US\$'000	Balance as at 31 December US\$'000
2019					
Deferred tax liabilities					
Other items	(4)	—	(341)	—*	(345)
Deferred tax assets					
Tax loss carry-forwards	1,073	—	(296)	16	793
Other items	—	—	19	—	19
	1,069	—	(618)	16	467
2018					
Deferred tax liabilities					
Other items	—	(5)	1	—	(4)
Deferred tax assets					
Tax loss carry-forwards	—	—	1,073	—	1,073
	—	(5)	1,074	—	1,069

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10 Loan receivable

	Note	Group 2019 US\$'000	2018 US\$'000
Loan receivable from equity-accounted investee		1,650	3,600
Interest receivables from equity-accounted investee		282	71
		1,932	3,671
Less: Impairment loss	26	–	(17)
		1,932	3,654

Loan receivable from equity-accounted investee is denominated in US\$, unsecured and repayable on demand. The loan bears an interest rate of 7% (2018:7%) per annum.

Loan and interest receivables from equity-accounted investee are overdue by more than 3 months. These receivable balances are not impaired based on management's assessment of the counterparties' repayment capacity.

11 Trade and other receivables

	Note	Group 2019 US\$'000	2018 US\$'000	Company 2019 US\$'000	2018 US\$'000
Trade receivables		43	104	–	–
Contract assets		5,017	–	–	–
Amounts due from:					
- Subsidiary	(a)	–	–	50,977	17,560
- Related parties		–	3	–	–
- Other third parties		212	80	–	–
VAT receivable		1,170	968	–	–
		6,442	1,155	50,977	17,560

(a) The amounts due from a subsidiary is non-trade, unsecured, non-interest bearing and repayable on demand. As at 31 Dec 2019, the nature of the amount due from subsidiaries are as follows:

	2019 US\$'000	2018 US\$'000
Balance as at 1 Jan	17,560	–
Capitalised to investment in subsidiary (Note 7)	(28,231)	–
Advances to subsidiary	64,708	28,331
Repayment of advances from subsidiary	(3,060)	(10,771)
Balance as at 31 Dec	50,977	17,560

12 Prepayments and other assets

	Group 2019 US\$'000	2018 US\$'000
Deposits and advances	3,515	3,344
Other assets	341	–
Prepaid expenses	570	2,125
	4,426	5,469

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13 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Bank balances	12,117	26,745	1,569	8,835
Short term deposit	10,400	10,400	—	—
Cash and cash equivalents in the statements of financial position	22,517	37,145	1,569	8,835
Restricted bank balances and deposits	(10,725)	(10,646)	—	—
Cash and cash equivalents in the statements of cash flows	11,792	26,499	1,569	8,835

As at 31 December 2019, the Group's cash and cash equivalents of US\$0.3 million (2018: US\$0.2 million) were held under project accounts and US\$10.4 million (2018: US\$10.4 million) fixed deposit pledged in relation to banker's guarantees.

14 Share capital

	Group and Company	
	2019	2018
	No. of shares	No. of shares
	('000)	('000)
Issued and fully paid		
At 1 January	126,623	—*
Issued during the year	—	126,623
At 31 December	126,623	126,623

* Less than 1,000

Ordinary shares

The ordinary shares were issued with par value of US\$0.01 per share. 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	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	1,174	1,174	1,174	1,174
Translation reserve	(1,228)	(3,846)	—	—
	(54)	(2,672)	1,174	1,174

Capital reserve

Capital reserve comprises the excess of amounts received from shareholders over the par value of shares issued, or 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.

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16 Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Project finance debts	20,925	9,994	—	—
Loan from a related party	105,494	47,847	105,494	47,847
Lease liabilities	28,447	—	—	—
Deferred financing cost	(165)	(171)	—	—
	<u>154,701</u>	<u>57,670</u>	<u>105,494</u>	<u>47,847</u>
Current				
Project finance debts	1,358	8,666	—	—
Interest payables on:				
- Project finance debts	46	37	—	—
- Loan from a related party	406	1,332	406	1,332
Lease liabilities	537	—	—	—
Deferred financing cost	(14)	(14)	—	—
	<u>2,333</u>	<u>10,021</u>	<u>406</u>	<u>1,332</u>
	<u>157,034</u>	<u>67,691</u>	<u>105,900</u>	<u>49,179</u>

	Currency	Nominal interest rate %	Year of maturity	Carrying amount US\$'000
<u>2019</u>				
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
<u>2018</u>				
Project finance debts	NTD	TAIBOR+1.5%	2019 to 2033	18,660
Loan from a related party	USD	4.07%	Repayable on demand [#]	47,847

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 2019 and 31 December 2018.

US\$22,283,000 (2018:US\$18,660,000) of project finance debts are taken up by the subsidiaries of the Company where these debt obligation have no recourse to the Company.

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

Impact on adoption of IFRS 16 on current financial year

Amounts recognised in profit or loss

2019 - Lease under IFRS 16	\$'000
Interest on lease liabilities	205
Expenses relating to short-term leases	<u>50</u>
2018 – Operating lease under IAS 17	
Leases expense	<u>57</u>

Amounts recognised in statement of cash flows

Total cash outflow for leases	<u>995</u>
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16. Loans and borrowings (cont'd)

Impact on adoption of IFRS 16 on current financial year (cont'd)

Extension options

Some land leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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 2019	49,179	18,512	—	67,691
Changes from financing cash flows				
Proceeds from borrowings	55,790	4,069	—	59,859
Repayment of borrowings	(1,405)	(619)	—	(2,024)
Payment for financial lease liabilities	—	—	(995)	(995)
Total changes from financing cash flows	103,564	21,962	(995)	124,531
Change in fair value	103,564	21,962	(995)	124,531
Recognition of right-of-use assets on initial application of IFRS 16	—	—	28,387	28,387
Interest expense	3,406	572	617	4,595
Interest paid	—	(586)	—	(586)
Deferred finance cost	—	(179)	—	(179)
Foreign exchange difference	(1,070)	381	975	286
Total liability-related other changes	2,336	188	29,979	32,503
Balance at 31 December 2019	105,900	22,150	28,984	157,034
Balance at 1 January 2018	—	—	—	—
Changes from financing cash flows				
Proceeds from borrowings	49,847	18,660	—	68,507
Repayment of borrowings	(2,000)	(155)	—	(2,155)
Total changes from financing cash flows	47,847	18,505	—	66,352
Change in fair value	47,847	18,505	—	66,352
Interest expense	1,332	172	—	1,504
Interest paid	—	(292)	—	(292)
Deferred finance cost	—	(185)	—	(185)
Foreign exchange difference	—	312	—	312
Total liability-related other changes	1,332	7	—	1,339
Balance at 31 December 2018	49,179	18,512	—	67,691

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17 Asset retirement obligation

	Group	
	2019 US\$'000	2018 US\$'000
At 1 January	97	–
Provision made during the year	739	97
Effect of exchange rate changes	25	–
At 31 December	<u>861</u>	<u>97</u>

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

18 Trade and other payables

	Group		Company	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Amounts due to:				
- Related parties	1,159	388	83	16
- Equity-accounted investees	–	267	–	–
- Other third party	1,768	8	–	–
Payable to EPC contractors	4,249	4,308	–	–
Shared services fees payables	6,805	3,074	–	–
Other tax payables	375	71	–	–
Accrued staff costs	5	41	–	–
Accrued operating expenses	1,796	480	39	26
	<u>16,157</u>	<u>8,637</u>	<u>122</u>	<u>42</u>

The amounts due to equity-accounted investees are non-trade, unsecured, non-interest bearing and repayable on demand.

19 Revenue

	Group		Company	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Sale of energy	<u>6,845</u>	<u>2,004</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.

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	15 to 30 days

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.

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20 Operating costs

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Operations and maintenance costs	421	266	—	—
Utilities and transmission costs	21	14	—	—
Directors fee	7	12	—	—
Professional fees	569	449	83	2
IT expenses	5	56	—	—
Insurance	163	102	—	—
Rental - land & site office	1	57	—	—
Occupancy cost	54	126	—	—
Business related taxes	—	10	—	—
Marketing and promotion costs	28	10	—	—
Travel and entertainment expenses	24	70	—	—
Other general and administrative costs	291	98	8	40
	<u>1,584</u>	<u>1,270</u>	<u>91</u>	<u>42</u>

Staff costs of US\$0.2 million (2018: US\$0.2 million) is included within operations and maintenance costs.

21 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.

22 Development costs

	Group	
	2019	2018
	US\$'000	US\$'000
Staff costs	—	14
Professional fees	1,108	312
Travel and entertainment expenses	407	190
Occupancy costs	192	87
IT expenses	13	18
Marketing and promotion costs	67	82
Other general and administrative costs	442	26
	<u>2,229</u>	<u>729</u>

23 Loss for the year

Included in the loss for year are:

	Group	
	2019	2018
	US\$'000	US\$'000
Staff cost		
Salaries	168	33
Bonus	14	41
Overprovision of prior year bonus	(36)	—
Employee insurance	16	5
Staff allowance	—	4
Recruitment fee	—	77
Other staff benefits	15	12
	<u>177</u>	<u>172</u>

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24 Finance income and finance costs

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income from:				
Short term deposit	237	236	—	—
Loan receivable from equity-accounted investee	249	—	—	—
Bank balances	33	69	20	64
Total finance income	519	305	20	64
Finance costs				
Interest expense on:				
Loan from a related party	(3,406)	(1,332)	(3,406)	(1,332)
Project finance debts	(572)	(172)	—	—
Acquisition of subsidiaries	—	(696)	—	—
Lease liabilities	(205)	—	—	—
Other finance costs	(33)	(109)	—	—
Total finance costs	(4,216)	(2,309)	(3,406)	(1,332)

25 Tax expense/(credit)

	Group		Company	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax expense				
Withholding tax	310	105	—	—
Deferred tax credit				
Change of tax effect of previously unrecognised tax losses	296	(1,074)	—	—
Origination and reversal of temporary difference	322	—	—	—
Tax expense/(credit)	928	(969)	—	—

Reconciliation of effective tax rate

Loss before tax	(4,705)	(11,547)	(2,406)	(1,310)
Tax using Taiwan tax rate of 20% (2018: 20%)	(941)	(2,309)	(481)	(262)
Expenses non-deductible for tax purposes	751	1,450	481	262
Withholding tax	310	105	—	—
Effects of results of equity-accounted investees presented net of tax	190	859	—	—
Recognition of tax effect of previously unrecognised tax losses	296	(1,074)	—	—
Change in unrecognised temporary difference	322	—	—	—
	928	(969)	—	—

The Taiwan tax rate is used in the table above as this is the country in which the Group's operations are primarily based.

26 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 comprises 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 and other receivables.

26 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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 18% and 5% (2018: 2% and 8%) of current assets respectively. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Expected credit loss assessment for customers as at 31 December 2019 and 31 December 2018

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".

The maximum exposure to credit risk for trade and other receivables and loans receivable at the reporting date is as follows:

	Group Carrying amount		Company Carrying amount	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Trade and other receivables	6,442	1,155	50,977	17,560
Loan receivable from equity-accounted investee	1,932	3,654	—	—
	<u>8,374</u>	<u>4,809</u>	<u>50,977</u>	<u>17,560</u>

Impairment

A summary of the exposure to credit risk for trade and other receivables and loan receivable is as follows:

	Group Amortised cost		Company Amortised cost	
	Non-credit impaired US\$'000	Credit- impaired US\$'000	Non-credit impaired US\$'000	Credit- impaired US\$'000
31 December 2019				
Trade and other receivables	6,442	—	50,977	—
Loan receivable from equity-accounted investee	1,932	—	—	—
Less: loss allowance	—	—	—	—
	<u>8,374</u>	<u>—</u>	<u>50,977</u>	<u>—</u>
31 December 2018				
Trade and other receivables	1,155	—	17,560	—
Loan receivable from equity-accounted investee	3,671	—	—	—
Less: loss allowance	(17)	—	—	—
	<u>4,809</u>	<u>—</u>	<u>17,560</u>	<u>—</u>

26 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Impairment (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and loan receivable from an associate as at 31 December 2019:

Credit risk grade	Loss rate %	Group		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2019				
Low	0.43	8,374	–	No
2018				
Low	0.45	4,826	(17)	No
Credit risk grade	Loss rate %	Company		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
2019				
Low	0.43	50,977	–	No
2018				
Low	0.45	17,560	–	No

Movements in allowance for impairment in respect of loan receivable

The movement in the allowance for impairment in respect of loan receivable during the year was as follows:

	Group \$'000
At 1 January 2018 per IAS 39	–
Adjustment on initial application of IFRS 9	–
At 1 January 2018 per IFRS 9	–
Impairment loss recognised	17
At 31 December 2018 per IFRS 9	17
At 1 January 2019 per IFRS 9	17
Reversal of impairment loss	(17)
At 31 December 2019 per IFRS 9	–

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US\$22.5 million and US\$1.6 million (2018: US\$37 million and US\$9 million) respectively at 31 December 2019 – 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 A+, 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 2019, impairment loss on cash and cash equivalents is not significant.

26 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
<u>Group</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>
31 December 2018						
Non-derivative financial liabilities						
Project finance debts	18,697	20,237	9,066	866	2,595	7,710
Loan from a related party	49,179	50,511	1,332	49,179	—	—
Trade and other payables*	8,568	8,568	8,568	—	—	—
	<u>76,444</u>	<u>79,316</u>	<u>18,966</u>	<u>50,045</u>	<u>2,595</u>	<u>7,710</u>
<u>Company</u>						
31 December 2019						
Non-derivative financial liabilities						
Loan from a related party	105,900	106,305	406	105,899	—	—
Trade and other payables*	122	122	122	—	—	—
	<u>106,022</u>	<u>106,427</u>	<u>528</u>	<u>105,899</u>	<u>—</u>	<u>—</u>
31 December 2018						
Non-derivative financial liabilities						
Loan from a related party	49,179	50,511	1,332	49,179	—	—
Trade and other payables*	42	42	42	—	—	—
	<u>49,221</u>	<u>50,553</u>	<u>1,374</u>	<u>49,179</u>	<u>—</u>	<u>—</u>

* Excludes non-financial liabilities

26 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk

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

Currency risk

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

	2019		2018	
	JPY US\$'000	NTD US\$'000	JPY US\$'000	NTD US\$'000
Group				
Trade and other receivables	–	5,152	–	114
Cash and cash equivalents	–	4,890	–	1,750
Project finance debts	–	(22,331)	–	(18,660)
Loan from a related party	(105,900)	–	–	–
Trade and other payables	–	(11,215)	–	(7,112)
Net exposure	(105,900)	(23,504)	–	(23,909)
Company				
Loan from a related party	(105,900)	–	–	–
Net exposure	(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 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% weakening)	(1,175)	(1,175)	–	–
31 December 2018				
JPY (5% strengthening)	–	–	–	–
NTD (5% strengthening)	1,195	1,195	–	–
JPY (5% weakening)	–	–	–	–
NTD (5% weakening)	(1,195)	(1,195)	–	–

26 Financial instruments (cont'd)

Financial risk management (cont'd)

Interest rate risk

Interest rate risk refers to the risk faced by the Group as a result of fluctuations in interest rates. The Group continuously monitor the interest rate environment and assess the need to enter into interest rate swaps to hedge the fluctuation in interest rate.

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	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	12,050	14,000	—	—
Financial liabilities	(134,478)	(47,847)	(105,494)	(47,847)
	<u>(122,428)</u>	<u>(33,847)</u>	<u>(105,494)</u>	<u>(47,847)</u>
Variable rate instruments				
Financial assets	—	—	—	—
Financial liabilities	(22,283)	(18,660)	—	—
	<u>(22,283)</u>	<u>(18,660)</u>	<u>—</u>	<u>—</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or (loss)		Equity	
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
31 December 2019				
Variable rate instruments	<u>(223)</u>	<u>223</u>	<u>—</u>	<u>—</u>
31 December 2018				
Variable rate instruments	<u>(187)</u>	<u>187</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.

27 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.

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27 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		
	Note	Amortised Cost US\$'000	Other financial liabilities US\$'000	Total US\$'000
Group				
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	16	—	157,213	157,213
Trade and other payables*	18	—	15,782	15,782
		—	172,995	172,995
31 December 2018				
Loans receivables	10	3,671	—	3,671
Trade and other receivables*	11	187	—	187
Cash and cash equivalents	13	37,145	—	37,145
		41,003	—	41,003
Loans and borrowings	16	—	67,876	67,876
Trade and other payables*	18	—	8,568	8,568
		—	76,444	76,444
Company				
31 December 2019				
Trade and other receivables	11	50,977	—	50,977
Cash and cash equivalents	13	1,569	—	1,569
		52,546	—	52,546
Loans and borrowings	16	—	105,900	105,900
Trade and other payables	18	—	122	122
		—	106,022	106,022
31 December 2018				
Trade and other receivables	11	17,560	—	17,560
Cash and cash equivalents	13	8,835	—	8,835
		26,395	—	26,395
Loans and borrowings	16	—	49,179	49,179
Trade and other payables	18	—	42	42
		—	49,221	49,221

* Excludes non-financial assets and liabilities

At the reporting date, the fair value of financial 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.

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28 Commitments

Non-cancellable operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2019	2018
	US\$'000	US\$'000
<i>Long-term land lease agreements</i>		
Within one year	–	1,285
After one year but within five years	–	6,009
After five years	–	29,545
	–	36,839
<i>Other operating lease agreements</i>		
Within one year	–	13
After one year but within five years	–	54
After five years	–	34
	–	101
Total		
	–	36,940

In the previous financial year, the Group entered into several land lease agreements for a period of 25 years. In accordance with the land lease agreements, the Group has the right but not the obligation to renew the land lease twice for period of 25 years each.

In the previous financial year, minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to US\$0.3 million.

29 Acquisition of subsidiaries

On 19 January 2018, the Group announced the closing of the acquisition of 100% of the equity interest in Vena Energy (Taiwan) Ltd (formerly known as 'Vena Energy III' and 'Equis Energy III') and Vena Energy Solar (Taiwan) Holdings (formerly known as 'Soleq Cayman') from Equis Funds, for an enterprise value of US\$151.7 million (including assumed liabilities of US\$3.1 million). The net transaction consideration has been settled in cash.

Consideration transferred and identifiable assets acquired and liabilities assumed

The following summarise the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Total
	US\$'000
Initial cash consideration	147,223
Cash consideration on closing adjustment	1,394
Total cash consideration	
	148,617
Property, plant and equipment	10,448
Intangible assets	18,609
Equity – accounted investees	65,425
Trade and other receivables	2,568
Prepayment and other assets	42
Cash and cash equivalents	21,543
Deferred tax liabilities	(5)
Trade and other payables	
	(3,064)
Total identifiable net assets	
	115,566

29 Acquisition of subsidiaries (cont'd)

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets 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 obsolescence.
Intangible assets	Discounted cash flow model

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Total US\$'000
Consideration transferred	148,617
Fair value of identifiable net assets	(115,566)
Goodwill	<u>33,051</u>

The goodwill is attributable mainly to the development pipeline expected to be achieved. None of the goodwill recognised is expected to be deductible for tax purposes.

30 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 Ltd (formerly known as GIP Zenith Cayco, II Ltd.) 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:

	2019 US\$'000	2018 US\$'000
Capital injection in an associate	45	10,228
Shared services costs	2,918	3,639
Interest income	249	–
Interest expenses	3,406	1,332
	<u>6,618</u>	<u>15,199</u>

31 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.

32 **Going concern**

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally (see note 33 – subsequent event note). 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 activities across the region.

The Management assessed that due to the nature of the operations of renewable energy plants and given the effectiveness of BCP measures put in place, there would not be any significant impact to the operating activities of the Company in the next 12 months. In addition, management has also assessed that the risk of accelerated debt obligations is minimal. Management concluded that there are no 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.

33 **Subsequent events**

(i) **Contingent liability**

Pledged assets

At end of February 2020, an electric generator equipment with a carrying amount of US\$79.3 million was pledged as security for the additional project finance debts of US\$ 67.2 million obtained.

Joint Guarantor arrangements

On 27 February 2020, a related party, Vena Energy Capital Pte. Ltd., issued U.S.\$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.

VETHL together with Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) will act as guarantors for Vena Energy Capital Pte. Ltd. for this bond issuance.

(ii) **Impact of COVID 19**

The Covid 19 outbreak since early 2020 has impacted the Company's operating environment. Management assessment of the impact of Covid-19 is detailed in Note 32. Management assessed that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year 31 December 2019 have not been adjusted to reflect their impact.

33 Subsequent events (cont'd)

(iii) Share repurchase

In March 2020, the Company entered into share repurchase agreement with its shareholder, GIP Zenith (Taiwan) Ltd to repurchase 2,300,000 shares of US\$0.01 par value each for a consideration of US\$2,300,000.

(iv) Issuance of ordinary shares

In April 2020, 1,174,221 ordinary shares were issued at US\$0.01 per share to its immediate holding company.

(v) Investment in a subsidiary

In May 2020, the Company subscribed to 509,904 ordinary shares of its wholly owned subsidiary, Vena Energy (Taiwan) Ltd, amounting to US\$50,990,489.



**Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)
and its subsidiaries**

Consolidated Financial Statements

Year ended 31 December 2019

Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)
and its subsidiaries
Statement by Directors
Year ended 31 December 2019

Statement by Directors of the Trustee

In the opinion of the directors of Zenith Japan Holdings Ltd (formerly known as GIP III Zenith 2, Limited) (the 'Trustee'):

- (a) the accompanying consolidated financial statements set out on pages FS1 to FS55 comprising the statement of financial position, the statements of comprehensive income, changes in unitholders' fund and cash flows and notes to the consolidated financial statements as drawn up so as to present fairly, in all material respects, the financial position of the Group as at 31 December 2019, the financial performance, changes in unitholders' fund and cash flows of the Group for the year ended 31 December 2019 in accordance with International Financial Reporting Standards issued by the IFRS Foundation; 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:
Garry Myers
EB06E20600724F8

Director

5th June 2020



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Independent auditors' report

The Trustee
Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II) (the 'Trust') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of comprehensive income, changes in unitholders' fund and cash flows for the year then ended, and notes to the consolidated financial statements including significant accounting policies and other explanatory information, as set out on pages FS1 to FS55.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, its consolidated financial performance, changes in unitholders' 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 Consolidated 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 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 the trustee of the Trust on those matters strictly for the purpose of internal management reporting and/or obtaining financing from financial institutions. Our report is not to be circulated to parties other than trustee of the Trust. We do not assume responsibility to anyone other than the trustee of the Trust for our work, for our report, or for the conclusions we have reached in our report. Our opinion is not modified in respect of this matter.



Other information

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

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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
KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
5th June 2020

Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2019

**Consolidated statement of financial position
As at 31 December 2019**

	Note	2019 US\$'000	2018 US\$'000
Assets			
Property, plant and equipment	4	675,634	842,007
Right-of-use assets	5	109,241	—
Intangible assets	6	1,174,314	1,479,304
Equity-accounted investees	7	28,151	—
Derivative assets	10	—	267
Prepayment and other assets	8	6,929	14,859
Trade and other receivables	9	2,791	2,006
Non-current assets		<u>1,997,060</u>	<u>2,338,443</u>
Trade and other receivables	9	12,528	47,955
Prepayment and other assets	8	3,984	12,373
Cash and cash equivalents	11	423,326	127,172
Current assets		<u>439,838</u>	<u>187,500</u>
Total assets		<u>2,436,898</u>	<u>2,525,943</u>
Unitholders' fund			
Units in issue	12	1,410,051	1,410,051
Accumulated profit/(losses)		48,672	(8,838)
Advance from unitholder	13	13,131	13,131
Reserves	14	42,470	45,538
Equity attributable to unitholder of the Trust		<u>1,520,324</u>	<u>1,465,882</u>
Non-controlling interests		11,859	15,076
Total unitholders' fund		<u>1,532,183</u>	<u>1,480,957</u>
Liabilities			
Loans and borrowings	15	821,577	946,137
Derivative liabilities	10	6,720	8,512
Asset retirement obligation	16	16,779	26,870
Non-current liabilities		<u>845,076</u>	<u>981,519</u>
Loans and borrowings	15	5,447	5,147
Trade and other payables	17	53,718	57,347
Current tax liabilities		474	973
Current liabilities		<u>59,639</u>	<u>63,467</u>
Total liabilities		<u>904,715</u>	<u>1,044,986</u>
Total equity and liabilities		<u>2,436,898</u>	<u>2,525,943</u>

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

Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2019

Consolidated statement of comprehensive income
Year ended 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
Revenue	18	102,339	101,709
Other income	18	3,830	1,172
Operating costs	19	(21,680)	(20,253)
Asset management fees	20	(3,971)	(3,884)
Development costs	21	(1,124)	(1,259)
Depreciation expense	4,5	(27,416)	(25,715)
Amortisation expense	6	(24,428)	(25,226)
		<u>27,550</u>	<u>26,544</u>
Finance income	22	1,088	2
Finance costs	22	(25,523)	(28,427)
Net foreign exchange gain		5,600	1,648
Change in fair value of financial derivatives		(6,272)	(7,265)
		<u>(25,107)</u>	<u>(34,042)</u>
Impairment written back/ (loss) on trade and other receivables		132	(225)
Loss on write off of plant property & equipment		-	(961)
Gain from transfer of TK interests	27	72,634	-
Share of net (loss) of equity-accounted investees, net of tax	7	(5)	-
Profit/(Loss) before tax		<u>75,204</u>	<u>(8,684)</u>
Tax expense	23	(47)	(34)
Profit/(Loss) for the year		<u>75,157</u>	<u>(8,718)</u>
Profit/(Loss) attributable to:			
Unitholder of the Trust		74,887	(8,838)
Non-controlling Interests		270	120
		<u>75,157</u>	<u>(8,718)</u>
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		8,265	45,908
Foreign currency translation differences on transfer of TK interests reclassified to profit or loss	27	(12,113)	-
Other comprehensive income for the period		<u>(3,848)</u>	<u>45,908</u>
Total comprehensive income for the period		<u>71,309</u>	<u>37,190</u>
Total comprehensive income attributable to:			
Unitholders of the Trust		70,942	36,700
Non-controlling interests		367	490
		<u>71,309</u>	<u>37,190</u>

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

Consolidated statement of changes in unitholders' fund
Year ended 31 December 2019

	Attributable to Unitholder of the Trust						
	Units in issue	Unitholder's Accumulated funds	(losses)/ profits	Translation reserves	Total	Non- controlling interest	Total
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2019	1,416,051	13,131	(8,838)	45,538	1,465,882	15,075	1,480,957
Adjustment on initial application of IFRS 16 (net of tax)	—	—	(17,376)	877	(16,499)	65	(16,434)
Adjusted balance at 1 January 2019	1,416,051	13,131	(26,214)	46,415	1,449,383	15,140	1,464,523
Total comprehensive income for the year							
Profit for the year	—	—	74,887	—	74,887	270	75,157
Other comprehensive income							
Foreign currency translation differences	—	—	—	8,168	8,168	97	8,265
Foreign currency translation differences on disposal of subsidiaries reclassified to profit or (loss)	—	—	—	(12,113)	(12,113)	—	(12,113)
Total comprehensive income for the year	—	—	74,887	(3,945)	70,942	367	71,309
Changes in ownership interests in subsidiaries							
Issue of ordinary shares without a change in control	—	—	—	—	—	1,918	1,918
Transfer of TK interests with non-controlling interest	—	—	—	—	—	(5,586)	(5,586)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	(3,648)	(3,648)
Total transactions with unitholder	—	—	—	—	—	(3,648)	(3,648)
At 31 December 2019	1,416,051	13,131	48,873	42,470	1,520,325	11,859	1,532,184

Note	Attributable to unitholder of the Trust					
	Unitholders*			Non-controlling interest		
	Units in issue US\$'000	funds US\$'000	Accumulated losses US\$'000	Translation reserves US\$'000	Total US\$'000	Total US\$'000
1 January 2018	—	—	—	—	—	—
Total comprehensive income for the year	—	—	(8,838)	—	(8,838)	(8,718)
Loss for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—
Foreign currency translation differences	—	—	—	45,538	45,538	45,908
Total comprehensive income for the year	—	—	(8,838)	45,538	36,700	37,190
Transactions with unitholder, recognised directly in equity						
Contributions by unitholder						
Issue of units	1,416,051	—	—	—	1,416,051	1,416,051
Advance from unitholder	—	13,131	—	—	13,131	13,131
Total contributions by unitholder	1,416,051	13,131	—	—	1,429,182	1,429,182
Changes in ownership interests in subsidiaries						
Acquisition of subsidiaries with non-controlling interest	—	—	—	—	—	14,585
Total changes in ownership interests in subsidiaries	—	—	—	—	—	14,585
Total transactions with unitholder	—	—	—	—	—	14,585
At 31 December 2018	1,416,051	13,131	(8,838)	45,538	1,455,882	1,480,957

Zenith Japan Holdings Trust
(formerly known as GIP III Zenith Trust II)
and its subsidiaries
Consolidated financial statements
Year ended 31 December 2019

Consolidated statement of cash flows
Year ended 31 December 2019

	Note	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit/(Loss) before tax		75,204	(8,684)
Adjustments for:			
Depreciation expense	4,5	27,416	25,715
Amortisation expense	6	24,428	25,226
Loss on write off of property plant & equipment		—	961
Net changes in fair value of financial derivatives		6,272	7,265
Finance income	22	(1,088)	(2)
Finance costs	22	25,523	28,427
Gain on transfer of TK interests		(72,634)	—
Gain on disposal of land		(448)	—
Impairment (written back) / loss on trade and other receivables		(132)	226
Net foreign exchange gain		2,250	(1,648)
Share of net loss of equity-accounted investees, net of tax		5	—
		<u>86,796</u>	<u>77,485</u>
Changes in:			
- Trade and other receivables		(201,052)	(33,040)
- Prepayments and other assets		(3,391)	5,719
- Trade and other payables		13,100	(60,899)
- Provisions		2,130	2,917
Cash used in operating activities		<u>(102,417)</u>	<u>(7,818)</u>
Tax paid		(546)	(28)
Net cash used in operating activities		<u>(102,963)</u>	<u>(7,846)</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		—	(1,553,318)
Acquisition of interest in equity-accounted investees		(28,156)	—
Proceeds from transfer of TK interests, net of cash disposed	27	408,708	—
Purchase of property, plant and equipment		(215,340)	(106,173)
Purchase of intangible assets		(39,761)	—
Proceeds from disposal of land		6,953	—
Interest received		1,088	2
Net cash from/(used in) investing activities		<u>133,492</u>	<u>(1,659,489)</u>
Cash flows from financing activities			
Proceeds from issuance of units	12	—	1,416,051
Proceeds from advances from unitholder	13	—	13,131
Proceeds from drawdown of loans and borrowings:			
- Project finance debt		209,051	75,489
- Loan from related parties		224,429	373,663
Repayment of loans and borrowings:			
- Project finance debt		(2,910)	(5,174)
- Loan from related parties		(129,424)	(64,239)
Payment of transaction costs related to loans and borrowings		(444)	(417)
Interest paid		(37,437)	(6,895)
Interest paid on acquisition		—	(7,269)
Net cash from financing activities		<u>263,265</u>	<u>1,794,340</u>
Net increase in cash and cash equivalents		<u>293,794</u>	<u>127,005</u>
Less: restricted cash	11	(326,057)	—
Cash and cash equivalents at 1 January		127,172	—
Effect of exchange rate fluctuations on cash held		2,360	167
Cash and cash equivalents at 31 December		<u>97,269</u>	<u>127,172</u>

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 5th June 2020.

1 Domicile and activities

(i) Trust

Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II) (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 consolidated financial statements of the Group as at and for the year ended 31 December 2019 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 enter into and invest via Tokumei Kumiai agreements with various owners of renewable energy assets (each, an 'Operator') in Japan.

Zenith Japan Ltd (formerly known as GIP III Zenith, Limited) in its capacity as Trustee of Zenith Trust (formerly known as GIP III Zenith Trust I), is the sole unitholder in the Trust.

(ii) Trustee

Zenith Japan Holdings Ltd (formerly known as GIP III Zenith 2, Limited) is the trustee (the 'Trustee') of Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II). 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. and Nippon Wind Energy K.K. (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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The consolidated 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 consolidated financial statements of each of the Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in United States dollars ('US\$') which is the Trust'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 consolidated 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 estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is 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 24 – 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 24. 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 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Previously Held Interest in a Joint Operation* (Amendments to IFRS 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendment Amendments to IFRS 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)
- *Plan, Curtailment or Settlement* (Amendments to IAS 19)

Other than IFRS 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application; the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

The Group has also entered into a sub-lease during 2019, which has been classified as a finance lease.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

Impact on financial statements

*Impact on transition**

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 \$'000
Right-of-use assets – land lease	129,606
Prepayments	(13,529)
Lease liabilities	(116,077)
Retained earnings	(17,326)
Effect of exchange rate changes	892
	<u>(16,434)</u>

For the details of accounting policies under IFRS 16 and IAS 17, see note 3.16.

Buildings and leasehold improvements amounting to US\$16 million were deemed as initial direct costs attributable to operating leases capitalised in prior years. Upon adoption of IFRS 16, these costs were transferred to retained earnings. See Note 4.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The incremental borrowing rates applied is 1.0%.

	1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's financial statements	118,126
Discounted using the incremental borrowing rate at 1 January 2019	<u>(2,049)</u>
Lease liabilities recognised at 1 January 2019	<u>116,077</u>

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.

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.

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.

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.

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

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Interest in associates (equity accounted investees) (cont'd)

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) 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 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	20-30 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. 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.

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 10-20 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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Non-derivative financial assets (cont'd)

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.

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)

(iii) Classification and subsequent measurement

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.

(iv) 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.

(v) 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.

3 Significant accounting policies (cont'd)

3.6 Cash and cash equivalent

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.

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.

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 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.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

General approach (cont'd)

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

- significant financial difficulty of the borrower or counterparty;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- a breach of contract such as a default.

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Write-off (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 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.

(ii) Non-financial assets

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.

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

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

3.9 Provisions

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

3 Significant accounting policies (cont'd)

3.10 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 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.

3.11 Operating costs

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

3.12 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.

3.13 Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

3 Significant accounting policies (cont'd)

3.14 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.

3.15 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.

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

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.

3.16 Leases

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

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 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.

3 Significant accounting policies (cont'd)

3.16 Leases (cont'd)

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

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

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

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 Significant accounting policies (cont'd)

3.16 Leases (cont'd)

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

3.17 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 2019 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.

- *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 IAS 8)
- *IFRS 17 Insurance Contracts*

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4 Property, plant and equipment

Note	Freehold land US\$'000	Building and leasehold improvements US\$'000	Electric generator equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost					
At 1 January 2018	—	—	—	—	—
Acquisition through business combination	38,909	15,921	546,227	119,600	721,657
Additions	7,735	1,376	75,182	42,888	127,181
Write off	—	—	(218)	(782)	(980)
Effect of exchange rate changes	987	460	17,096	2,638	21,181
At 31 December 2018 / 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	27	(4,813)	(171)	(366,106)	(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	48,200	10	408,823	259,150	716,183
Accumulated depreciation					
At 1 January 2018	—	—	—	—	—
Depreciation charge for the year	—	1,314	24,401	—	25,715
Write off	—	—	(19)	—	(19)
Effect of exchange rate changes	—	9	1,327	—	1,336
At 31 December 2018 / 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	27	—	(19)	(32,701)	(32,720)
Effect of exchange rate changes	—	20	20,701	—	20,721
At 31 December 2019	—	1	38,548	—	38,549
Carrying amounts					
At 1 January 2018	—	—	—	—	—
At 31 December 2018	48,631	16,434	612,578	164,364	842,007
At 31 December 2019	48,200	9	370,275	259,150	677,634

*Amount less than US\$1,000

At 31 December 2019, freehold land and electric generator equipment of the Group with carrying amounts of US\$398 million (2018: US\$590 million) are pledged as security to secure bank loans.

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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		129,606
Additions		27,058
Transfer of TK interests	27	(45,076)
Effect of exchange rate changes		654
At 31 December 2019		<u>112,242</u>
Accumulated depreciation		
At 1 January 2019		–
Depreciation expense		2,577
Reclassification to property, plant and equipment	4	1,423
Transfer of TK interests	27	(1,099)
Effect of exchange rate changes		100
At 31 December 2019		<u>3,001</u>
Carrying amounts		
At 1 January 2019		–
At 31 December 2019		<u>109,241</u>

6 Intangible assets

	Note	Goodwill US\$'000	Project-related agreements & licences US\$'000	Total US\$'000
Cost				
At 1 January 2018		–	–	–
Acquisition through business combination		344,841	1,082,012	1,426,853
Effect of exchange rate changes		10,142	67,530	77,672
At 31 December 2018		354,983	1,149,542	1,504,525
Additions		–	39,761	39,761
Transfer of TK interests	27	(104,488)	(245,780)	(350,268)
Effect of exchange rate changes		2,061	5,858	7,919
At 31 December 2019		<u>252,556</u>	<u>949,381</u>	<u>1,201,937</u>
Accumulated amortisation				
At 1 January 2018		–	–	–
Amortisation expense for the year		–	25,226	25,226
Effect of exchange rate changes		–	(5)	(5)
At 31 December 2018		–	25,221	25,221
Amortisation expense for the year		–	24,428	24,428
Transfer of TK interests	27	–	(22,242)	(22,242)
Effect of exchange rate changes		–	216	216
At 31 December 2019		–	<u>27,623</u>	<u>27,623</u>
Carrying amounts				
At 1 January 2018		–	–	–
At 31 December 2018		354,983	1,124,321	1,479,304
At 31 December 2019		<u>252,556</u>	<u>921,758</u>	<u>1,174,314</u>

6 Intangible assets (cont'd)

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

Impairment testing for CGUs containing goodwill

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

	2019 US\$'000	2018 US\$'000
Group		
Japan	252,556	354,983

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 25 – 30 years and no terminal value is assumed. The post-tax discount rates of 5.0% – 7.0% (2018: 7.0% – 8.5%) 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 2019, 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 Equity-accounted investees

Interest in joint venture

	Group 2019 US\$'000	2018 US\$'000
Interests in joint venture		
As at 31 December	28,151	–

During the financial year, the Group entered into a joint venture, KK Kyudenko Fukuokusan 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 Fukuoka Taiyoko Hatsudensho and decisions in relation to key relevant activities of KK Kyudenko require unanimous consent. The Trust 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 IFRS).

KK Kyudenko is based in Japan, and principally engaged in development and operation of renewable energy assets.

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7 Equity-accounted investees

The following summarises the financial information of the Group's joint venture based on the financial statements prepared in accordance with IFRS:

	KK Kyudenko	
	2019	2018
	US\$'000	US\$'000
<u>Statement of financial position</u>		
Property, plant and equipment	8,919	—
Intangible asset	38,645	—
Right of use	10,770	—
Non-current prepayment and other assets	3	—
Non-current assets¹	58,337	—
Prepayment and other assets	879	—
Trade and other receivables	35	—
Cash and cash equivalents	156	—
Current assets	1,070	—
Total assets	59,407	—
Lease liabilities	10,770	—
Non-current liabilities	10,770	—
Trade and other payables	8,763	—
Current liabilities	8,763	—
Total liabilities	19,533	—
Net assets	39,874	—

	KK Kyudenko	
	2019	2018
	US\$'000	US\$'000
<u>Statement of comprehensive income</u>		
Other income	832	—
Operating expenses	(838)	—
Loss before tax	(6)	—
Tax expense	(1)	—
Loss for the year	(7)	—
Total comprehensive income	(7)	—

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7 Equity-accounted investees (cont'd)

Interest in joint venture (cont'd)

2019

Group's interest in net assets of joint venture
at beginning of the year
Group's acquisition of share capital during the year
Share of loss of joint venture

Carrying amount of interest in joint venture
at beginning of the year
Carrying amount of interest in joint venture
at end of the year

KK Kyudenko US\$'000	Total US\$'000
—	—
28,156	28,156
(5)	(5)
28,151	28,151
—	—
28,151	28,151

8 Prepayments and other assets

Non-current

Prepaid land rent
Prepaid asset management fees
Prepaid O&M mobilisation fees
Other prepayments

Current

Prepaid land rent
Prepaid Insurance
Advance payments for construction costs
Other assets

2019 US\$'000	2018 US\$'000
—	7,560
5,590	4,861
1,339	2,423
—	15
6,929	14,859
—	—
—	3,475
975	1,574
1,735	8,164
1,274	1,160
3,984	12,373
10,913	27,232

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9 Trade and other receivables

	Note	2019 US\$'000	2018 US\$'000
Non-current			
Deposits		2,791	2,006
		2,791	2,006
Current			
Trade receivables		=	5,337
Amounts due from:			
- Related parties	(a)	175	175
- Asset Managers		=	32,709
- O&M Provider		=	48
- Other third parties		=	5
Contract assets		2,687	=
VAT receivables		6,775	7,744
Deposits to EPC		1,374	=
Other deposits		1,609	2,182
		12,620	48,180
Less: Impairment loss		(92)	(225)
		12,528	47,955
		15,319	49,961

(a) Amount due from related parties (as defined in note 29) are unsecured, non-trade in nature, non-interest bearing and repayable on demand.

10 Derivative assets and liabilities

	2019 US\$'000	2018 US\$'000
Derivative assets:		
Interest rate swaps	=	267
Derivative liabilities:		
Interest rate swaps	6,720	8,512

The Group hedges its risk of interest rate fluctuation associated with long term loan with floating interest rate by entering into interest rate swap contracts with a financial institution.

11 Cash and cash equivalents

	Group 2019 US\$'000	2018 US\$'000
Bank balances	423,326	127,172
Cash and cash equivalents in the statement of financial position	423,326	127,172
Restricted bank balances and deposits	(326,057)	=
Cash and cash equivalents in the statement of cash flows	97,269	127,172

As at 31 December 2019, the Group's cash and cash equivalents of US\$326 million (2018: NIL) of the Group's cash and cash equivalents were held under project accounts.

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12 Units in issue

	2019 No. of units ('000)	2018 No. of units ('000)
Issued and fully paid		
At 1 January	1,416,051	*
Issued during the year/period	—	1,416,051
At 31 December	<u>1,416,051</u>	<u>1,416,051</u>

*Amount less than US\$1,000.

As at 31 December 2019, NIL (2018: 1,416,050,925) units were issued and fully paid.

Units

All units in issue in the Trust are subject to security interests created pursuant to a Guernsey law security interest agreement under the Security Interests (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.

13 Advance from unitholder

	2019 US\$'000	2018 US\$'000
Advance from unitholder	<u>13,131</u>	<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.

14 Reserves

The reserves of the Group comprise the following balances:

	2019 US\$'000	2018 US\$'000
Translation reserve	<u>42,470</u>	<u>45,538</u>

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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15 Loans and borrowings

	2019 US\$'000	2018 US\$'000
Non-current		
Lease liabilities	101,355	—
Project finance debt	315,596	629,503
Deferred financing cost	(3,814)	(9,095)
Bond issued by O&M Provider	320	318
Loan from related parties	407,540	311,427
Interest payable on loan from related parties	580	13,984
	<u>621,577</u>	<u>946,137</u>
Current		
Lease liabilities	3,170	—
Project finance debt	2,859	5,375
Deferred financing cost	(694)	(593)
Interest payable on:		
- Project Finance Debt	88	77
- Bond issued by O&M Provider	7	3
- Loan from related parties	17	285
	<u>5,447</u>	<u>5,147</u>
	<u>827,024</u>	<u>951,284</u>

Project finance debt

Project finance debt are entered into with Sumitomo Bank by respective Group entities and are repayable over the loan tenor of 14.75 to 18.33 years (2018: 16.75 to 18.33 years) quarterly basis. The interest rates on these borrowings ranges between 3-month TIBOR + 0.62% to 0.70% (2018: 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.

Loan from related parties

In prior year, the unsecured loan with Vena Energy that was denominated in USD has an annual interest rate of 5% on the principal outstanding and is repayable on demand. During the year, the Group refinanced the unsecured loan into JPY with an annual interest rate of 1.35% on the principal outstanding and is repayable on demand.

Vena Energy Holdings Ltd (formerly known as GIP Zenith Cayco II, Ltd) has agreed in writing not to recall the loan and interest in the next 12 months.

The unsecured loan with Vena Energy Solar (Japan) Pte. Ltd. has an annual interest of 0.8% (2018: 6.0%) on the principal outstanding and will be paid within 20 years (2018: 20 years) in equal and consecutive instalments of 33.33% (2018: 33.33%) with a first payment 17 years (2018: 17 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.

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 24.

15 Loans and borrowings (cont'd)

Impact on adoption of IFRS 16 on current financial year

Amounts recognised in profit or loss

2019 - Lease under IFRS 16	2019 \$'000
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Interest on lease liabilities	648
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2018 – Operating lease under IAS 17

Leases expense	3,344
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Amounts recognised in statement of cash flows

Total cash outflow for leases	=
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15 Loans and borrowings (cont'd)

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

	Liabilities				Total US\$'000
	Project finance debt US\$'000	Bond issued by O&M provider US\$'000	Loan from related parties US\$'000	Lease liabilities US\$'000	
Balance at 1 January 2019	625,267	321	325,696	—	951,284
Adjustment on initial application of IFRS 16	—	—	—	118,077	118,077
Restated balance at 1 January 2019	625,267	321	325,696	118,077	1,067,361
Changes from financing cash flows					
Proceeds from borrowings	209,031	—	224,429	—	433,460
Repayment of borrowings	(2,510)	—	(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)	—	(681)	(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

15 Loans and borrowings (cont'd)

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

	Liabilities					Total US\$'000
	Project finance debt US\$'000	Bond issued by O&M provider US\$'000	Loan from related parties US\$'000	Others US\$'000		
Balance at 1 January 2018						
Changes from financing cash flows						
Proceeds from borrowings	75,489	—	373,653	—		449,152
Repayment of borrowings	(5,174)	—	(64,239)	—		(69,413)
Transaction costs related to loans and borrowings	(417)	—	—	—		(417)
Interest paid	(6,895)	—	—	(7,269)		(14,164)
Total changes from financing cash flows	63,003	—	309,424	(7,269)		365,158
Changes arising from acquisition of subsidiaries	540,565	309	4,345	—		545,219
The effect of changes in foreign exchange rates	14,934	9	(2,310)	—		12,633
Other changes						
Liability-related						
Interest expense	6,765	3	14,237	7,269		28,274
Total liability-related other changes	6,765	3	14,237	7,269		28,274
Balance at 31 December 2018	625,267	321	325,836	—		951,284

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16 Asset retirement obligation

	Note	2019 US\$'000	2018 US\$'000
At 1 January		26,870	-
Acquisitions through business combinations		-	23,289
Provision made during the year		4,121	2,773
Unwinding of discount		471	144
Transfer of TK interests	27	(14,856)	-
Effect of exchange rate changes		173	684
At 31 December		<u>16,779</u>	<u>26,870</u>

Asset retirement obligation relates to the cost to reinstate the land at the end of useful life of the renewable asset.

17 Trade and other payables

	2019 US\$'000	2018 US\$'000
Trade payables	10,145	14,958
Other tax payables	947	676
Advances received	813	850
Accrued expenses	25,928	41
Amounts due to:		
- Asset Managers	14,395	38,897
- O&M Provider	729	1,675
- Related parties	574	32
- Other third parties	187	218
	<u>53,718</u>	<u>57,347</u>

18 Revenue and other income

The Group's revenue and other income comprises:

	2019 US\$'000	2018 US\$'000
<u>Revenue:</u>		
Sale of energy	<u>102,339</u>	<u>101,709</u>
	102,339	101,709
<u>Other income:</u>		
Insurance claims	3,803	998
Others	27	174
	<u>3,830</u>	<u>1,172</u>
	<u>106,169</u>	<u>102,881</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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In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products.

	2019 US\$'000	2018 US\$'000
Solar	102,339	101,709

Contract balances

Please refer to note 9 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.

19 Operating costs

	2019 US\$'000	2018 US\$'000
Operations and maintenance costs	8,263	6,263
Asset related tax and levies	7,647	6,402
Rental - land & site office	299	4,522
Professional fees	1,235	1,117
Asset related insurance	3,221	1,020
Utilities and transmission costs	539	630
Other general and administrative costs	476	299
	<u>21,689</u>	<u>20,253</u>

20 Asset management fee

	2019 US\$'000	2018 US\$'000
Asset management fees	<u>3,971</u>	<u>3,884</u>

In accordance with the Asset Management Agreement, the Asset Management Fee for each Accounting period shall be entitled to receive an annual fee equal to the sum of:

- (i) The actual reasonable expenses incurred by the Asset Manager on its own account for the performance of the Services (as opposed to expenses incurred on behalf of the GK) to the extent falling within the Operating Budget, and
- (ii) 10% of the amount in (i) or the maximum asset management, as agreed.

Services are defined to be the Asset Management Agreement as general duties performed by the Asset Manager 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 a manager 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 Manager's duties to GK relating to the management of the Assets and the Business and the performance of the Services.

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	2019 US\$'000	2018 US\$'000
Professional fees	627	718
Business related taxes	143	219
Insurance	93	216
Occupancy costs	11	59
Other general and administrative costs	250	48
	<u>1,124</u>	<u>1,259</u>

22 Finance income and finance costs

	2019 US\$'000	2018 US\$'000
Finance income		
Interest income on:		
- Locked box period of TK Interest transfer	1,047	—
- Others	41	2
Total finance income	<u>1,088</u>	<u>2</u>
Finance costs		
Interest expense on:		
- Loan from related parties	14,368	14,240
- Bond with O&M Provider	3	—
- Acquisition of subsidiaries	—	7,269
- Project finance debt	8,056	6,765
- Lease liabilities	634	—
Other finance costs	2,462	153
Total finance cost	<u>25,523</u>	<u>28,427</u>

23 Tax expense

	2019 US\$'000	2018 US\$'000
Current tax expense		
Current year	<u>47</u>	<u>34</u>
	2019 US\$'000	2018 US\$'000
Reconciliation of effective tax rate		
Profit/ (loss) before tax	<u>75,204</u>	<u>(8,684)</u>
Tax using Japan tax rate of 30.62% (2018: 30.68%)	23,027	(2,664)
Effect of tax rates in foreign jurisdiction 0% (2018: 0%)	—	—
Expenses non-deductible for tax purposes	29,170	27,902
Tax-exempt income	(52,197)	(25,238)
Others	47	34
	<u>47</u>	<u>34</u>

24 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 Trust's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Trust does not hold any collateral in respect of its financial assets.

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

	2019 US\$'000	2018 US\$'000
Impairment loss on trade receivables	—	5
Impairment loss on other receivables	92	220
	<u>92</u>	<u>225</u>

Trade receivables and contract assets

The Group's customers comprises 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.

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24 Financial instruments (cont'd)**Financial risk management (cont'd)***Exposure to credit risk*

The maximum exposure to credit risk for trade receivables and contract assets at the reporting date is represented by the carrying amount on the statement of financial position.

	Carrying amount	
	2019 US\$'000	2018 US\$'000
Japan	2,687	5,337

Impairment

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

	2019		2018	
	Not credit- impaired US\$'000	Credit- impaired US\$'000	Not credit- impaired US\$'000	Credit- impaired US\$'000
Japan	2,687	—	5,337	—
Total gross carrying amount	2,687	—	5,337	—
Loss allowance	—	—	(5)	—
	2,687	—	5,332	—

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 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 2019:

2019		Group		
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*	2,687	—	No
		2,687	—	

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

24 Financial instruments (cont'd)**Credit risk (cont'd)**

		Group		
Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
<u>Government or government-linked</u>				
Low	0.00*	4,506	—	No
<u>Utilities industry</u>				
Low	0.45	818	5	No
<u>Real estate industry</u>				
Low	0.72	13	—	No
		5,337	5	

*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:

	US\$'000
At 1 January 2018 per IAS 39	—
Adjustment on initial application of IFRS 9	—
Impairment loss from acquisition of subsidiaries	—
At 1 January 2018 per IFRS 9	—
Impairment loss recognised	5
At 31 December 2018 / 1 January 2019 per IFRS 9	5
Impairment loss written back	(5)
At 31 December 2019 per IFRS 9	—

Other receivables

Other receivables comprises 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:

	Carrying amount	
	2019 US\$'000	2018 US\$'000
Cayman Islands	175	175
Japan	9,758	44,674
	9,933	44,849

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24 Financial instruments (cont'd)

Credit risk (cont'd)

Impairment

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

Group	2019		2018	
	12 months ECL US\$'000	Credit- impaired US\$'000	12 months ECL US\$'000	Credit- impaired US\$'000
Cayman Islands	175	—	175	—
Japan	9,758	—	44,674	—
Total gross carrying amount	9,933	—	44,849	—
Loss allowance	(92)	—	(220)	—
	9,841	—	44,629	—

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 2019:

2019		Group		
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*	5,790	—	No
<u>Utilities industry</u>				
Low	0.43	1,000	4	No
<u>Real estate industry</u>				
Low	0.89	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
		9,933	92	

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

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24 Financial instruments (cont'd)

Credit risk (cont'd)

2018		Group		
Credit risk grade	Loss rate %	Gross carrying amount US\$'000	Impairment loss allowance US\$'000	Credit impaired
2018				
<u>Government or government-linked</u>				
Low	0.00*	7,751	—	No
<u>Utilities industry</u>				
Low	0.45	34,501	200	No
<u>Real estate industry</u>				
Low	0.72	2,524	18	No
<u>Forest & building industry</u>				
Low	2.56	73	2	No
		44,849	220	

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

Movements in allowance for impairment in respect of other receivables

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

	Group US\$'000
At 1 January 2018 per IAS 39	—
Adjustment on initial application of IFRS 9	—
Impairment loss from acquisition of subsidiaries	—
At 1 January 2018 per IFRS 9	—
Impairment loss recognised	220
At 31 December 2018 / 1 January 2019 per IFRS 9	220
Impairment loss written back	(128)
At 31 December 2019 per IFRS 9	92

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A (2018K: AA- to AA+), based on Rating Agency S&P global ratings.

24 Financial instruments (cont'd)**Credit risk (cont'd)****Cash and cash equivalents**

The Group and the Trust held cash and cash equivalents of US\$423.3 million at 31 December 2019 (2018: US\$127.1 million). The figure represent its 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+ (2018 AA- to AA+), based 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.

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 2019 and 31 December 2018, 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.

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24 Financial instruments (cont'd)**Liquidity risk (cont'd)****Risk management policy (cont'd)**

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
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)	(201,178)
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)	(1,065)	(2,755)	(1,023)
	890,209	(1,035,378)	(62,205)	(464,414)	(71,925)	(436,834)
31 December 2018						
Non-derivative financial liabilities						
Project Finance Debt	634,955	(689,676)	(5,451)	(12,296)	(85,596)	(596,333)
Bond issued by O&M Provider	321	(321)	—	—	—	(321)
Loan from related parties	325,696	(344,693)	(14,273)	(320,780)	(885)	(8,755)
Trade and other payables*	55,821	(55,821)	(55,821)	—	—	—
	1,016,793	(1,100,511)	(75,545)	(333,076)	(86,481)	(605,409)
Derivative financial instruments						
	8,512	(8,082)	(2,324)	(2,283)	(6,100)	2,625
	1,025,305	(1,108,593)	(77,869)	(335,359)	(92,581)	(602,784)

* 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.

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Foreign currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the Trust.

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

	2019		2018	
	JPY US\$'000	USD US\$'000	JPY US\$'000	USD US\$'000
Group				
Trade and other receivables	15,145	174	49,787	174
Cash and cash equivalents	98,217	325,109	122,043	5,129
Project finance debts	(314,038)	—	(625,267)	—
Loan from a related party	(408,137)	—	(5,204)	(320,492)
Bond with O&M Provider	(327)	—	(321)	—
Lease liabilities	(104,524)	—	—	—
Trade and other payables	(50,065)	(3,652)	(57,279)	(68)
Net exposure	(763,727)	321,631	(516,241)	(315,257)

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	
	Profit or loss US\$'000	Equity US\$'000
31 December 2019		
JPY (5% strengthening)	38,186	38,186
JPY (5% weakening)	(38,186)	(38,186)
31 December 2018		
JPY (5% strengthening)	25,812	25,812
JPY (5% weakening)	(25,812)	(25,812)

24 Financial instruments (cont'd)**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:

	Nominal amount	
	2019 US\$'000	2018 US\$'000
Fixed rate instruments		
Financial liabilities		
- Bond issued by O&M Provider	(327)	(321)
- Lease liabilities	(104,525)	-
- Loan from related parties	(408,137)	(325,796)
	<u>(512,989)</u>	<u>(326,117)</u>
Variable rate instruments		
Financial liabilities		
- Project finance debt	(318,543)	(634,955)
- Effect of interest rate swaps	277,186	511,345
	<u>(41,357)</u>	<u>(123,610)</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.

	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 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>
31 December 2018				
Variable rate instruments	6,349	(6,349)	-	-
Interest rate swap	(5,113)	5,113	-	-
Cash flow sensitivity (net)	<u>1,236</u>	<u>(1,236)</u>	<u>-</u>	<u>-</u>

24 Financial instruments (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 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.

25 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.

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25 Fair value of financial 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.

	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
Group								
31 December 2019								
Trade and other receivable*	9	—	5,857	5,857				
Cash and cash equivalents	11	—	423,326	423,326				
		—	429,183	429,183				
Loans and borrowings	15	—	831,532	831,532		831,582		831,582
Derivative liabilities	10	6,720	—	6,720		6,720		6,720
Other financial liabilities (net of advances)*	17	—	51,958	51,958				
		6,720	883,490	890,210				

	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
Group								
31 December 2018								
Derivative assets	10	267	—	267		267		267
Trade and other receivable*	9	—	48,180	48,180				
Cash and cash equivalents	11	—	127,172	127,172				
		267	175,352	175,619				
Loans and borrowings	15	—	960,972	960,972		960,972		960,972
Derivative liabilities	10	8,512	—	8,512		8,512		8,512
Other financial liabilities (net of advances)*	17	—	55,821	55,821				
		8,512	1,016,793	1,025,305				

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.

25 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.

26 Commitments**Operation and maintenance agreements**

The future aggregate minimum payments for operation and maintenance agreements are as follows:

	2019 US\$'000	2018 US\$'000
Within one year	8,974	6,362
After one year but within five years	35,896	25,450
After five years	118,410	86,311
Total	163,280	118,123

The Group entered into O&M agreements with the O&M Provider for a period 20 years and may be terminated by mutual agreement.

Non-cancellable operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 US\$'000
Long-term land lease agreements	
Within one year	3,564
After one year but within five years	14,251
After five years	74,189
Total	92,004

*Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II)**and its subsidiaries**Consolidated financial statements**Year ended 31 December 2019***27 Transfer of TK interests**

The list of subsidiaries disposed during 2019 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed %
GK NRE Kunisaki	31 Mar 2019	99
GK NRE Kurisu	31 Mar 2019	99
GK NRE-01 Investment	31 Mar 2019	99
GK NRE-03 Investment	31 Mar 2019	99
GK NRE-04 Investment	30 Dec 2019	99
GK NRE-06 Investment	30 Dec 2019	99
GK NRE-18 Investment	30 Dec 2019	99

Effects of TK interests

The cash flows and net assets of TK interests transferred are provided below:

	Note	Total US\$'000
Initial sales consideration		470,134
Cash consideration on closing adjustment		(3,289)
Total sales consideration		466,845
<i>Total identifiable net assets transferred</i>		
Property, plant and equipment	4	338,481
Right-of-use assets	5	43,977
Intangible assets	6	328,025
Other assets		226,043
Cash and cash equivalents		58,157
Loans and borrowings	15	(555,107)
Asset retirement obligation	16	(14,856)
Other liabilities		(15,929)
Less:		
Realisation of reserves		(12,113)
NCI		(5,566)
		393,113
Gain on transfer of TK interests		73,752
Expenses relating to transfer of TK interests		(1,118)
Net gain on transfer of TK interests		72,634

*Zenith Japan Holdings Trust (formerly known as GIP III Zenith Trust II)**and its subsidiaries**Consolidated financial statements**Year ended 31 December 2019***28 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 2019 %	Ownership interest 2018 %
Zenith Japan Trust (formerly known as GIP III Zenith Trust III)	Investment Holding Company	-	Operating	Guernsey	100	100
Kuni Umi Wind (No.1) LLC	Wind	Nakamadori	Development	Japan	99	99
GK KC-01 Investment	Solar	Sotsukozawa	Construction	Japan	99	99
GK NRE Kunisaki	Solar	Kunisaki	Operating	Japan	0	99
GK NRE Kurisu	Solar	Kurisu	Operating	Japan	0	99
GK NRE Sannan	Solar	Sannan	Operating	Japan	99	99
GK NRE-01 Investment	Solar	Aomori	Operating	Japan	0	99
GK NRE-03 Investment	Solar	Kunimi	Operating	Japan	0	99
GK NRE-04 Investment	Solar	Shichinohe 1,5,7	Operating	Japan	0	99
GK NRE-05 Investment	Solar	Shichinohe 3,6,8	Operating	Japan	99	99
GK NRE-06 Investment	Solar	Nihonmatsu	Operating	Japan	0	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-18 Investment	Solar	Yaita	Operating	Japan	0	99
GK NRE-19 Investment	Solar	HitachiOmiya	Construction	Japan	99	99
GK NRE-36 Investment	Solar	Towada	Construction	Japan	99	99

The Group has acquired Tokumei Kumiai interest ('TK Interests') of the special purpose vehicles ('GKs' or 'TK Operators') on 19 January 2018. 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).

29 Related parties

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

The Group has determined Vena Energy (Taiwan) Holdings Ltd (f.k.a GIP Zenith Cayco IV, Ltd) and its subsidiaries, Vena Energy Holdings Limited (formerly known as GIP Zenith Cayco II, Ltd) 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:

	2019 US\$'000	2018 US\$'000
Interest expense on loan from related parties	14,368	14,240

30 Non-controlling interest

Non-controlling interest denotes Nippon Renewable K.K and Nippon Wind K.K in fully paid up equity shares of all group entities domiciled in Japan.

31 Going concern

Since early 2020, the coronavirus ("COVID-19") outbreak has caused disruptions to business and economic activities globally (see note 32 – subsequent event note). 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.

32 Subsequent events**(i) Contingent liability**Joint Guarantor arrangements

On 27 February 2020, a related party, Vena Energy Capital Pte. Ltd., issued U.S.\$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.

Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) together with Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd will act as guarantors for Vena Energy Capital Pte. Ltd. for this bond issuance.

(ii) Impact of COVID-19

The Covid-19 outbreak since early 2020 has impacted the Company's operating environment. Management assessment of the impact of Covid-19 is detailed in Note 31. Management assessed that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year 31 December 2019 have not been adjusted to reflect their impact.

(iii) Share repurchase

In March 2020, the Unitholder has redeemed 66,310,372 of its Units at a price of US\$1.0104 per unit for the aggregate consideration of US\$67,000,000.

32 Subsequent events (cont'd)

(iv) Acquisitions

On 5 August 2019, the Group entered into an agreement to acquire 100% TK interest of KP Energy in amount of JPY 3.9b (US\$36.5m). On 16 January 2020, full consideration was paid to the seller and TK interest of KP Energy was transferred to the Group upon payment.

On 18 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 is expected to close in 2020, subject to all applicable CPs having been satisfied.



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