2022

SUSTAINABILITY & FINANCIAL APPENDIX

Accelerating the Energy Transition across Asia-Pacific

VENA ENERGY

THIS APPENDIX IS AN INTEGRAL PART OF VENA ENERGY'S SUSTAINABILITY AND FINANCIAL REPORT 2022

APPENDIX A: SUPPLEMENTARY FINANCIAL INFORMATION

The non-IFRS financial and other operating data set out in "Key Non-IFRS Financial Data" section which has been derived from the Combined Financial Statements and the Audited Financial Statements[1] of Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd and Zenith Japan Holdings Trust (each a **"Vena Entity"** and together, the **"Vena Entities"**) for the financial year ended 31 December 2022, and management schedules, where applicable, are supplemental financial measures and are not presented in accordance with International Financial Reporting Standards (**"IFRS"**) or generally accepted accounting principles in other countries, including the United States. Accordingly, these data should not be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of Vena Energy, as reported under IFRS.

The following non-IFRS financial data, namely Proportionate Revenue, Proportionate EBITDA, Proportionate EBITDA Margin, Corporate Net Debt, Funds from Operational Assets (**"FFOA"**) and Corporate Net Debt to FFOA, as well as other operating data, are presented below as Vena Energy believes they are useful supplements to its financial data presented under IFRS, as measures of Vena Energy's financial and operating performance as well as measures of its assets' ability to generate cash from operations. In particular, as assets located in the Philippines are defined as associates under IFRS, among other things, revenues from and project finance debt of these renewable energy generation assets are not consolidated but are instead accounted for using the equity method of accounting under "share of results of equity-accounted investees" in the Combined Financial Statements. Accordingly, the Combined Financial Statements does not reflect the revenue and debt of these equity-accounted investees, which are however included in the non-IFRS financial and other operating data.

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

[1] **"Audited Financial Statements"** is defined as the consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, consolidated financial statements of Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and the consolidated financial statements of Zenith Japan Holdings Trust and its subsidiaries for the financial year ended 31 December 2022. The Audited Financial Statements for the financial year ended 31 December 2022 were prepared in accordance International Financial Reporting Standards issued by the International Accounting Standards Board and audited by an independent auditor in accordance with Singapore Standards on Auditing.

Key Non-IFRS Financial Data

	Year ended	Year ended
(USD in millions except margin data)	**31 Dec 2022**	**31 Dec 2021**
Proportionate Revenue[a]	469.2	385.2
Proportionate EBITDA[b]	326.4	282.3
Proportionate EBITDA Margin[c]	70%	73%
	As of	
	31 Dec 2022	**31 Dec 2021**
Corporate Net Debt[d]	398.2	276.7
Funds from Operational Assets ("**FFOA**")[e]	166.7	140.0
Corporate Net Debt to FFOA[f]	2.4x	2.0x

[a] Proportionate Revenue is a non-IFRS financial measure and represents total income plus proportionate total income from equity-accounted investees less total income attributable to non-controlling interests.

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

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

[d] Corporate Net Debt is a non-IFRS financial measure and represents the aggregate third party debt of Vena Entities on a unconsolidated or standalone basis less the aggregated cash & cash equivalents of Vena Entities on a unconsolidated or standalone basis.

[e] FFOA is presented as last twelve months ended the relevant period.

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

RECONCILIATION OF COMBINED FINANCIAL RESULTS TO PROPORTIONATE FINANCIAL RESULTS

Reconciliation of Gross Revenue to Proportionate Revenue		
(USD in millions)	**Year ended 31 Dec 2022**	**Year ended 31 Dec 2021**
Revenue	404.9	321.9
Other income	16.9	9.9
Total income	**421.8**	**331.8**
Less: Total income attributable to non-controlling interest	(12.5)	(13.4)
Add: Total income of equity-accounted investees	59.9	66.8
Proportionate Revenue	**469.2**	**385.2**

Reconciliation of Profit for the Year to Adjusted EBITDA and Proportionate EBITDA		
(USD in millions)	**Year ended 31 Dec 2022**	**Year ended 31 Dec 2021**
Profit/Loss for the Year	**(11.5)**	**(8.2)**
Add: Development costs	3.8	5.1
Add: Depreciation and amortisation expense	159.9	134.7
Add: Net finance costs	125.3	90.0
Add: Impairment loss	(2.4)	(0.6)
Add: Acquisitions costs	-	1.1
Add: Loss on disposal/ write-off of assets	12.5	8.7
Less: Share of net results of equity-accounted investees, net of tax	(9.0)	(6.4)
Add: Tax expense	5.1	12.9
Adjusted EBITDA	**288.5**	**237.3**
Less: Adjusted EBITDA attributable to non-controlling interest	(11.8)	(12.6)
Add: Adjusted EBITDA of equity-accounted investees	49.7	57.6
Proportionate EBITDA	**326.4**	**282.3**

FUNDS FROM OPERATIONAL ASSETS

The following tables present the Funds from Operational Assets of Vena Energy for FY2022 and FY2021.

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 and selling electricity.

Funds from Operational Assets is a non-IFRS financial measure and represents proportionate results from Operational Assets attributable to Vena Energy plus cash flows received from proportionate interest income and after deducting cash flows to (a) repay any proportionate scheduled principal amounts under any debt or financing arrangement of the Operational Assets, (b) pay any proportionate interest or any other financing expense on any debt or financing arrangement of the Operational Assets, (c) pay any proportionate obligations in connection with the hedging arrangements for the debt or financing arrangement, (d) pay any lease liabilities obligations and (e) pay any proportionate corporate income taxes.

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

(USD in millions)	Australia	India	Indonesia	Japan	Philippines	Taiwan	Thailand	Total
YEAR ENDED 31 DECEMBER 2022								
Revenue	20.5	91.8	26.5	166.5	55.6	75.0	42.2	**478.1**
Less: Operating Expenses								
- Operation and maintenance costs	(1.2)	(9.7)	(2.3)	(14.3)	(3.3)	(3.8)	(1.1)	**(35.7)**
- Asset management & shared service fees	(0.4)	(4.2)	(2.2)	(4.4)	(1.8)	(5.9)	(0.7)	**(19.6)**
- Business related taxes	-	(0.1)	-	(8.8)	(3.5)	(1.3)	-	**(13.7)**
- Land rent and occupancy costs	-	(0.1)	(0.2)	(1.4)	(0.2)	(0.5)	-	**(2.4)**
- General and administrative expenses	(0.7)	(5.1)	(3.1)	(7.3)	(4.7)	(18.0)	(1.2)	**(40.1)**
Results from Operational Assets[a]	**18.2**	**72.6**	**18.7**	**130.3**	**42.1**	**45.5**	**39.2**	**366.6**
Less: Share of economic interest attributable to other shareholder[b]	-	-	-	(3.4)	(0.6)	-	(11.7)	**(15.7)**
Proportionate results from Operational Assets	**18.2**	**72.6**	**18.7**	**126.9**	**41.5**	**45.5**	**27.5**	**350.9**
Add: Interest income received[c]	0.1	1.5	0.2	0.1	0.2	-	-	**2.1**
Less: Debt service[d] and tax payments	(12.2)	(60.0)	(16.4)	(40.4)	(20.0)	(20.5)	(16.8)	**(186.3)**
Funds from Operational Assets[e]	**6.1**	**14.1**	**2.5**	**86.6**	**21.7**	**25.0**	**10.7**	**166.7**

[a] "**Results from Operational Assets**" is defined as revenue (which includes other income less operating expenses but excludes cost of service concession income), depreciation and amortisation expense, finance income, finance costs, change in fair value of financial derivatives, foreign exchange gain or loss, impairment loss, 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) depreciation and amortisation expense, (2) finance income and finance costs, (3) change in fair value of financial derivatives, (4) foreign exchange gain/(loss) and (5) tax expense.

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

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

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

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

(USD in millions)	Australia	India	Indonesia	Japan	Philippines	Taiwan	Thailand	Total
YEAR ENDED 31 DECEMBER 2020								
Revenue	14.6	96.4	31.1	113.5	71.6	18.4	45.1	**390.7**
Less: Operating Expenses								
- Operation and maintenance costs	(1.3)	(10.1)	(2.5)	(9.2)	(3.4)	(1.2)	(1.2)	**(28.9)**
- Asset management & shared service fees	(0.3)	(3.6)	(2.4)	(4.2)	(2.0)	(3.0)	(0.4)	**(15.9)**
- Business related taxes	-	(0.1)	(0.1)	(7.1)	(3.6)	-	-	**(10.9)**
- Land rent and occupancy costs	-	(0.1)	(0.3)	(0.5)	(0.2)	-	-	**(1.1)**
- General and administrative expenses	(0.6)	(6.1)	(3.2)	(3.8)	(5.6)	(1.1)	(1.4)	**(21.8)**
Results from Operational Assets[(a)]	**12.4**	**76.4**	**22.6**	**88.7**	**56.8**	**13.1**	**42.1**	**312.1**
Less: Share of economic interest attributable to other shareholder[(b)]	-	-	-	-	(0.9)	-	(12.6)	**(13.5)**
Proportionate results from Operational Assets	**12.4**	**76.4**	**22.6**	**88.7**	**55.9**	**13.1**	**29.5**	**298.6**
Add: Interest income received[(c)]	-	1.8	-	-	0.1	-	-	**1.9**
Less: Debt service[(d)] and tax payments	(9.9)	(66.1)	(17.7)	(21.9)	(20.6)	(9.1)	(15.2)	**(160.5)**
Funds from Operational Assets[(e)]	**2.5**	**12.1**	**4.9**	**66.8**	**35.4**	**4.0**	**14.3**	**140.0**

APPENDIX B: FY2022 FINANCIAL STATEMENTS

The Combined Financial Statements (as defined herein) included in this document has been prepared in order to present the (a) combined statements of financial position of Vena Entities as at 31 December 2022, (b) combined statements of comprehensive income of Vena Entities for the year 31 December 2022, and (c) combined statements of cash flows of Vena Entities for the year ended 31 December 2022 (together with the notes comprising a summary of significant accounting policies and other explanatory information, the "Combined Financial Statements").

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

The Combined Financial Statements is intended to supplement, and should be read in conjunction with, the consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, consolidated financial statements of Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and the consolidated financial statements of Zenith Japan Holdings Trust and its subsidiaries for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and included in this document. Readers of the Combined Financial Statements who are not familiar with International Financial Reporting Standards are urged to consult with their own professional advisers. The Combined Financial Statements reflects certain estimates, assumptions and judgements made by Vena Energy. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities as of the dates presented as well as revenue and expenses reported for the periods presented. As a result, the Combined Financial Statements is not necessarily indicative of what Vena Energy's actual results of operations, financial position and cash flow would have been on or as of such dates, nor does it purport to project Vena Energy's results of operations, financial position or cash flows for any future period or date.

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

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

Combined Financial Statements
For the year ended 31 December 2022

Building a better
working world

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

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

Independent Auditor's Report
For the year ended 31 December 2022

Board of Directors
Vena Energy Pte Ltd

Report on the non-statutory combined financial statements

Opinion

We have audited the non-statutory combined financial statements of Vena Energy Holdings Ltd and its subsidiaries, Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Zenith Japan Holdings Trust and its subsidiaries (collectively, the "Combined Group"), which comprise the combined statement of financial position as at 31 December 2022, the combined statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-statutory combined financial statements of the Combined Group for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 of the non-statutory combined financial statements (the "Basis of Preparation").

Basis for opinion

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

Emphasis of matter – basis of combination, preparation and restriction on distribution and use

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

Other matter

The non-statutory combined financial statements of the Combined Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2022.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the non-statutory combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the non-statutory combined financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Combined Group to cease to continue as a going concern.

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.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

18 May 2023

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

Combined Statement of Profit or Loss
For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Sale of energy		394,452	314,045
Fee income		10,453	7,833
Total revenue	5	404,905	321,878
Other income	6	16,892	9,871
Operating costs	7(a)	(65,734)	(54,572)
Other costs of operations	7(b)	(16,169)	–
Shared services costs	8	(51,430)	(39,857)
Development costs	9	(3,781)	(5,125)
Depreciation expense	15,16	(99,390)	(79,072)
Amortisation expense	17	(60,461)	(55,584)
Results from operating activities		124,832	97,539
Finance income	10	13,586	9,816
Finance costs	10	(103,048)	(89,350)
Change in fair value of financial instruments at fair value through profit or loss ("FVTPL")	11	(8,167)	(14,783)
Net foreign exchange (loss)/gain		(27,684)	4,327
Net finance costs		(125,313)	(89,990)
Loss on disposal of property, plant and equipment		(627)	(125)
Impairment loss reversed on property, plant and equipment		286	–
Impairment loss (recognised)/reversed on financial assets	12	(2,723)	618
Bad debt written off		(752)	–
Write-off of project costs		(4,590)	(2,493)
Write-off of property, plant and equipment		(7,738)	(6,092)
Share of results of equity-accounted investees, net of tax	18	9,046	6,416
Acquisition costs		–	(1,131)
Write back of other payables		1,185	–
(Loss)/profit before tax	13	(6,394)	4,742
Tax expense	14	(5,118)	(12,919)
Loss for the year		(11,512)	(8,177)
(Loss)/profit attributable to:			
Owners of the Holding Companies		(19,812)	(18,089)
Non-controlling interests		8,300	9,912
		(11,512)	(8,177)

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Loss for the year		(11,512)	(8,177)
Other comprehensive income ("OCI")			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		171	16
Related tax	14	(18)	–*
		153	16
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(349,264)	(240,112)
Foreign currency translation differences of equity-accounted investees	18	(34,038)	(18,194)
Effective portion of changes in fair value of cash flow hedge, net	22	(91,478)	–
Effective portion of hedge of net investment in foreign operation	22	66,331	32,967
Other comprehensive income for the year		(408,296)	(225,323)
Total comprehensive income for the year		(419,808)	(233,500)
Total comprehensive income attributable to:			
Owners of the Holding Companies		(426,323)	(238,434)
Non-controlling interests		6,515	4,934
		(419,808)	(233,500)

* Amount less than $1,000

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Nitin Sriniras Apte
Director, Vena Energy Pte Ltd
18 May 2023

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Rupert Charles Collinson Hall
Director, Vena Energy Pte Ltd
18 May 2023

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Financial Position
As at 31 December 2022

	Note	2022 US$'000	2021 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,795,665	2,482,961
Right-of-use assets	16	347,648	347,827
Intangible assets	17	1,996,132	2,263,364
Equity-accounted investees	18	514,120	490,837
Other investments	19	2,559	1,851
Deferred tax assets	20	14,836	6,680
Loans receivables	21	20,924	10,696
Derivative assets	22	141,391	162,640
Prepayments and other assets	23	20,531	15,757
Trade and other receivables	24	44,035	38,714
Restricted cash	25	31,360	–
		5,929,201	5,821,327
Current assets			
Loans receivables	21	7,056	13,649
Trade and other receivables	24	235,995	211,465
Prepayments and other assets	23	21,885	17,611
Derivative assets	22	6,622	6,531
Cash and bank balances	25	439,484	493,651
		711,042	742,907
Total assets		6,640,243	6,564,234
Equity			
Share capital and units in issue	26	3,554,399	3,554,399
Accumulated profits		20,761	47,213
Reserves	28	(431,347)	(25,264)
Equity attributable to Owners of the Holding Companies		3,143,813	3,576,348
Non-controlling interests	29	80,673	82,196
Total equity		3,224,486	3,658,544

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

Combined Statement of Financial Position (cont'd)
As at 31 December 2022

	Note	2022 US$'000	2021 US$'000
LIABILITIES			
Non-current liabilities			
Loans and borrowings	30	2,469,698	2,071,280
Lease liabilities	30	344,581	338,741
Employee benefits		770	784
Trade and other payables	32	6,180	5,776
Derivative liabilities	22	39,445	18,417
Asset retirement obligation	31	72,153	49,583
Deferred tax liabilities	20	11,778	14,056
		2,944,605	2,498,637
Current liabilities			
Loans and borrowings	30	277,824	252,750
Lease liabilities	30	13,376	13,483
Trade and other payables	32	167,198	135,639
Derivative liabilities	22	6,868	2,747
Current tax liabilities		5,886	2,434
		471,152	407,053
Total liabilities		3,415,757	2,905,690
Total equity and liabilities		6,640,243	6,564,234

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Attributable to Owners of the Holding Companies								
		Share capital and units in issue US$'000	Accumulated profits US$'000	Capital reserve US$'000	Translation reserve US$'000	Cash flow hedge reserve US$'000	Other reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2022		3,554,399	47,213	50,000	(75,516)	–	252	3,576,348	82,196	3,658,544
(Loss)/profit for the year		–	(19,812)	–	–	–	–	(19,812)	8,300	(11,512)
Other comprehensive income										
Foreign currency translation differences		–	–	–	(347,479)	–	–	(347,479)	(1,785)	(349,264)
Foreign currency translation differences of equity-accounted investees	18	–	–	–	(34,038)	–	–	(34,038)	–	(34,038)
Remeasurement of defined benefit plan		–	–	–	–	–	171	171	–	171
Tax on other comprehensive income		–	–	–	–	–	(18)	(18)	–	(18)
Effective portion of changes in fair value of cash flow hedge, net		–	–	–	–	(91,478)	–	(91,478)	–	(91,478)
Effective portion of hedge of net investment in foreign operation	22	–	–	–	66,331	–	–	66,331	–	66,331
Total comprehensive income for the year		–	(19,812)	–	(315,186)	(91,478)	153	(426,323)	6,515	(419,808)
Transactions with owners, recognised directly in equity										
Acquisition of non-controlling interests	29	–	(6,212)	–	–	–	–	(6,212)	(5,388)	(11,600)
Issuance of shares without a change in control		–	–	–	–	–	–	–	288	288
Reallocation of profits to legal reserve	28	–	(428)	–	–	–	428	–	–	–
Dividends paid to non-controlling interests	29	–	–	–	–	–	–	–	(2,938)	(2,938)
Total transactions with owners		–	(6,640)	–	–	–	428	(6,212)	(8,038)	(14,250)
At 31 December 2022		3,554,399	20,761	50,000	(390,702)	(91,478)	833	3,143,813	80,673	3,224,486

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Changes in Equity (cont'd)
For the year ended 31 December 2022

		Attributable to owners of the Holding Companies							
	Note	**Share capital and units in issue** US$'000	**Accumulated profits** US$'000	**Capital reserve** US$'000	**Translation reserve** US$'000	**Other reserve** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
At 1 January 2021		3,404,399	65,565	50,000	144,845	(27)	3,664,782	84,593	3,749,375
(Loss)/profit for the year		–	(18,089)	–	–	–	(18,089)	9,912	(8,177)
Other comprehensive income									
Foreign currency translation differences		–	–	–	(235,134)	–	(235,134)	(4,978)	(240,112)
Foreign currency translation differences of equity-accounted investees	18	–	–	–	(18,194)	–	(18,194)	–	(18,194)
Remeasurement of defined benefit plan		–	–	–	–	16	16	–	16
Effective portion of hedge of net investment in foreign operation	22	–	–	–	32,967	–	32,967	–	32,967
Total comprehensive income for the year		–	(18,089)	–	(220,361)	16	(238,434)	4,934	(233,500)
Transactions with owners, recognised directly in equity									
Issue of shares/units	26	150,000	–	–	–	–	150,000	–	150,000
Reallocation of profits to legal reserve	28	–	(263)	–	–	263	–	–	–
Dividends paid to non-controlling interests	29	–	–	–	–	–	–	(7,331)	(7,331)
Total transactions with owners		150,000	(263)	–	–	263	150,000	(7,331)	142,669
At 31 December 2021		3,554,399	47,213	50,000	(75,516)	252	3,576,348	82,196	3,658,544

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Cash Flows
For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities			
(Loss)/profit before tax		(6,394)	4,742
Adjustments for:			
Depreciation expense	15, 16	99,390	79,072
Amortisation expense	17	60,461	55,584
Loss on disposal of property, plant and equipment		627	125
Write-off of property, plant and equipment		7,738	6,092
Impairment loss reversed of property, plant and equipment		(286)	–
Write-off of project costs	(a)	4,590	2,493
Bad debt written off		752	–
Write back of other payables		(1,185)	–
Impairment losses recognised/(reversed) on financial assets	12	2,723	(618)
Finance income	10	(13,586)	(9,816)
Finance costs	10	103,048	89,350
Change in fair value of financial instruments at FVTPL	11	8,167	14,783
Unrealised foreign exchange loss/(gain)		24,723	(15,758)
Share of results of equity-accounted investees, net of tax	18	(9,046)	(6,416)
		281,722	219,633
Changes in:			
- Trade and other receivables		(64,330)	(82,689)
- Prepayments and other assets		(10,981)	(2,099)
- Trade and other payables		7,077	13,809
- Provisions and employee benefits		185	101
Cash generated from operating activities		213,673	148,755
Tax paid		(12,559)	(12,741)
Net cash generated from operating activities		201,114	136,014
Cash flows from investing activities			
Acquisition of non-controlling interests	29	(11,600)	–
Acquisition of subsidiary, net of cash acquired	37	–	(839)
Contribution to equity-accounted investees	18	(56,398)	(20,224)
Acquisition of equity-accounted investees	18	(4,916)	(9,565)
Settlement of derivatives		3,813	(2,580)
Disbursement of loan to equity-accounted investees		(10,711)	–
Repayment of loan from equity-accounted investees		4,533	31,986
Distributions from equity-accounted investees	18	13,038	21,092
Purchase of property, plant and equipment	(b)	(641,993)	(726,580)
Purchase of intangible assets		–	(4,979)
Proceeds from disposal of property, plant and equipment		1,943	657
Interest received		3,493	2,758
Net cash used in investing activities		(698,798)	(708,274)

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

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

Combined Statement of Cash Flows (cont'd)
For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares and units	27	–	500,000
Proceeds from issuance of shares to non-controlling interests		288	–
Dividends paid to non-controlling interests	29	(2,938)	(7,331)
Proceeds from issuance of Euro Medium Term Note	30	–	178,638
Proceeds from drawdown of loans and borrowings			
- Project finance debts	30	808,022	607,168
- Revolving credit facilities	30	301,574	425,000
- Working capital loans	30	10,067	1,346
Repayment of loans and borrowings			
- Project finance debts	30	(201,100)	(131,476)
- Revolving credit facilities	30	(285,997)	(719,070)
- Working capital loans	30	(17,611)	(1,125)
- Term loan	30	–	(7,510)
Principal repayment of lease liabilities	30	(12,132)	(11,621)
Transaction costs related to loans and borrowings			
- Project finance debts	30	(19,849)	(14,006)
- Revolving credit facilities	30	(1,851)	(2,759)
- Issuance of Euro Medium Term Note	30	(88)	(1,914)
Interest paid			
- Project finance debts	30	(67,168)	(62,184)
- Revolving credit facilities	30	(757)	(1,248)
- Working capital loans	30	(1,844)	(160)
- Term loan	30	–	(1,594)
- Euro Medium Term Note	30	(15,656)	(10,797)
- Lease liabilities	30	(4,427)	(2,068)
Net interest received from derivatives		4,418	4,143
Deposits pledged		(49,443)	(43,732)
Net cash generated from financing activities		443,508	697,700
Net (decrease)/increase in cash and cash equivalents		(54,176)	125,440
Cash and cash equivalents at 1 January		369,819	260,369
Effect of exchange rate fluctuations on cash and cash equivalents		(18,025)	(15,990)
Cash and cash equivalents at 31 December	25	297,618	369,819

(a) Includes property, plant and equipment (Note 15), intangible assets (Note 17), prepayments and other assets (Note 23) and trade and other receivables (Note 24) written off of US$5.0 million (2021: US$7.6 million), US$2.9 million (2021: US$0.3 million), US$Nil million (2021: US$0.6 million) and US$6.0 million (2021: US$2.9 million) respectively. Includes write back of trade and other payables (Note 32) of US$8.9 million (2021: 0.7 million).

(b) The Combined Group purchased property, plant and equipment amounting to US$720.4 million. As at 31 December 2022, US$78.4 million remains payable.

Significant non-cash transactions

On 21 May 2021, the corporate term loan amounting to US$129.0 million was deemed repaid and converted to revolving credit facilities of the same amount.

The accompanying accounting policies and explanatory notes form an integral part of the combined financial statements.

1. Domicile and activities

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

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

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

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

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

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

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

1. Domicile and activities (cont'd)

1.1 *Purpose of the combined financial statements*

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

2. Basis of combination

The combined financial statements consists of the historical consolidated financial statements of Vena Energy Holdings Ltd and its subsidiaries, Vena Energy (Taiwan) Holdings Ltd and its subsidiaries and Zenith Japan Holdings Trust and its subsidiaries for the year ended 31 December 2022 on a combined basis.

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

3. Basis of preparation

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

The purpose of the combined financial statements is to show the combined financial position, financial performance, changes in equity and cash flows of the Combined Group as a single performance unit as at and for the year ended 31 December 2022.

The Combined Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Combined Group has adequate resources to continue in operational existence for the foreseeable future.

3.1 *Basis of measurement*

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

3.2 *Functional and presentation currency*

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

3. Basis of preparation (cont'd)

3.3 *Use of judgements and estimates*

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

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

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

- Note 17 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;

- Note 33 – measurement of expected credit loss ("ECL") allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

- Note 34 – fair value measurement of financial instruments measured at fair value through profit or loss

Measurement of fair values

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

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

Level 1: 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.

3. Basis of preparation (cont'd)

3.3 *Use of judgements and estimates (cont'd)*

Measurement of fair values (cont'd)

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

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

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

3.4 *Changes in accounting policies*

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Combined Group has adopted all the new and amended standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Combined Group.

3.5 *Standards issued but not yet effective*

The Combined Group has not adopted the following amendments applicable to the Combined Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 16: *Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024

The directors expect that the adoption of the amendments above will have no material impact on the financial statements in the period of initial application.

4. Summary of significant accounting policies

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

4.1 *Basis of consolidation*

(i) Business combinations

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

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

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.1 *Basis of consolidation (cont'd)*

(i) Business combinations (cont'd)

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

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(ii) Subsidiaries

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

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

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

4. Summary of significant accounting policies (cont'd)

4.1 *Basis of consolidation (cont'd)*

(ii) Subsidiaries (cont'd)

Loss of control

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

(iii) Interest in equity-accounted investees

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.1 *Basis of consolidation (cont'd)*

(iv) Transactions eliminated on consolidation

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

4.2 *Foreign currency*

(i) Foreign currency transactions

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

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

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of a financial liability designated as a hedge of the net investment in foreign operation that is effective, an equity instrument at fair value through other comprehensive income, or qualifying cash flow hedges which are recognised in other comprehensive income.

(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.

4. Summary of significant accounting policies (cont'd)

4.2 *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 Combined Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Combined Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

4.3 *Property, plant and equipment*

(i) Recognition and measurement

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

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

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

4. Summary of significant accounting policies (cont'd)

4.3 *Property, plant and equipment (cont'd)*

(i) Recognition and measurement (cont'd)

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Combined Group will obtain ownership by the end of the lease term.

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

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

Building and leasehold improvements	2 - 40 years
Electric generator equipment	1 - 30 years
Vehicles	4 - 8 years
Computers, fittings and fixtures and office equipment	2 - 10 years

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

No depreciation is provided for freehold land and assets under construction.

4. Summary of significant accounting policies (cont'd)

4.4 *Intangible assets and goodwill*

(i) Goodwill

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

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

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

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

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

(iii) Service concession intangible assets

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

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

(iv) Amortisation

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

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

Project-related agreements and licences	10 – 30 years
Service concession intangible assets	20 – 30 years

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

4. Summary of significant accounting policies (cont'd)

4.5 *Financial instruments*

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

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.

4. Summary of significant accounting policies (cont'd)

4.5 *Financial instruments (cont'd)*

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

Equity investments at FVOCI

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

Financial assets at FVTPL

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

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

Financial assets – Business model assessment

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.5 *Financial instruments (cont'd)*

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

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

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

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

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

4. Summary of significant accounting policies (cont'd)

4.5 *Financial instruments (cont'd)*

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Derivative financial instruments and hedge accounting

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

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

4. Summary of significant accounting policies (cont'd)

4.5 *Financial instruments (cont'd)*

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

Net investment hedges

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

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

Cash flow hedges

The Combined Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in wholesale electricity spot price.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of in fair value of the derivative is recognised immediately in the profit or loss.

Amounts previously recognised in OCI and accumulated in cash flow hedge reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Combined Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in OCI and accumulated in cash flow hedge reserve at that time remains in cash flow hedge reserve and is recognised in profit or loss in the same period as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss.

4. Summary of significant accounting policies (cont'd)

4.6 *Cash and cash equivalents*

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

4.7 *Share capital*

Ordinary shares and units in issue

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

Share premium

Share premium represents the excess amounts over the par value of each ordinary share issued.

Repurchase of shares and redemption of units

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

4.8 *Impairment*

(i) *Non-derivative financial assets*

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.8 *Impairment (cont'd)*

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

Simplified approach

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

General approach

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

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

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

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

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

Measurement of ECLs

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

4. Summary of significant accounting policies (cont'd)

4.8 *Impairment (cont'd)*

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

Credit-impaired financial assets

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

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

4. Summary of significant accounting policies (cont'd)

4.8 *Impairment (cont'd)*

(ii) Non-financial assets

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

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.9 *Provisions*

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

Asset retirement obligation

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

4.10 *Revenue*

Sale of energy

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

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

Revenue from sale of energy is recognised in profit or loss when the electricity generated is dispatched to the customer over time.

Revenue is determined based on the units of sales delivered at the applicable tariff rates.

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

4. Summary of significant accounting policies (cont'd)

4.10 *Revenue (cont'd)*

Service concession arrangements

Revenue related to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. Operation or service revenue is recognised in the period in which the services are provided by the Combined Group. When the Combined Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

Fee income

Revenue from fee income is recognised over time when the customers simultaneously receive and consume the benefits.

Dividend income

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

4.11 *Government grants*

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

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

4.12 *Employee benefits*

(i) Short-term employee benefits

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

4. Summary of significant accounting policies (cont'd)

4.12 *Employee benefits (cont'd)*

(ii) *Defined contribution plans*

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

(iii) *Defined benefit plans*

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

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

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

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

(iv) Other long-term employee benefits

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

4. Summary of significant accounting policies (cont'd)

4.13 *Operating costs*

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

4.14 *Shared services costs*

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

4.15 *Development costs*

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

4.16 *Finance income and finance costs*

Finance income comprises of interest income. Finance costs comprises of interest expense on borrowings and other finance costs.

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.17 ***Tax***

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

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

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.17 *Tax (cont'd)*

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

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.18 *Leases*

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

As a lessee

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

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

4. Summary of significant accounting policies (cont'd)

4.18 *Leases (cont'd)*

As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Combined Group by the end of the lease term or the cost of the right-of-use asset reflects that the Combined Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment as follows:

Land and buildings	2 – 38 years
Office lease	1 - 30 years
Others	1 - 5 years

Right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

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

4. Summary of significant accounting policies (cont'd)

4.18 *Leases (cont'd)*

As a lessee (cont'd)

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

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

Sale and leaseback transactions as a seller-lessee

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

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

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

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

Short-term leases and leases of low-value assets

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

4. Summary of significant accounting policies (cont'd)

4.18 *Leases (cont'd)*

As a lessor

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

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

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

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

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

Sale and leaseback transactions as a buyer-lessor

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

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

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

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

5. Revenue

The Combined Group's revenue comprises:

	2022 US$'000	**2021** US$'000
Sale of energy	394,452	314,045
Fee income		
- Shared services fee income from equity-accounted investees	10,453	7,833
Revenue recognised over time	404,905	321,878

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.

	2022 US$'000	**2021** US$'000
Sale of energy		
Japan	144,502	110,193
Thailand	42,122	44,971
India	90,113	95,833
Australia	16,310	14,630
Indonesia	26,511	30,791
Taiwan	74,894	17,627
	394,452	314,045
Fee income		
Shared services fee	10,453	7,833
	404,905	321,878

Contract balances

Please refer to Note 24 for contract assets primarily relating to the Combined Group's right to consideration for sale of renewable energy which has not been billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Combined Group invoices the customer.

Please refer to Note 32 for contract liabilities primarily relating to advance consideration received from customers for performance of service contracts.

6. Other income

	2022 US$'000	2021 US$'000
Insurance claim	6,485	3,343
Liquidated damages	4,034	3,674
Government grants	428	622
Pre-commercial operating revenue	3,206	–
Others	2,739	2,232
	16,892	9,871

7(a). Operating costs

	2022 US$'000	2021 US$'000
Operations and maintenance costs	34,183	28,700
Utilities and transmission costs	4,821	4,904
Asset related insurance	8,169	5,190
Professional fees	4,271	3,743
Rental - land and site office	1,040	1,855
Asset related tax and levies	10,506	7,610
Other general and administrative costs	2,744	2,570
	65,734	54,572

Staff costs of US$7.0 million (2021: US$5.9 million) is included within operations and maintenance costs.

7(b). Other costs of operations

	2022 US$'000	2021 US$'000
Revenue sharing	14,050	–
Liquidated damages	1,941	–
Others	178	–
	16,169	–

Revenue sharing of US$14.1 million (2021: Nil) relates to the amount payable to a local government agency based on a percentage of the gross revenue derived from certain of the Combined Group's operational solar assets.

8. Shared services costs

	2022 US$'000	**2021** US$'000
Staff costs	58,183	55,959
Directors and Investment Committee members fee	552	734
Occupancy costs	1,333	1,273
IT expenses	2,924	2,251
Professional fees	8,395	7,484
Insurance	899	693
Travel and entertainment expenses	2,907	2,025
Other general and administrative costs	4,052	3,361
	79,245	73,780
Less: Shared services costs capitalised	(27,815)	(33,923)
	51,430	39,857

9. Development costs

	2022 US$'000	**2021** US$'000
Business related taxes	1,062	423
Insurance	11	50
Staff costs	16	3
Professional fees	1,680	2,965
Travel and entertainment expenses	136	118
Occupancy costs	54	276
Other general and administrative costs	822	1,290
	3,781	5,125

10. Finance income and finance costs

	2022 US$'000	**2021** US$'000
Finance income		
Interest income from:		
- Loans to third parties	581	973
- Loans to equity accounted investees	348	1,098
- Bank deposits	2,766	1,767
- Cross currency swaps	9,891	5,978
Total finance income	13,586	9,816

10. Finance income and finance costs (cont'd)

	2022 US$'000	2021 US$'000
Finance costs		
Interest expense on:		
- Project finance debts	(65,395)	(59,974)
- Term loan and revolving credit facilities	(757)	(2,209)
- Euro Medium Term Note	(14,677)	(12,196)
- Interest rate swaps	(4,287)	(5,741)
- Lease liabilities	(3,024)	(2,272)
Other finance costs	(14,908)	(6,958)
Total finance costs	(103,048)	(89,350)

Included in other finance costs are deferred financing costs of US$3.0 million (2021: US$2.3 million) and unwinding of discount of asset retirement obligation of US$0.7 million (2021: US$0.4 million).

11. Change in fair value of financial instruments at FVTPL

	2022 US$'000	2021 US$'000
Gain/(loss) on change in fair value:		
- Equity investment	1,097	451
- Forward contract	(381)	610
- Interest rate swaps	52,601	13,440
- Cross currency interest rate swaps	9,869	–
- Electricity derivatives	–	(27,105)
Hedge ineffectiveness of electricity derivatives	(37,383)	–
Hedge ineffectiveness of cross-currency interest rate swaps	(33,970)	(2,179)
	(8,167)	(14,783)

12. Impairment loss (recognised)/reversed on financial assets

	2022 US$'000	2021 US$'000
Net impairment loss (recognised)/reversed on cash and bank balances	(49)	18
Net impairment loss (recognised)/reversed on trade and other receivables	(2,674)	550
Net impairment loss reversed on loan receivables	–	50
	(2,723)	618

13. (Loss)/profit before tax

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

	2022 US$'000	2021 US$'000
Staff costs		
Wages and salaries	41,452	38,940
Ordinary bonus	9,007	9,393
Contributions to defined contribution plans	1,336	957
Employee insurance	2,943	2,641
Recruitment fee	1,416	1,680
Staff benefits, allowances and others	9,060	8,350
	65,214	61,961

14. Tax expense

	2022 US$'000	2021 US$'000
Current tax expense		
Withholding tax	6,191	10,230
Current year	9,490	3,757
Under/(over) provision of income tax from prior year	78	(55)
	15,759	13,932
Deferred tax credit		
Origination and reversal of temporary difference	(5,095)	6,814
Write-down of deferred tax assets	–	2,090
Recognition of tax effect of previously unrecognised tax losses	(5,546)	(9,917)
	(10,641)	(1,013)
Tax expense	5,118	12,919
Tax recognised in OCI		
Defined benefit plan remeasurements	18	–*

* Amount less than $1,000

14. Tax expense (cont'd)

Reconciliation of effective tax rate

	2022 US$'000	**2021** US$'000
(Loss)/profit before tax	(6,394)	4,742
Effect of tax rates in foreign jurisdiction	14,427	19,311
Effects of results of equity-accounted investees presented net of tax	(3,956)	(6,523)
Expenses non-deductible for tax purposes	19,623	10,315
Tax-exempt income/non-taxable income	(14,156)	(13,898)
Tax incentives	(11,655)	(3,623)
Recognition of previously unrecognised tax losses	(5,929)	(9,918)
Current-year losses for which no deferred tax asset is recognised	658	4,788
Withholding taxes	6,191	10,230
Write-down of deferred tax assets	–	2,090
Under/(over) provision of income tax from prior year	78	(55)
Others	(163)	202
	5,118	12,919

The effect of tax rates in foreign jurisdictions mainly results from differentiated tax rate where the Combined Group's operations are primarily based.

Tax incentives refers to tax deductions allowed under the Combined Group's Tokumei Kumiai arrangements.

15. Property, plant and equipment

	Note	**Land** US$'000	**Building and leasehold improvements** US$'000	**Electric generator equipment** US$'000	**Vehicles** US$'000	**Computers, fittings and fixtures and office equipment** US$'000	**Assets under construction** US$'000	**Total** US$'000
Cost								
At 1 January 2021		79,198	22,765	1,559,669	478	5,456	450,188	2,117,754
Additions		3,721	603	28,202	145	564	708,777	742,012
Disposal		(157)	–	(824)	–	(33)	–	(1,014)
Write-off	(a)	–	–	(107)	–	–	(5,994)	(6,101)
Reclassification		2,627	67	387,023	–	–	(389,717)	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	16	–	–	–	–	–	8,068	8,068
Effect of exchange rate changes		(8,347)	(2,454)	(112,361)	(38)	(270)	(38,896)	(162,366)
At 31 December 2021		77,042	20,981	1,861,602	585	5,717	732,426	2,698,353
Additions		11,960	213	61,643	110	1,274	645,205	720,405
Disposal		(2,019)	(14)	(569)	–	(14)	(35)	(2,651)
Write-off	(a)	(18)	–	(856)	–	–	(12,793)	(13,667)
Reclassification		(146)	20	745,760	–	51	(745,685)	–
Reclassification into intangible assets	17	(7,460)	–	–	–	–	–	(7,460)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	16	–	–	–	–	–	7,312	7,312
Effect of exchange rate changes		(9,907)	(1,390)	(223,623)	(17)	(249)	(96,145)	(331,331)
At 31 December 2022		69,452	19,810	2,443,957	678	6,779	530,285	3,070,961

(a) Included US$5.0 million (2021:US$2.6 million) as "write-off of project costs" in profit or loss.

15. Property, plant and equipment (cont'd)

	Land	Building and leasehold improvements	Electric generator equipment	Vehicles	Computers, fittings and fixtures and office equipment	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation and impairment losses							
At 1 January 2021	–	(3,344)	(157,265)	(166)	(2,978)	–	(163,753)
Depreciation expense	–	(1,592)	(66,244)	(82)	(1,152)	–	(69,070)
Disposal	–	–	199	–	33	–	232
Write-off	–	–	9	–	–	–	9
Effect of exchange rate changes	–	614	16,257	26	293	–	17,190
At 31 December 2021	–	(4,322)	(207,044)	(222)	(3,803)	–	(215,391)
Depreciation expense	–	(1,306)	(86,241)	(113)	(1,183)	–	(88,843)
Impairment loss reversed	–	–	286	–	–	–	286
Disposal	–	–	81	–	–	–	81
Write-off	–	–	55	–	–	–	55
Effect of exchange rate changes	–	441	27,860	33	182	–	28,516
At 31 December 2022	–	(5,187)	(265,003)	(302)	(4,804)	–	(275,296)
Carrying amounts							
At 31 December 2021	77,042	16,659	1,654,558	363	1,913	732,426	2,482,961
At 31 December 2022	69,452	14,623	2,178,954	376	1,975	530,285	2,795,665

As at reporting date, property, plant and equipment of the Combined Group with carrying amounts of US$2,210.3 million (2021: US$944.6 million) were pledged as collateral to secure project finance debts.

16. Right-of-use assets

	Note	Land and buildings US$'000	Office lease US$'000	Others US$'000	Total US$'000
Cost					
At 1 January 2021		328,625	17,555	1,806	347,986
Additions		55,194	4,994	2,026	62,214
Effect of exchange rate changes		(24,562)	(1,997)	(825)	(27,384)
At 31 December 2021		359,257	20,552	3,007	382,816
Additions		64,213	1,679	727	66,619
Lease modifications		(7,323)	88	(568)	(7,803)
Effect of exchange rate changes		(43,328)	(2,562)	(412)	(46,302)
At 31 December 2022		372,819	19,757	2,754	395,330
Accumulated depreciation					
At 1 January 2021		(14,981)	(5,155)	(1,121)	(21,257)
Depreciation expense		(4,720)	(4,375)	(907)	(10,002)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	15	(8,068)	–	–	(8,068)
Effect of exchange rate changes		1,640	2,095	603	4,338
At 31 December 2021		(26,129)	(7,435)	(1,425)	(34,989)
Depreciation expense		(6,601)	(3,235)	(711)	(10,547)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	15	(7,299)	(13)	–	(7,312)
Lease modifications		518	46	382	946
Effect of exchange rate changes		3,609	381	230	4,220
At 31 December 2022		(35,902)	(10,256)	(1,524)	(47,682)
Carrying amounts					
At 31 December 2021		333,128	13,117	1,582	347,827
At 31 December 2022		336,917	9,501	1,230	347,648

17. Intangible assets

	Note	Goodwill US$'000	Project-related agreements and licences US$'000	Service concession intangible assets US$'000	Total US$'000
Cost					
At 1 January 2021		821,103	1,610,747	174,671	2,606,521
Additions		–	7,943	–	7,943
Write-off project costs		–	(341)	–	(341)
Effect of exchange rate changes		(41,164)	(133,539)	(992)	(175,695)
At 31 December 2021		779,939	1,484,810	173,679	2,438,428
Additions		–	1	–	1
Write-off project costs		–	(2,880)	–	(2,880)
Reclassification from property, plant and equipment	15	–	7,460	–	7,460
Effect of exchange rate changes		(62,254)	(165,371)	–	(227,625)
At 31 December 2022		717,685	1,324,020	173,679	2,215,384
Accumulated depreciation					
At 1 January 2021		–	(119,699)	(11,775)	(131,474)
Amortisation expense		–	(48,946)	(6,638)	(55,584)
Effect of exchange rate changes		–	11,965	29	11,994
At 31 December 2021		–	(156,680)	(18,384)	(175,064)
Amortisation expense		–	(53,821)	(6,640)	(60,461)
Effect of exchange rate changes		–	16,273	–	16,273
At 31 December 2022		–	(194,228)	(25,024)	(219,252)
Carrying amounts					
At 31 December 2021		779,939	1,328,130	155,295	2,263,364
At 31 December 2022		717,685	1,129,792	148,655	1,996,132

17. Intangible assets (cont'd)

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

As at the respective reporting dates, service concession intangible assets of the Combined Group with carrying amounts of US$148.7 million (2021:US$155.3 million) were pledged as collateral to secure project finance debts.

Impairment testing for CGUs containing goodwill

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

	2022 US$'000	**2021** US$'000
Australia	109,255	118,160
India	24,244	26,558
Indonesia	36,721	37,196
Japan	219,004	253,571
Philippines	89,930	98,763
Taiwan	32,277	35,595
Thailand	6,277	6,509
Asset manager	199,977	203,587
	717,685	779,939

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

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

The discounted cash flows valuation is based on management's cash flow projections assuming up to 30 years (2021: up to 30 years) of operating life, no terminal value is assumed. The post-tax discount rates of 4.1% - 13.7% (2021: 4.1% - 13.7%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, contracted and development assets.

As at 31 December 2022 and 2021, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amount to be materially below the carrying amount of the CGUs.

17. Intangible assets (cont'd)

Asset Manager

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

18. Equity-accounted investees

	2022 US$'000	**2021** US$'000
Interests in joint ventures	71,860	60,685
Interests in associates	442,260	430,152
Total interests in equity-accounted investees	514,120	490,837

Investment in joint ventures

In 2021, the Combined Group acquired 50% economic interest in Wind Power Energy Co., Ltd. ("WPE"). The remaining economic interest is substantially owned by a third party, Prominet Power K.K. and decisions in relation to key relevant activities over WPE require unanimous consent. The Combined Group has assessed that it has joint control over WPE, and that its investment in WPE meets the definition of a joint venture (as defined by the Combined Group's accounting policy). WPE is based in Japan, and principally engaged in development and operation of renewable energy assets.

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

2022	**Nanao Mega Solar GK ("Nanao")** US$'000	**KK Kyudenko Fukuosan Solar ("KK Fukuosan")** US$'000	**WPE** US$'000
Statement of financial position			
Non-current assets			
Property, plant and equipment	72,469	101,394	52,489
Right-of-use assets	11,949	40,640	7,964
Intangible assets	1,205	28,146	–
Prepayments and other assets	1,517	240	–
Derivative assets	–	4,674	–
	87,140	175,094	60,453

18. Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2022	Nanao	KK Fukuosan	WPE
	US$'000	US$'000	US$'000
Statement of financial position (cont'd)			
Current assets			
Prepayment and other assets	–	32	1
Trade and other receivables	444	12,068	757
Derivative assets	4,419	–	–
Cash and bank balances	5,636	12,053	5,825
	10,499	24,153	6,583
Total assets	97,639	199,247	67,036
Non-current liabilities			
Loans and borrowings	60,560	100,458	13,158
Lease liabilities	4,713	44,168	7,948
Derivative liabilities	–	5,265	–
	65,273	149,891	21,106
Current liabilities			
Loans and borrowings	–	8,438	14
Lease liabilities	279	2,726	280
Trade and other payables	224	212	2,241
	503	11,376	2,535
Total liabilities	65,776	161,267	23,641
Net assets	31,863	37,980	43,395

18. Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2022	**Nanao**	**KK Fukuosan**	**WPE**
	US$'000	US$'000	US$'000
Statement of comprehensive income			
Revenue	1,304	14,536	–
Other income	–	–	2
Total revenue	1,304	14,536	2
Operating costs	(140)	(4,094)	–
Development costs	–	–	(95)
Depreciation expense	–	(7,346)	–
Amortisation expense	(116)	(1,441)	–
Results from operating activities	1,048	1,655	(93)
Finance costs	(140)	(1,583)	–
Change in fair value of financial instruments at FVTPL	5,704	6,384	–
Profit/(loss) before tax	6,612	6,456	(93)
Tax expense	(16)	(4)	(47)
Profit/(loss) for the year, representing total comprehensive income for the year	6,596	6,452	(140)

2021	**Nanao**	**KK Fukuosan**	**WPE**
	US$'000	US$'000	US$'000
Statement of financial position			
Non-current assets			
Property, plant and equipment	41,600	82,939	48,937
Intangible asset	15,321	49,900	10,925
Right of use assets	1,392	31,814	–
Prepayment and other assets	1,751	191	–
	60,064	164,844	59,862

18. Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2021	**Nanao**	**KK Fukuosan**	**WPE**
	US$'000	US$'000	US$'000
Statement of financial position (cont'd)			
Current assets			
Prepayment and other assets	–	70	1
Trade and other receivables	–	16	229
Cash and bank balances	2,211	5,221	4,626
	2,211	5,307	4,856
Total assets	62,275	170,151	64,718
Non-current liabilities			
Loans and borrowings	30,380	75,286	15,262
Lease liabilities	6,383	54,162	10,753
Derivative liabilities	1,452	1,932	–
	38,215	131,380	26,015
Current liabilities			
Loans and borrowings	–	–	48
Lease liabilities	401	2,037	460
Trade and other payables	536	72	2,592
	937	2,109	3,100
Total liabilities	39,152	133,489	29,115
Net assets	23,123	36,662	35,603

18. Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2021	**Nanao** US$'000	**KK Fukuosan** US$'000	**WPE** US$'000
Statement of comprehensive income			
Other income	–*	1	1
Operating expenses	(53)	(188)	(60)
Change in fair value of financial instruments at FVTPL	130	(85)	–
Profit/(loss) before tax	77	(272)	(59)
Tax expense	(1)	–*	–
Profit/(loss) for the year, representing total comprehensive income for the year	76	(272)	(59)

* Amount less than US$1,000

2022	**Nanao** US$'000	**KK Fukuosan** US$'000	**WPE** US$'000	**Total** US$'000
Carrying amount of interests in joint ventures at 1 January 2022	16,170	25,994	18,521	60,685
Combined Group's contribution during the year	4,363	–	6,379	10,742
Share of results of joint ventures	4,618	4,515	(70)	9,063
Foreign currency translation differences	(2,561)	(3,595)	(2,474)	(8,630)
Carrying amount of interests in joint ventures at 31 December 2022	22,590	26,914	22,356	71,860

18. Equity-accounted investees (cont'd)

Investment in joint ventures (cont'd)

2021	Nanao US$'000	KK Fukuosan US$'000	WPE US$'000	Total US$'000
Carrying amount of interests in joint ventures at 1 January 2021	17,378	28,769	–	46,147
Combined Group's acquisition during the year	–	–	9,565	9,565
Combined Group's contribution during the year	247	93	9,622	9,962
Share of results of joint ventures	38	(205)	(20)	(187)
Foreign currency translation Differences	(1,493)	(2,663)	(646)	(4,802)
Carrying amount of interests in joint ventures at 31 December 2021	16,170	25,994	18,521	60,685

18. Equity-accounted investees (cont'd)

Interests in associates

The Combined Group has 6 (2021: 6) material associates and 12 (2021: 11) immaterial associates which are equity accounted for. The following are the material associates:

Associate entity name	**Hangin ng Amihan Holdings, Inc. and its subsidiaries ("HANGIN")**	**Vena Energy Wind (Phil) Holdings Inc ("VEWPHI")**	**Helios Solar Energy Holdings Inc. and its subsidiaries ("HSEHI")**	**First Soleq Holdings Philippines Inc. ("FSHPI")**	**One Bukidnon Project Holdings Inc. ("OBPHI")**	**RA Solar Energy Holdings Inc. and its subsidiaries ("RSEHI")**
Nature of Associate	Investment holding entity for Alternergy Wind One Corporation ("Project Pililia")	Investment holding entity for Alternergy Wind One Corporation ("Project Pililia")	Investment holding entity for Helios Solar Energy Corp. ("Project Pollo")	Investment holding entity for First Soleq Energy Corp. ("Project Ironman")	Investment holding entity for Asian Greenenergy Corp. ("Project Zorro")	Investment holding entity for Mirae Asia Energy Corp. ("Project Garcia")
Sector	54.0 MW wind	54.0 MW wind	132.5 MW solar	30.4 MW solar	10.5 MW solar	20.1 MW solar
Principal place of business/ country of incorporation	Philippines	Philippines	Philippines	Philippines	Philippines	Philippines
Direct economic interest held in the associate by the Combined Group	99.84%	100%	99.56%	99.31%	99.82%	99.91%
Effective economic interest held on the underlying project	54.94%	39.97%	99.65%	99.45%	99.86%	99.97%
Direct voting rights held in the associate by the Combined Group	38.51%	37.29%	37.73%	31.43%	37.14%	40.00%

HANGIN held 55.2% (2021: 55.2%) and VEWPHI held 39.8% (2021: 39.8%) direct voting rights in Project Pililia. Through investment in HANGIN and VEWPHI, the Combined Group's aggregate economic interest in Project Pililia (54.0 MW Wind) is 94.91% (2021: 94.91%).

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

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

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
Statement of financial position						
Non-current assets						
Property, plant and equipment	71,748	–	113,299	25,441	9,863	21,629
Intangible assets	646	–	–	–	–	–
Equity-accounted investees	–	17,600	–	–	–	329
Other non-current receivables	2,313	56	264	3,432	149	31
Right-of-use assets	558	–	5,652	596	122	988
Prepayment and other assets	32	–	79	–	–	–
	75,297	17,656	119,294	29,469	10,134	22,977
Current assets						
Trade and other receivables	15,988	–	17,291	4,950	2,853	3,800
Prepayment and other assets	120	–	530	12	36	152
Cash and bank balances	17,984	36	13,562	910	787	1,146
	34,092	36	31,383	5,872	3,676	5,098
Total assets	109,389	17,692	150,677	35,341	13,810	28,075

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
Statement of financial position (cont'd)						
Non-current liabilities						
Loans and borrowings	57,212	–	94,130	17,670	6,741	9,225
Employee benefits	35	–	58	–	–	22
Asset retirement obligation	2,414	–	822	216	66	150
Deferred tax liabilities	96	–	231	26	15	20
	59,757	–	95,241	17,912	6,822	9,417
Current liabilities						
Loans and borrowings	3,701	–	3,419	753	469	594
Trade and other payables	3,357	2	1,701	1,195	1,756	879
Current tax liabilities	8	–	–	26	–	431
	7,066	2	5,120	1,974	2,225	1,904
Total liabilities	66,823	2	100,361	19,886	9,047	11,321
Net assets	42,566	17,690	50,316	15,455	4,763	16,754

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
Statement of comprehensive income						
Sale of energy	16,846	–	23,652	6,668	2,555	5,861
Other income	–	–	–	–	–	11
Revenue	16,846	–	23,652	6,668	2,555	5,872
Operating costs	(4,274)	(3)	(4,522)	(1,189)	(657)	(1,204)
Shared services costs charged by a subsidiary	(1,090)	–	(817)	(208)	(91)	(200)
Depreciation expenses	(4,164)	–	(6,719)	(1,718)	(630)	(1,442)
Results from operating activities	7,318	(3)	11,594	3,553	1,177	3,026
Finance income	467	–	499	142	46	100
Finance costs	(3,727)	–	(7,548)	(1,122)	(484)	(728)
Net foreign exchange (loss)/gain	(6)	1	56	128	2	(262)
Net finance (costs)/income	(3,266)	1	(6,993)	(852)	(436)	(890)
Gain on disposal of equity-accounted investee	–	–	–	–	–	6,212
Share of results of associate	–	1,599	–	–	–	293
Profit before tax	4,052	1,597	4,601	2,701	741	8,641
Income tax (expense)/credit	(57)	–	191	(224)	2	(1,736)
Profit for the year, representing total comprehensive income for the year	3,995	1,597	4,792	2,477	743	6,905

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
Statement of financial position						
Non-current assets						
Property, plant and equipment	83,285	–	131,470	29,130	11,410	25,277
Intangible assets	709	–	–	–	–	–
Equity-accounted investees	–	16,007	–	–	–	5,471
Other non-current receivables	2,227	61	281	3,706	125	303
Right-of-use assets	627	–	6,446	678	150	384
Prepayment and other assets	35	–	86	–	–	34
	86,883	16,068	138,283	33,514	11,685	31,469
Current assets						
Trade and other receivables	16,447	–	15,435	4,730	2,867	3,691
Prepayment and other assets	680	–	1,332	254	58	132
Cash and bank balances	14,412	40	9,444	731	880	532
	31,539	40	26,211	5,715	3,805	4,355
Total assets	118,422	16,108	164,494	39,229	15,490	35,824

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
<u>Statement of financial position (cont'd)</u>						
Non-current liabilities						
Loans and borrowings	65,848	–	106,447	20,041	7,914	13,424
Employee benefits	38	–	–	–	–	–
Asset retirement obligation	2,625	–	893	223	84	151
Deferred tax liabilities	132	–	464	26	19	25
	68,643	–	107,804	20,290	8,017	13,600
Current liabilities						
Loans and borrowings	4,524	–	3,957	413	573	1,831
Trade and other payables	2,601	1	1,031	1,052	1,742	693
Current tax liabilities	–	–	240	–	–	147
	7,125	1	5,228	1,465	2,315	2,671
Total liabilities	75,768	1	113,032	21,755	10,332	16,271
Net assets	42,654	16,107	51,462	17,474	5,158	19,553

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000
Statement of comprehensive income						
Sale of energy	22,779	–	30,951	7,504	2,822	6,569
Other income	19	–	1,023	–	–	842
Revenue	22,798	–	31,974	7,504	2,822	7,411
Operating costs	(4,778)	(2)	(5,125)	(963)	(931)	(1,236)
Shared services costs charged by a subsidiary	(1,082)	–	(480)	(149)	(68)	(158)
Depreciation expenses	(4,600)	–	(7,389)	(1,941)	(694)	(1,555)
Results from operating activities	12,338	(2)	18,980	4,451	1,129	4,462
Finance income	255	–	323	102	30	58
Finance costs	(4,293)	–	(8,599)	(1,059)	(542)	(979)
Foreign exchange (loss)/gain	(2)	–	49	(741)	3	758
Net finance costs	(4,040)	–	(8,227)	(1,698)	(509)	(163)
Share of results of associate	–	3,438	–	–	–	–
Profit before tax	8,298	3,436	10,753	2,753	620	4,299
Income tax credit/(expense)	41	–	(441)	(26)	2	(70)
Profit for the year, representing total comprehensive income for the year	8,339	3,436	10,312	2,727	622	4,229

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Garcia RSEHI** US$'000	**Immaterial associates** US$'000	**Total associates** US$'000
Carrying amount of interests in associates at beginning of the year	58,452	42,604	202,178	38,354	11,206	62,663	14,695	430,152
Combined Group's share of amortisation of intangible asset acquired through business combinations	(2,576)	(1,874)	(8,036)	(1,395)	(294)	(2,782)	–	(16,957)
Combined Group's share of results from continuing operations, net of tax	2,198	1,596	4,786	2,474	744	6,894	(1,752)	16,940
Effect of exchange rate changes from project-related agreements and licences	(3,230)	(2,350)	(11,053)	(1,795)	(405)	(3,804)	–	(22,637)
Foreign currency translation differences	(1,312)	(955)	2,687	(1,621)	(458)	(1,364)	251	(2,772)
Combined Group's share of total comprehensive income	(4,920)	(3,583)	(11,616)	(2,337)	(413)	(1,056)	(1,501)	(25,426)
Combined Group's contribution during the year	–	–	–	–	–	–	45,656	45,656
Combined Group's acquisition during the year[1]	–	–	–	–	–	–	4,916	4,916
Distribution during the year	–	–	(1,434)	(2,896)	(675)	(7,801)	(232)	(13,038)
Carrying amount of interests in associates at end of the year[2]	53,532	39,021	189,128	33,121	10,118	53,806	63,534	442,260

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

4 In January 2022, the Combined Group entered into a sale and purchase agreement to acquire 100.0% of Taean Wind Power Co., Ltd. ("Taean") in stages. The total purchase consideration ranges from KRW50.0 billion to KRW140.0 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC contract that have yet to be finalised. As at 31 December 2022, the Combined Group has acquired 45.0% of Taean for KRW3.9 billion (US$4.9 million). The transaction has yet to be completed as at year end and based on the Combined Group's provisional assessment, it was recognised as an investment in associate.

[2] Included in carrying amount of interests in associates at end of the year is project related agreements and licences amounting to US$215.5 million.

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2021	Pililia HANGIN US$'000	Pililia VEWPHI US$'000	Pollo HSEHI US$'000	Ironman FSHPI US$'000	Zorro OBPHI US$'000	Garcia RSEHI US$'000	Immaterial associates US$'000	Total associates US$'000
Carrying amount of interests in associates at beginning of the year	59,063	42,839	219,109	45,794	11,742	63,975	5,249	447,771
Combined Group's share of amortisation of intangible asset acquired through business combinations	(2,857)	(2,060)	(8,824)	(1,542)	(325)	(2,822)	–	(18,430)
Combined Group's share of results from continuing operations, net of tax	4,479	3,436	10,223	2,724	621	4,229	(679)	25,033
Effect of exchange rate changes from project-related agreements and licences	(1,678)	(1,210)	(5,695)	(928)	(209)	(2,212)	–	(11,932)
Foreign currency translation differences	(555)	(401)	1,331	(969)	(222)	(507)	(137)	(1,460)
Combined Group's share of total comprehensive income	(611)	(235)	(2,965)	(715)	(135)	(1,312)	(816)	(6,789)
Combined Group's contribution during the year	–	–	–	–	–	–	10,262	10,262
Distribution during the year	–	–	(13,966)	(6,725)	(401)	–	–	(21,092)
Carrying amount of interests in associates at end of the year[1]	58,452	42,604	202,178	38,354	11,206	62,663	14,695	430,152

4 Included in carrying amount of interests in associates at end of the year is project related agreements and licences amounting to US$255.0 million.

19. Other investments

	2022 US$'000	2021 US$'000
Equity investment – mandatorily at FVTPL	2,559	1,851

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

20. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Property, plant and equipment	–	–	(48,244)	(36,759)
Intangible assets	–	–	(3,275)	(2,484)
Derivative instruments	–	–	(2,601)	–
Loans and borrowings	105	–	–	(72)
Employee benefits	1,986	1,847	–	–
Provisions	90	102	–	–
Other items	2,533	1,073	(1,085)	(284)
Tax loss carry-forwards	53,549	29,201	–	–
Deferred tax assets/(liabilities)	58,263	32,223	(55,205)	(39,599)
Set off of deferred tax	(43,427)	(25,543)	43,427	25,543
Net deferred tax assets/ (liabilities)	14,836	6,680	(11,778)	(14,056)

Unrecognised deferred tax liabilities

The subsidiaries of the Combined Group were subject to a tax holiday period in certain jurisdictions for a period of 10 years. Deferred tax liabilities in respect of timing differences that originate before or during the tax holiday period and are expected to reverse during such tax holiday period have not been 69tilize6969d.

Unrecognised deferred tax assets

Deferred tax assets on tax losses of US$158.1 million (2021: US$94.5 million) have not been 69tilize6969d in respect of tax losses which are expected to expire or be 69tilize69 during such tax holiday period because it is not probable that future taxable profits will be available against which the Combined Group can 69tilize the benefits therefrom during such period.

20. Deferred tax (cont'd)

Movement in deferred tax balances

	Balance as at 1 January 2022 US$'000	**Recognised in profit or loss (Note 14)** US$'000	**Recognised in OCI (Note 14)** US$'000	**Effect of exchange rate changes** US$'000	**Balance as at 31 December 2022** US$'000
Deferred tax assets/liabilities					
Property, plant and equipment	(36,759)	(15,090)	–	3,605	(48,244)
Intangible assets	(2,484)	(791)	–	–	(3,275)
Derivative instruments	–	(2,697)	–	96	(2,601)
Loans and borrowings	(72)	169	–	8	105
Employee benefits	1,847	377	(18)	(220)	1,986
Provisions	102	43	–	(55)	90
Other items	789	486	–	173	1,448
Tax loss carry-forwards	29,201	28,144	–	(3,796)	53,549
	(7,376)	10,641	(18)	(189)	3,058

20. Deferred tax (cont'd)

Movement in deferred tax balances (cont'd)

	Balance as at 1 January 2021 US$'000	**Recognised in profit or loss (Note 14)** US$'000	**Effect of exchange rate changes** US$'000	**Balance as at 31 December 2021** US$'000
Deferred tax assets/liabilities				
Property, plant and equipment	(47,415)	(2,549)	13,205	(36,759)
Intangible assets	(1,482)	(924)	(78)	(2,484)
Loans and borrowings	(208)	119	17	(72)
Employee benefits	1,774	(144)	217	1,847
Provisions	148	(65)	19	102
Other items	47	1,907	(1,165)	789
Tax loss carry-forwards	38,720	2,669	(12,188)	29,201
	(8,416)	1,013	27	(7,376)

21. Loans receivables

	2022 US$'000	2021 US$'000
Non-current		
Loan receivables from:		
- Equity-accounted investees	10,639	289
- Other third parties	3,057	3,140
Promissory note receivables	7,571	7,610
	21,267	11,039
Less: Impairment loss on loans receivables	(343)	(343)
Total non-current loans receivables	20,924	10,696
Current		
Loan receivables from:		
- Equity-accounted investees	–	4,533
- Other third parties	–	3,430
Interest receivables from:		
- Equity-accounted investees	255	587
- Promissory note	564	493
- Cross-currency swaps	5,060	3,507
- Other third parties	1,252	1,174
	7,131	13,724
Less: Impairment loss on loans receivables	(75)	(75)
Total current loans receivables	7,056	13,649
	27,980	24,345

21. Loan receivables (cont'd)

Terms and conditions of loan receivables are as follows:

	Currency	Maturity date	Principal amount 2022 US$'000	Principal amount 2021 US$'000	Interest rate 2022 %	Interest rate 2021 %
Equity-accounted investees	USD	2022	–	4,533	–	5.0
Equity-accounted investees [(a)]	KRW	2027	10,390	–	3.5-3.7	–
Equity-accounted investees of related parties [(b)]	JPY	2035	249	289	1.0	1.0
Other third parties	USD	2021	–	3,430	–	17.0
Other third parties [(b)]	JPY	On demand	693	803	0.8	0.8
Other third parties [(b)]	USD	On demand	1,880	1,886	4.6	4.6
Other third parties [(b)]	USD	On demand	450	451	5.5	5.5
Other third parties [(b)]	KRW	On demand	34	–	4.6	–
Promissory notes receivable [©]	THB	2027	7,571	7,610	–	–
			21,267	19,002		

(a) Loan receivable from equity-accounted investees are unsecured and repayable in 2027 (2021: Nil).

(b) The Combined Group does not intend to demand repayment of these unsecured loans in the next 12 months.

(c) Promissory notes receivable are zero coupon, non-transferable and redeemable, with maturity date on 3 August 2027. At redemption date, the Combined Group is entitled to receive a redemption amount equal to the principal amount plus accrued redemption fee of 1.0% per annum.

22. Derivative assets and liabilities

	2022 US$'000	2021 US$'000
Derivative assets		
Non-current		
Electricity derivatives	47,558	141,147
Cross currency swaps	61,194	19,299
Interest rate swaps	32,639	2,194
	141,391	162,640
Current		
Electricity derivatives	2,584	5,373
Cross currency swaps	344	283
Interest rate swaps	2,115	–
Forward exchange contract	1,579	875
	6,622	6,531
Total derivative assets	148,013	169,171
Derivative liabilities		
Non-current		
Electricity derivatives	(39,262)	–
Interest rate swaps	(183)	(18,417)
	(39,445)	(18,417)
Current		
Electricity derivatives	(1,843)	–
Forward exchange contract	(4,951)	(53)
Interest rate swaps	(74)	(2,694)
	(6,868)	(2,747)
Total derivative liabilities	(46,313)	(21,164)

22. Derivative assets and liabilities (cont'd)

Cross currency swaps

On 26 February 2022, the Combined Group entered into cross currency swaps which matures in 2025 and with an aggregate notional amount of JPY20.2 billion, whereby the Combined Group is required to make semi-annual interest payments calculated at fixed interest rate of 0.5% per annum.

In 2020, the Combined Group entered into cross currency swaps which matures in 2025 and with an aggregate notional amount of JPY36.0 billion, whereby the Combined Group is required to make semi-annual interest payments calculated at fixed interest rates between 1.2% and 1.3% per annum.

These cross currency swaps are designated as hedging instruments for giving effect to hedge accounting applied at the Combined Group level.

Electricity derivatives

Effective 1 January 2022, the Combined Group has designated the electricity derivatives in their entirety as cash flow hedges to manage the Combined Group's exposure to fluctuations in electricity prices.

Hedge accounting

Net investment hedge

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

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

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

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

22. Derivative assets and liabilities (cont'd)

Hedge accounting (cont'd)

Net investment hedge (cont'd)

The amounts related to items designated as hedging instruments are as follows:

	2022				During the year ended 31 December 2022					
	Notional amount US$'000	**Carrying amount – assets** US$'000	**Carrying amount – liabilities** US$'000	**Line item in the statement of financial position where the hedging instrument is included**	**Change in value used for calculating hedge in-effectiveness** US$'000	**Change in value of hedging instrument recognised in OCI** US$'000	**Hedge in-effectiveness recognised in profit or loss** US$'000	**Line item in profit or loss that includes hedge in-effectiveness**	**Amount reclassified from hedging reserve to profit or loss** US$'000	**Line item affected in profit or loss because of the re-classification**
Cross currency interest rate swaps	500,000	51,660	–	Derivative assets	32,361	66,331	(33,970)	Change in fair value of financial instruments at FVTPL	–	Not applicable

The amounts relating to items designated as hedged items are as follows:

	2022	
	Change in value used for calculating hedge effectiveness US$'000	**Foreign currency translation reserve** US$'000
JPY net investment	(66,331)	76,010

22. Derivative assets and liabilities (cont'd)

Hedge accounting (cont'd)

Net investment hedge (cont'd)

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

	2021				During the year ended 31 December 2021					
	Notional amount US$'000	**Carrying amount – assets** US$'000	**Carrying amount – liabilities** US$'000	**Line item in the statement of financial position where the hedging instrument is included**	**Change in value used for calculating hedge in-effectiveness** US$'000	**Change in value of hedging instrument recognised in OCI** US$'000	**Hedge in-effectiveness recognised in profit or loss** US$'000	**Line item in profit or loss that includes hedge in-effectiveness**	**Amount reclassified from hedging reserve to profit or loss** US$'000	**Line item affected in profit or loss because of the re-classification**
Cross currency interest rate swaps	325,000	19,299	–	Derivative assets	30,788	32,967	(2,179)	Change in fair value of financial instruments at FVTPL	–	Not applicable

The amounts relating to items designated as hedged items are as follows:

	2021	
	Change in value used for calculating hedge effectiveness US$'000	**Foreign currency translation reserve** US$'000
JPY net investment	(32,967)	9,679

22. Derivative assets and liabilities (cont'd)

Hedge accounting (cont'd)

Cash flow hedges

The Combined Group's sale of energy in South Australia has a fixed tariff applied based on the terms of the offtake agreements. The Combined Group is exposed to cash flow variability on electricity sales due to fluctuations in the wholesale price of electricity in South Australia.

On 1 January 2022 and/or at date of inception, the Combined Group designated the electricity derivative component of the offtake agreements as hedging instruments. The Combined Group hedges the cash flow variability on highly probable forecast electricity sales arising from the variability in the wholesale spot price by entering into an agreement with the offtaker that fixes the electricity spot price at a contractual specified price per megawatt hour.

The Combined Group documents at the inception of the hedge accounting relationship, the economic relationship between hedging instruments and hedged items, its risk management objective and strategy for undertaking hedging transactions. The Combined Group also documents its assessment, both at hedge inception and prospectively on an ongoing basis, as to whether the derivatives designated in the hedge relationships have been, and will continue to be effective, in offsetting fair value changes arising from highly probable forecast electricity purchases. The Combined Group established the hedge ratio of 1:1 by matching the electricity sales to the offtake agreements designated as hedging instruments.

The Combined Group documents sources of hedge ineffectiveness and quantifies the impact of hedge ineffectiveness stemming from the hedge relationship.

Hedge ineffectiveness may occur due to:

- changes in the credit risk on the hedging instrument not matched by a similar adjustment on the hedged item;
- differences in critical terms between the hedging instrument and hedged item; and
- non-zero inception fair values of the hedging instrument as a result of a late designation.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in the cash flow hedge reserve. The gain or loss relating to the ineffective portion of hedges is recognised immediately in profit or loss within the fair value through profit or loss line on the statement of profit and loss. The realised gain or loss relating to the effective portion of electricity derivatives is recognised in profit or loss within revenue from the sales of energy.

22. Derivative assets and liabilities (cont'd)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts related to items designated as hedging instruments are as follows:

	2022				During the year ended 31 December 2022					
	Notional amount US$'000	**Carrying amount – assets** US$'000	**Carrying amount – liabilities** US$'000	**Line item in the statement of financial position where the hedging instrument is included**	**Change in value used for calculating hedge in-effectiveness** US$'000	**Change in value of hedging instrument recognised in OCI** US$'000	**Hedge in-effectiveness recognised in profit or loss** US$'000	**Line item in profit or loss that includes hedge in-effectiveness**	**Amount reclassified from hedging reserve to profit or loss** US$'000	**Line item affected in profit or loss because of the re-classification**
Commodity price risk										
Electricity derivatives	245,339	50,142	–	Derivative assets	(87,756)	(53,116)	(34,640)	Change in fair value of financial instruments at FVTPL	3,341	Sale of energy
Electricity derivatives	270,079	–	(41,105)	Derivative liabilities	(41,105)	(38,362)	(2,743)		–	Not applicable

As of 31 December 2022, the hedge rates range from AUD40/MWh to AUD136/MWh with maturity dates ranging from 2038 to 2041.

22. Derivative assets and liabilities (cont'd)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedged items are as follows:

	2022	
	Change in value used for calculating hedge ineffectiveness US$'000	**Cash flow hedge reserve** US$'000
Sale of energy	91,478	(91,478)

The cash flow hedge reserve represents the effective portion of gains or losses on remeasuring the fair value of hedging instruments that qualify for cash flow hedge accounting.

23. Prepayments and other assets

	2022 US$'000	**2021** US$'000
Non-current		
Other prepayments	4,727	4,471
Other assets	15,804	11,286
	20,531	15,757
Current		
Prepaid insurance	1,061	1,083
Other prepayments	16,094	12,974
Other assets	4,730	3,554
	21,885	17,611
Total prepayments and other assets	42,416	33,368

24. Trade and other receivables

	Note	2022 US$'000	2021 US$'000
Non-current			
Other receivables	(b)	1,521	1,326
Deposits		3,098	550
Tax receivables	(a)	39,416	36,838
Total non-current other receivables		44,035	38,714
Current			
Trade receivables		63,380	93,614
Contract assets		88,693	26,751
Total current trade receivables and contract assets		152,073	120,365
Non-trade amount due from:			
- Equity-accounted investees		17	1,866
- Other third parties		11,716	12,242
Deposits		35,685	32,171
Tax receivables	(a)	42,238	47,848
Other receivables	(b)	12	355
Total current other receivables		89,668	94,482
Less: Impairment loss			
- Trade receivables and contract assets		(4,921)	(3,082)
- Other receivables		(825)	(300)
Total current trade and other receivables		235,995	211,465
Total trade and other receivables		280,030	250,179

Trade receivables are non-interest bearing and are generally on standard credit terms ranging from 15 to 90 days (2021: 15 to 90 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

(a) Non-current other tax receivables of US$39.4 million (2021: US$36.9 million) relate to value-added tax receivables which will be refunded upon completion of construction of the projects while current other tax receivables relate to value-added tax receivables that are expected to be refunded within the next one year.

(b) Other receivables relate to liquidated damages receivable from EPC contractors in Indonesia.

25. Restricted cash
Cash and bank balances

	Note	2022 US$'000	2021 US$'000
Non-current			
Restricted bank balances		31,360	–
Current			
Bank balances		407,148	473,234
Short term deposits		27,918	20,421
Fixed deposits	(b)	4,471	–
Less: Impairment loss		(53)	(4)
		439,484	493,651
Total cash and bank balances in the Statement of Financial Position		470,844	493,651
Restricted bank balances and deposits	(a)	(173,279)	(123,836)
Add: Impairment loss		53	4
Cash and cash equivalents in the Combined Statement of Cash Flows		297,618	369,819

(a) As at 31 December 2022, US$173.3 million (2021: US$123.8 million) of the Combined Group's cash and bank balances were restricted. Out of this, US$86.7 million (2021: US$51.6 million) of the Combined Group's cash and bank balances were held under Debt Service Reserve Accounts ("DSRA") which represents a reserve account used for debt service of project finance debts.

(b) Fixed deposits are made for varying periods of between three to twelve months, depending on the immediate cash requirements of the Combined Group, and earn interest at the respective fixed deposit rates.

As at the reporting date, cash and bank balances of US$184.0 million (2021: US$197.7 million) were pledged as collateral to secure project finance debts.

26. Share capital and units in issue

	2022 US$'000	**2021** US$'000
Share capital at US$0.01 per share (US$)	16,921	16,921
Share premium (US$)	1,825,295	1,825,295
Units in issue (US$)	1,712,183	1,712,183
	3,554,399	3,554,399

27. Transactions with equity holders

(a) During the year ended 31 December 2021, Vena Energy Holdings Ltd. issued 15,000 number of shares at a par value of US$0.01 each and share premium of US$149,999,850.

(b) During the year ended 31 December 2020, Zenith Japan Holding Trust issued 350,000,000 units at a price of US$1.00 per unit for an aggregate consideration of US$350,000,000 which remained unpaid as at 31 December 2020. These units are entitled to distributions after the consideration was fully paid in February 2021.

28. Reserves

The reserves of the Combined Group comprise the following balances:

	2022 US$'000	**2021** US$'000
Capital reserve	50,000	50,000
Translation reserve	(390,702)	(75,516)
Cash flow hedge reserve	(91,478)	–
Legal reserve	691	263
Defined benefit reserve	142	(11)
	(431,347)	(25,264)

Capital reserve

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

Translation reserve

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

28. Reserves (cont'd)

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

	Commodity price risk US$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Effective portion of changes in fair value of hedging instrument	(94,819)
Amount reclassified from hedging reserve to profit or loss	3,341
At 31 December 2022	(91,478)

Legal reserve

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

Defined benefit reserve

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

29. Non-controlling interests

In 2021, the Combined Group's non-controlling interests comprises of interests in fully paid up equity shares of all subsidiaries domiciled in Thailand and interests in fully paid up equity shares of a subsidiary in Taiwan.

On 25 April 2022, the Combined Group acquired an additional 30.0% interest in the voting shares of the subsidiary in Taiwan, increasing its ownership interest to 100.0%.

As at 31 December 2022, the Combined Group's non-controlling interests comprises only of interests in fully paid up equity shares of all subsidiaries domiciled in Thailand.

29. Non-controlling interests (cont'd)

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

	Thailand		Taiwan
	2022	**2021**	**2021**
	US$'000	US$'000	US$'000
Non-current assets	323,769	353,217	81,957
Current assets	36,939	32,160	10,167
Non-current liabilities	(53,054)	(77,086)	(67,463)
Current liabilities	(24,751)	(25,308)	(6,323)
Net assets	282,903	282,983	18,338
Dividends paid by subsidiaries during the year	(9,792)	(22,020)	(2,417)
NCI percentage	30%	30%	30%
Net assets attributable to NCI	81,933	78,289	5,501
Revenue	42,753	45,936	12,293
Profit	26,540	29,750	3,296
OCI	(4,744)	(16,834)	245
Total comprehensive income	21,796	12,916	3,541
Profit allocated to NCI	7,962	8,924	988
OCI allocated to NCI	(1,423)	(5,050)	74

29. Non-controlling interests (cont'd)

Dividends

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

	2022 US$'000	2021 US$'000
Paid by a subsidiary to non-controlling interest		
6 dollars per qualifying ordinary share (2021: 14 dollars)	2,938	6,606
0.05 NTD per qualifying ordinary share	–	145
0.18 NTD per qualifying ordinary share	–	580
	2,938	7,331

Acquisition of non-controlling interests

On 25 April 2022, the Combined Group acquired an additional 30% interest in the voting shares of Vena Energy Taiwan Solar Energy Ltd, increasing its ownership interest to 100%. Cash consideration of US$11.6 million was paid to the non-controlling shareholders. Following is a schedule of additional interest acquired in Vena Energy Taiwan Solar Energy Ltd:

	2022 US$'000
Cash consideration paid	11,600
Carrying value of the additional interest	(5,388)
Difference recognised in equity	6,212

30. Loans and borrowings and lease liabilities

	Note	2022 US$'000	2021 US$'000
Non-current			
Loans and borrowings:			
- Project finance debts	(b)	1,956,455	1,572,187
- Revolving credit facilities		13,808	–
- Euro Medium Term Note	(a)	499,435	499,093
		2,469,698	2,071,280
Lease liabilities		344,581	338,741
Current			
Loans and borrowings:			
- Project finance debts	(b)	261,276	227,878
- External party loan		2,480	2,480
- Working capital loan		6,015	14,965
Interest payable			
- Project finance debts		1,170	979
- Euro Medium Term Note		5,067	5,076
- Derivatives		1,816	1,372
		277,824	252,750
Lease liabilities		13,376	13,483
Total loans and borrowings and lease liabilities		3,105,479	2,676,254

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

30. Loans and borrowings and lease liabilities (cont'd)

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

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

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

(b) Project finance debts are entered with reputable financial institutions by respective Group entities and are repayable on a quarterly basis with maturity date from 2023 to 2044 (2021: 2022 to 2044). The interest rates on these borrowings consist of fixed rates and floating rates.

Project finance debts are secured over the assets of the Combined Group.

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

Gross debt

	2022 US$'000	**2021** US$'000
Non-current		
Project finance debts	1,990,712	1,599,684
Euro Medium Term Note	500,000	500,000
Revolving credit facilities	15,111	–
	2,505,823	2,099,684
Current		
Project finance debts	266,409	230,742
External party loan	2,480	2,480
Working capital loan	6,015	14,965
	274,904	248,187
	2,780,727	2,347,871

30. Loans and borrowings and lease liabilities (cont'd)

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

Terms and conditions of loans and borrowings are as follows:

	Currency	Year of maturity	Principal amount 2022	Principal amount 2021	Nominal interest rate 2022	Nominal interest rate 2021
			US$'000	US$'000	%	%
Project finance debt	AUD	2023-2044	102,040	115,264	BBSY+1.7	BBSY+1.7
Project finance debt	AUD	2025	56,457	65,163	BBSY+1.2	BBSY+1.2
Project finance debt	AUD	2027	117,452	–	BBSY+1.4 - 2.3	–
Project finance debt	INR	2035	80,360	93,675	10.3-10.5	10.3-10.5
Project finance debt	INR	2033	15,590	15,718	8.9	9.5-10.0
Project finance debt	INR	2033	15,941	19,164	9.5	9.5
Project finance debt	INR	2028	9,135	11,585	10.0	10.9
Project finance debt	INR	2033	54,504	54,716	8.4	8.6 - 10.1
Project finance debt	INR	2037	49,656	58,157	9.3	9.3
Project finance debt	INR	2035	20,978	25,641	8.2	10.2 - 11.0
Project finance debt	INR	2033	66,433	68,536	8.6	10.2 - 15.3
Project finance debt	INR	2025	71,691	72,407	7.4	3M LIBOR+1.9
Project finance debt	INR	2027	1,843	–	11.7	–
Project finance debt	THB	2027	43,386	65,507	4.2 and MLR-2.8	4.2 and MLR-2.8
Project finance debt	USD	2037	94,004	100,802	3.9 - 5.7	3.9 - 5.7
Project finance debt	USD	2037	16,562	17,842	3.0 - 5.7	3.0 - 5.7
Project finance debt	USD	2037	15,168	16,339	1.5 - 5.7	1.5 - 5.7
Project finance debt	NTD	2033 to 2040	335,605	211,804	TAIBOR + 1.5 to 1.7	TAIBOR + 1.5 to 1.7
Project finance debt	JPY	2034 to 2040	651,020	549,193	3M TIBOR+0.5 to 0.8	3M TIBOR+0.5 to 0.8
Project finance debt	JPY	2023 to 2027	161,232	54,128	TONAR +0.8 to 0.9	3M LIBOR + 0.9
Project finance debt	JPY	2024 to 2040	208,022	214,785	6M TIBOR + 0.8 to 1.0	6M TIBOR + 0.8 to 1.0
Project finance debt	JPY	2038	70,042	–	1.9	–
External party loan	USD	2023	2,480	2,480	Interest free	Interest free
Revolving credit facilities	JPY	2024	15,111	–	TONAR+1.0	–
Euro Medium Term Note	USD	2025	500,000	500,000	3.1	3.1
Working capital loan	INR	2023	6,015	14,965	13.0	10.9-11.5
			2,780,727	2,347,871		

30. Loans and borrowings and lease liabilities (cont'd)

Debt covenant

The project finance debts contain debt covenants which are tested on a regular basis. A breach of these covenants may require the Combined Group to repay the project finance debts earlier than indicated in the table above. Except as disclosed below, the Combined Group has not breached any debt covenants as at 31 December 2022 and 31 December 2021 respectively.

As at 31 December 2022 and 2021, a subsidiary of Vena Energy (Taiwan) Holdings Ltd. did not meet the loan covenant requirements in respect of a bank loan with a carrying amount of US$9.0 million (2021: US$9.4 million), resulting in the loan being repayable on demand. Accordingly, the bank loan has been presented as a current liability as at 31 December 2022 and 2021. The lender had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

As at 31 December 2022, a subsidiary of Vena Energy Holdings Ltd did not meet the debt covenant which stipulated that annual debt service coverage ratio ("DSCR") shall not be less than 1.15 times at each assessment date. As as 31 December 2021, a subsidiary of the Group did not fulfil the debt service reserve account as required in the contract for a credit line of US$111.7 million, of which the Group had drawn down US$93.7 million.

Due to the above breaches, the lender is contractually entitled to request for immediate repayment of the outstanding loan amount of US$80.4 million (2021: US$93.7 million). Accordingly, the outstanding balance has been presented as a current liability as at 31 December 2022 and 2021. The lender has not requested for early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

Zenith Japan Holdings Trust and its subsidiaries have not breached any debt covenants as at 31 December 2022 and 2021.

As at 31 December 2022, project finance debts amounting to US$2,257.1 million (2021: US$1,830.4 million) have been taken up by the subsidiaries of the Combined Group where these debt obligations have no recourse to the Combined Group.

Leverage ratio

Pursuant to the amendment and restatement agreement dated 21 May 2021 relating to the existing facilities agreement between VEHL, VETHL, ZJHT and Credit Agricole Corporate and Investment Bank acting as agent and issuing bank (the "RCF Facility Agreement"), the Combined Group has complied with all covenants relating to the Revolving Credit Facilities as at 31 December 2022.

30. Loans and borrowings and lease liabilities (cont'd)

Pledges for facility agreements

The Combined Group has entered into several Facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US$2,257.1 million (2021: US$1,830.4 million) to the Combined Group on a combination of fixed and floating rates.

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

The Combined Group's assets directly pledged in relation to the facilities agreements are as disclosed in Notes 15, 17 and 25 to the financial statement. The indirect pledge over the Combined Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	2022 US$'000	**2021** US$'000
Project entities' contribution to the net assets of the Combined Group	965,089	1,016,192

Stand-by letter of credit

As at 31 December 2022, the Combined Group obtained the following stand-by letter of credit ("SBLC"):

- US$153.1 million (2021: US$11.2 million) which expires over the period from January 2023 to December 2023. The SBLC bears an interest of 0.8% to 1.0% (2021: 0.8% to 1.0%) per annum.

- US$1.9 million (2021: Nil) with no maturity. The SBLC bears an interest of 0.8% (2021: Nil) per annum.

30. Loans and borrowings and lease liabilities (cont'd)

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

	Liabilities					
<u>Group</u>	**Project finance debts** US$'000	**Working capital loans**[1] US$'000	**Interest payable** US$'000	**Euro Medium Term Note** US$'000	**Lease liabilities** US$'000	**Total** US$'000
Balance at 1 January 2022	1,803,206	15,283	1,372	504,169	352,224	2,676,254
Changes from financing cash flows						
Proceeds	808,022	311,641	–	–	–	1,119,663
Repayment	(201,100)	(303,608)	–	–	(12,132)	(516,840)
Transaction costs	(19,849)	(1,851)	–	(88)	–	(21,788)
Interest paid	(67,168)	(2,601)	(2,000)	(15,656)	(4,427)	(91,852)
Total changes from financing cash flows	519,905	3,581	(2,000)	(15,744)	(16,559)	489,183
Effect of exchange rate changes	(179,137)	(29)	(1,843)	–	(39,548)	(220,557)
Other changes						
Liability-related						
New leases	–	–	–	–	66,619	66,619
Lease modification	–	–	–	–	(7,803)	(7,803)
Other finance costs	9,532	2,711	–	1,400	–	13,643
Interest expense	65,395	757	4,287	14,677	3,024	88,140
Total liability-related other changes	74,927	3,468	4,287	16,077	61,840	160,599
Balance at 31 December 2022	2,218,901	22,303	1,816	504,502	357,957	3,105,479

[1] Working capital loans included revolving credit facilities, working capital loan and external party loan.

30. Loans and borrowings and lease liabilities (cont'd)

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

	Liabilities					
Group	**Project finance debts** US$'000	**Working capital loans**[1] US$'000	**Interest payable** US$'000	**Euro Medium Term Note** US$'000	**Lease liabilities** US$'000	**Total** US$'000
Balance at 1 January 2021	1,435,186	340,452	1,617	325,092	317,640	2,419,987
Changes from financing cash flows						
Proceeds	607,168	426,346	–	178,638	–	1,212,152
Repayment	(131,476)	(727,705)	–	–	(11,621)	(870,802)
Transaction costs	(14,006)	(2,759)	–	(1,914)	–	(18,679)
Interest paid	(62,184)	(3,002)	(5,870)	(10,797)	(2,068)	(83,921)
Total changes from financing cash flows	399,502	(307,120)	(5,870)	165,927	(13,689)	238,750
Effect of exchange rate changes	(95,937)	(20,854)	(4,549)	–	(18,110)	(139,450)
Other changes						
Liability-related						
New leases	–	–	–	–	64,111	64,111
Other finance costs	4,481	596	398	954	–	6,429
Interest expense	59,974	2,209	9,776	12,196	2,272	86,427
Total liability-related other changes	64,455	2,805	10,174	13,150	66,383	156,967
Balance at 31 December 2021	1,803,206	15,283	1,372	504,169	352,224	2,676,254

[1] Working capital loans included revolving credit facilities, working capital loan and external party loan.

31. Asset retirement obligation

	2022 US$'000	**2021** US$'000
At 1 January	49,583	37,486
Provision made during the year	29,535	15,432
Interest expense from unwinding of discount	719	410
Effect of exchange rate changes	(7,684)	(3,745)
At 31 December	72,153	49,583

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

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Combined Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of between 0.7% - 4.4% (2021: 0.3% - 4.4%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 17 to 28 years (2021: 18 to 30 years) after the commissioning of the power plants.

As at 31 December 2022, out of the carrying amount of US$72.2 million (2021: US$49.6 million), US$54.4 million (2021: US$38.3 million) is included in the carrying amount of asset retirement obligation ("ARO") which is primarily associated with the estimated cost to reinstate property involved in power generation in Japan.

31. Asset retirement obligation (cont'd)

The breakdown of asset retirement obligation in power generation in Japan is as follows:

	2022 US$'000	**2021** US$'000
Amakusa Wind GK	878	1,013
GK KC-01 Investment	2,180	2,669
GK NRE Sannan	1,610	1,833
GK NRE-05 Investment	3,485	4,293
GK NRE-10 Investment	2,462	2,829
GK NRE-13 Investment	400	465
GK NRE-15 Investment	1,072	1,298
GK NRE-16 Investment	686	734
GK NRE-17 Investment	2,882	3,721
GK NRE-19 Investment	2,480	2,287
GK NRE-20 Investment	1,901	2,486
GK NRE-21 Investment	1,457	1,834
GK NRE-23 Investment	1,926	–
GK NRE-24 Investment	1,783	2,828
GK NRE-25 Investment	1,050	–
GK NRE-29 Investment	380	–
GK NRE-32 Investment	3,302	–
GK NRE-36 Investment	1,209	1,394
GK NRE-37 Investment	1,506	–
GK NRE-39 Investment	2,588	3,106
GK NRE-41 Investment	3,602	–
GK NRE-42 Investment	922	1,305
GK NRE-44 Investment	1,365	–
GK NWE-02 Investment	1,026	1,184
KP Energy GK	2,144	2,275
SEJ III GK	860	773
Nakasato Wind GK	4,701	–
Amateras Solar G.K.	3,253	–
GK Energy Forest	1,240	–
	54,350	38,327

32. Trade and other payables

	Note	2022 US$'000	2021 US$'000
Non-current			
Deferred income	(a)	6,180	5,776
Current			
Trade payables		28,651	11,059
Payables to EPC contractors		58,039	33,500
Accrued operating expenses		54,399	62,083
Accrued staff costs		1,986	2,573
Deferred income	(b)	1,251	2,659
Other tax payable		13,609	10,255
Amount due to:			
- Equity-accounted investees	(c)	9	10
- Other third parties	(d)	9,254	13,500
		167,198	135,639

Trade payables are non-interest bearing and are generally settled on standard credit terms ranging from 30 to 90 days (2021: 30 to 90 days).

(a) Non-current deferred income relates to advanced mobilisation payments received from non-related parties, amortised over period with regards to operations and maintenance agreements.

(b) Included in current deferred income is contract liabilities of US$Nil million (2021: US$1.9 million) which relates to advances received from customers for services yet to be fulfilled, US$0.4 million (2021: US$0.4 million) which relates to government grants on project, amortised over power purchase agreement period of 25 years and US$0.1 million (2021: US$0.2 million) which relates to government grants on bond issuance, amortised over bond life of 5 years.

(c) The amount due to equity-accounted investees of US$9,000 (2021: US$10,000) is non-trade, unsecured, non-interest bearing and repayable on demand.

(d) Included in amounts due to other third parties are amounts due to seller of a subsidiary of Zenith Japan Holdings Trust upon acquisition amounting to US$0.4 million (2021: US$6.0 million).

33. Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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

Trade receivables and contract assets

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

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

Exposure to credit risk

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

	Carrying amount	
	2022	**2021**
	US$'000	US$'000
Australia	2,321	4,890
India	64,997	94,445
Indonesia	2,664	2,414
Japan	11,585	7,941
Philippines	3,661	740
Taiwan	59,032	2,359
Thailand	7,739	7,576
Others[1]	74	–
	152,073	120,365

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Impairment loss on financial assets included in the statement of comprehensive income (cont'd)

Trade receivables and contract assets (cont'd)

Impairment

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

	2022		2021	
	Not credit-impaired US$'000	**Credit-impaired** US$'000	**Not credit-impaired** US$'000	**Credit-impaired** US$'000
Australia	2,321	–	4,890	–
India	24,870	40,127	54,520	39,925
Indonesia	2,664	–	2,414	–
Japan	11,585	–	7,941	–
Philippines	3,661	–	740	–
Taiwan	59,032	–	2,359	–
Thailand	7,739	–	7,576	–
Others[1]	74	–	–	–
Total gross carrying amount	111,946	40,127	80,440	39,925
Loss allowance	(72)	(4,849)	(132)	(2,950)
	111,874	35,278	80,308	36,975

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

At 31 December 2022, the carrying amount of the Combined Group's top five customers amounted to US$136.5 million (2021: US$87.8 million), which accounts for 89.7% (2021: 72.9%) of the trade receivables and contract assets.

Expected credit loss assessment for trade receivables and contract assets

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Impairment loss on financial assets included in the statement of comprehensive income (cont'd)

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

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

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

Credit risk grade	**Loss rate** %	**Gross carrying amount** US$'000	**Impairment loss allowance** US$'000	**Credit impaired**
2022				
Government or government-linked				
Low	0.0[#]	78,304	8	No
Real Estate industry				
Low	0.6	76	–	No
Utilities industry				
Low	0.4	33,566	64	No
High	4.4	40,127	4,849	Yes
		152,073	4,921	
2021				
Government or government-linked				
Low	0.0 – 0.4	17,844	–*	No
Real Estate industry				
Low	0.8	295	–	No
Utilities industry				
Low	0.6	62,301	132	No
High	4.5	39,925	2,950	Yes
		120,365	3,082	

[#] ECL rate is insignificant and is shown as 0.0% due to rounding.
* Amount less than US$1,000

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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

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

	2022 US$'000	**2021** US$'000
At 1 January	3,082	3,820
Net impairment loss recognised/(reversed)	2,203	(617)
Effects of exchange rate changes	(364)	(121)
At 31 December	4,921	3,082

Other receivables

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

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

Expected credit loss assessment for other receivables

The Combined Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include "Low", "Medium" and "High" and loss rate ranges from 0.4% to 2.5% (2021: 0.4% to 2.5%).

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

The maximum exposure to credit risk at the reporting date Is the carrying value of other receivables disclosed in Note 24. As of 31 December 2022 and 2021, there were no balances assessed to be credit-impaired. The Combined Group does not require collateral in respect of other receivables.

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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:

	2022 US$'000	**2021** US$'000
At 1 January	300	6,964
Net impairment loss recognised	471	67
Other receivables written off	–	(6,700)
Effect of exchange rate changes	54	(31)
At 31 December	825	300

Loans receivables

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

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

Expected credit loss assessment for loans receivables

The Combined Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Credit risk grades include "Low", "Medium" and "High" and loss rate of 0.4% (2021: 0.4%).

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

The maximum exposure to credit risk at the reporting date is the carrying value of loans receivables disclosed in Note 21. As of 31 December 2022 and 2021, there were no balances assessed to be credit-impaired. The Combined Group does not require collateral in respect of loans receivables.

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Movements in allowance for impairment in respect of loans receivables

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

	2022 US$'000	**2021** US$'000
At 1 January	418	468
Net Impairment loss reversed	–	(50)
At 31 December	418	418

Cash and bank balances and restricted cash

The Combined Group held cash and bank balances and restricted cash of US$439.5 million (2021: US$493.7 million) and US$31.4 million (2021: US$Nil) respectively at 31 December 2022, representing the maximum credit exposure on these assets. The cash and bank balances and restricted cash are held with bank and financial institution counterparties which are rated BB to AA- (2021: BB to AA-), based on S&P Global ratings and B3 to Aa3 (2021: B3 to Aa3), based on Moody Corporation ratings.

Impairment on cash and bank balances and restricted cash has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Combined Group considers that its cash and bank balances and restricted cash have low credit risk based on the external credit ratings of the counterparties and subject to immaterial loss.

Liquidity risk

Risk management policy

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

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

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

	Contractual cash flows US$'000	**12 months or less** US$'000	**1 to 2 years** US$'000	**2 to 5 years** US$'000	**More than 5 years** US$'000
2022					
Non-derivative financial liabilities					
Bank loans	(2,495,724)	(314,961)	(192,162)	(708,986)	(1,279,615)
Euro Medium Term Note	(539,163)	(15,665)	(15,665)	(507,833)	–
Lease liabilities	(445,401)	(18,699)	(19,360)	(52,293)	(355,049)
Trade and other payables*	(152,338)	(152,338)	–	–	–
	(3,632,626)	(501,663)	(227,187)	(1,269,112)	(1,634,664)
Derivative financial instruments					
Interest rate swaps (net settled)	(5,463)	(4,178)	(4,286)	(18,847)	21,848
Forward exchange contracts (gross-settled):					
- Outflow	(40,664)	(40,664)	–	–	–
- Inflow	35,713	35,713	–	–	–
	(10,414)	(9,129)	(4,286)	(18,847)	21,848
	(3,643,040)	(510,792)	(231,473)	(1,287,959)	(1,612,816)

* Excludes non-financial liabilities

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1 to 2 years** US$'000	**2 to 5 years** US$'000	**More than 5 years** US$'000
2021					
Non-derivative financial liabilities					
Bank loans	(2,498,511)	(380,717)	(399,762)	(682,933)	(1,035,099)
Euro Medium Term Note	(554,828)	(15,665)	(15,665)	(523,498)	–
Lease liabilities	(456,377)	(17,694)	(19,805)	(55,591)	(363,287)
Trade and other payables*	(122,725)	(122,725)	–	–	–
	(3,632,441)	(536,801)	(435,232)	(1,262,022)	(1,398,386)
Derivative financial instruments					
Interest rate swaps (net settled)	(27,137)	(5,308)	(4,106)	(16,995)	(728)
Forward exchange contracts (gross-settled):					
- Outflow	(5,851)	(5,851)	–	–	–
- Inflow	5,798	5,798	–	–	–
	(27,190)	(5,361)	(4,106)	(16,995)	(728)
	(3,659,631)	(542,162)	(439,338)	(1,279,017)	(1,399,114)

* Excludes non-financial liabilities

Market risk

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk

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

The Group enters into foreign currency forward contracts and cross currency swaps (as disclosed in Note 22) to manage its foreign currency cash flows.

Exposure to currency risk

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

	USD	**JPY**	**KRW**	**Others**
	US$'000	US$'000	US$'000	US$'000
2022				
Loans receivables	–	–	10,644	–
Trade and other receivables	6	–	–	345
Cash and bank balances	2,343	26,448	–	4,722
Derivative assets	–	51,660	–	–
Loans and borrowings	–	(15,111)	–	–
Trade and other payables	(1,914)	(1,805)	–	–
Net exposure	435	61,192	10,644	5,067
2021				
Trade and other receivables	–	1	–	254
Cash and bank balances	13,571	124,459	–	749
Derivative assets	–	19,299	–	–
Trade and other payables	(7,339)	(2,347)	–	(683)
Net exposure	(6,232)	(141,412)	–	(320)

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

Sensitivity analysis

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

	Profit or loss before tax	
	2022	**2021**
	US$'000	US$'000
USD (5% strengthening)	(22)	312
JPY (5% strengthening)	(3,060)	7,071
KRW (5% strengthening)	(532)	–
Others (5% strengthening)	(253)	16

In the case of a 5% weakening of the dollar against the respect currencies, the effects are equal but with an opposite effect.

Interest rate risk

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

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Combined Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to yen TIBOR, TAIBOR and BBSY.

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

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Interest rate risk (cont'd)

Non-derivative financial liabilities

The Combined Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included project finance debts indexed to yen TIBOR, TAIBOR and BBSY.

In 2021, JBA TIBOR Administration ("JBATA") announced that it will consult on its intention to retain yen TIBOR and the Group expects that yen TIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the yen TIBOR indexed loans and borrowings as at 31 December 2022 are US$859.0 million (2021: US$764.0 million) (Note 30).

There have been no announcements on TAIBOR reform, and the Group expects TAIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the TAIBOR indexed loans and borrowings as at 31 December 2022 are US$335.6 million (2021: US$211.8 million) (Note 30).

The IBOR Transformation Australian Working Group ("ITAWG") has announced that BBSY will not be replaced and ITAWG will undertake reforms to enhance the robustness of the benchmark rate. BBSY is expected to remain for the foreseeable future. The total notional amounts of the BBSY indexed loans and borrowings as at 31 December 2022 are US$275.9 million (2021: US$180.4 million) (Note 30).

Exposure to interest rate risk

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

	Notional amount	
	2022	**2021**
	US$'000	US$'000
Fixed rate instruments		
Financial assets	21,267	11,390
Financial liabilities	(1,445,879)	(985,232)
Cross currency swaps	500,000	325,000
Variable rate instruments		
Financial liabilities	(1,690,325)	(1,360,159)
Interest rate swaps	1,028,165	769,066

33. Financial instruments (cont'd)

Financial risk management (cont'd)

Interest rate risk (cont'd)

Non-derivative financial liabilities (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Combined Group accounts for fixed rate derivative assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates would have increased or decreased equity by approximately US$0.02 million (2021: US$0.01 million) for the Combined Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2022, if USD interest rates had been 100 basis points lower/higher, the Combined Group's loss before tax would have been US$6.6 million higher/lower. At 31 December 2021, if USD interest rates had been 100 basis points lower/higher, the Combined Group's profit before tax would have been US$5.9 million lower/higher.

This analysis arose mainly as a result of lower/higher interest expense on variable rate instruments and assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Capital management

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

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

34. Fair value of financial instruments

Fair value measurement

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

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

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

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

The Combined 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.

34. Fair value of financial instruments (cont'd)

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Combined Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Additionally, it excludes fair value information for lease liabilities as it is not required.

At the reporting date, the fair values of trade and other receivables, cash and bank balances, restricted cash and trade and other payables are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments.

		Carrying amount				Fair value			
	Note	**Mandatorily at FVTPL** US$'000	**Amortised cost** US$'000	**Other financial liabilities** US$'00	**Total** US$'000	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
2022									
Trade and other receivables*	24	–	198,376	–	198,376				
Cash and bank balances	25	–	439,484	–	439,484				
Restricted cash	25	–	31,360	–	31,360				
Other investments	19	2,559	–	–	2,559	–	–	2,559	2,559
Derivative assets	22	148,013	–	–	148,013	–	97,871	50,142	148,013
Loan receivables	21	–	27,980	–	27,980	–	28,398	–	28,398
		150,572	697,200	–	847,772				
Derivative liabilities	22	(46,313)	–	–	(46,313)	–	(5,208)	(41,105)	(46,313)
Loans and borrowings	30	–	–	(2,747,522)	(2,747,522)	–	(2,788,782)	–	(2,788,782)
Trade and other payables*	32	–	–	(152,338)	(152,338)				
		(46,313)	–	(2,899,860)	(2,946,173)				

* Excludes non-financial assets and liabilities

34. 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$'00	**Total** US$'000	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
2021									
Trade and other receivables*	24	–	165,493	–	165,493				
Cash and bank balances	25	–	493,651	–	493,651				
Other investments	19	1,851	–	–	1,851	–	–	1,851	1,851
Derivative assets	22	169,171	–	–	169,171	–	22,651	146,520	169,171
Loan receivables	21	–	24,345	–	24,345	–	24,764	–	24,764
		171,022	683,489	–	854,511				
Derivative liabilities	22	(21,164)	–	–	(21,164)	–	(21,164)	–	(21,164)
Loans and borrowings	30	–	–	(2,324,030)	(2,324,030)	–	(2,355,297)	–	(2,355,297)
Trade and other payables*	32	–	–	(128,502)	(128,502)				
		(21,164)	–	(2,452,532)	(2,473,696)				

* Excludes non-financial assets and liabilities

34. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Other investments: Equity investments – at FVTPL	*Discounted cash flows:* The valuation model considers the present value of expected cash flows from the projects, discounted using a risk-adjusted discount rate.	Discount rate	The estimated fair value would increase (decrease) if the discount rates was lower (higher).
Electricity derivatives	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the expectation of spot rates for the duration of the contract.	Electricity spot rates Discount rate	The estimated fair value would increase (decrease) if: • The electricity spot rate was lower (higher); • The discount rate was lower (higher).

34. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments measured at fair value (cont'd)

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

34. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments not measured at fair value

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

Level 3 fair values

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

	2022		2021	
	Equity investments – at FVTPL US$'000	**Electricity derivatives** US$'000	**Equity investments – at FVTPL** US$'000	**Electricity derivatives** US$'000
At 1 January	1,851	146,520	2,433	182,382
Total unrealised gains/(losses) recognised in profit or loss	1,097	–	(451)	(27,105)
Ineffective portion of changes in fair value of cash flow hedge recognised in profit or loss	–	(37,383)	–	–
Effective portion of changes in fair value of cash flow hedge recognised in OCI, net	–	(91,478)	–	–
Foreign currency translation recognised in OCI	(389)	(8,622)	(131)	(8,757)
At 31 December	2,559	9,037	1,851	146,520

34. Fair value of financial instruments (cont'd)

Sensitivity analysis

Equity investments – at FVTPL

As at 31 December 2022 and 2021, any reasonably possible change to the significant unobservable inputs applied is not likely to have a material impact on the Combined Group's results.

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.

	Increase/(decrease)	
	Loss before tax	**Cash flow hedge reserve**
	US$'000	US$'000
31 December 2022		
Spot rate		
- 0.1% increase	5	(4)
- 0.1% decrease	(5)	4
Discount rate		
- 0.1% increase	174	(125)
- 0.1% decrease	(174)	125

	(Decrease)/increase	
	Profit before tax	**Cash flow hedge reserve**
	US$'000	US$'000
31 December 2021		
Spot rate		
- 0.1% increase	(147)	–
- 0.1% decrease	147	–
Discount rate		
- 0.1% increase	(280)	–
- 0.1% decrease	280	–

35. Commitments

Construction agreements

The commitments for acquisition of property, plant and equipment as at 31 December 2022 and 31 December 2021 are as follows:

	2022 US$'000	**2021** US$'000
Type of contracts		
Supply contract	106,711	89,431
Supply and service contract	–	77
Construction of power plant	238,538	623,237
	345,249	712,745

Acquisitions

Project Yokji

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

In May 2021, the Combined Group made the contingent payment amounting to KRW2,200 million upon the execution of the grid connection agreement and recognised the contingent payment as part of the Combined Group's project-related agreements and licenses in Note 17 Intangible assets.

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

Project Taean

In January 2022, the Combined Group entered into a sale and purchase agreement to acquire 100% of Taean Wind Power Co., Ltd. ("Taean") in stages. The total purchase consideration ranges from KRW50.0 billion to KRW140.0 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC contract that have yet to be fiinalised. As at 31 December 2022, the Combined Group has acquired 45% of Taean for KRW3.9 billion (US$4.9 million).

36. Related parties

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

37. Acquisition of subsidiary

Asset acquisition

In July 2021, in line with the Combined Group's strategy growth objective, the Combined Group entered into a Share and Purchase Agreement to acquire 100% interest in Chunji Energy Co., Ltd., a wind renewable energy development company for a total consideration of KRW1.0 billion (US$839,000). The assets in Chunji Energy Co., Ltd largely consists of other receivables without any substantive process.

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

Identifiable assets acquired and liabilities assumed

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

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

38. Contingent liability

Tax dispute

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

- Disallowed interest differential between 9.5%/11.0% and 15.0%/10.9% for or non-convertible debentures/ rupee denominated bonds ("NCD/RDB"), respectively; and
- Disallowed certain Capex/Opex based expenditure.

These subsidiaries have filed an appeal with the higher authorities against the claim made by AO and the outcome is still pending as at 31 December 2022. Based on external tax and legal advice, management believes that the outcome will be favourable and the Combined Group is not liable to the potential tax exposures.

39. Subsequent event

Subsequent to the balance sheet date, the Combined Group entered into two transactions as part of its renewable energy fund management activities, with the objectives of increasing the economic ownership in NRE Hikari Investment Limited Partnership and establishing a new renewable energy fund, NRE Hayabusa Investment Limited Partnership.

The first transaction was executed on 31 March 2023, when the Combined Group entered into a transfer agreement to acquire an interest of 38% in NRE Hikari Investment Limited Partnership. The transaction closed in April 2023.

The second transaction was executed on 11 May 2023, with the Combined Group entering into an agreement to transfer an interest of 49% in GK Hayabusa to NRE Hayabusa Investment Limited Partnership. The transaction is subject to certain conditions precedent and is expected to close in 2023.

40. Comparative figures

The financial statements for the year ended 31 December 2021 were audited by another auditor.

41. Authorisation of financial statements

The combined financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 18 May 2023.

Vena Energy Holdings Ltd and its Subsidiaries

Annual Report
For the year ended 31 December 2022

Building a better working world

Vena Energy Holdings Ltd and its Subsidiaries

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Statement by Directors

Opinion of the directors

In our opinion:

(a) the accompanying consolidated financial statements comprising the consolidated statement of financial position of Vena Energy Holdings Ltd (the 'Company') and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company as at 31 December 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the Group, and the statements of comprehensive income, changes in equity and cash flows for the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and the consolidated financial performance, changes in equity and cash flows of the Group, and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the International Financial Reporting Standards ('IFRS'); and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

DocuSigned by:
Jason Baer
4F8962343DD0421...

Jason Baer
Director

18 May 2023

Vena Energy Holdings Ltd and its Subsidiaries

Independent Auditor's Report
For the year ended 31 December 2022

The Director
Vena Energy Holdings Ltd

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Vena Energy Holdings Ltd (the 'Company') and its subsidiaries (collectively, 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 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the Group and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at 31 December 2022, and of the Group's consolidated financial performance, changes in equity and cash flows, and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

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

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

Other matter

The financial statements of the Group and the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2022.

Other information

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

We have obtained the Statement by Director prior to the date of this auditors' report.

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

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

Responsibilities of management and the Director for the non-statutory financial statements

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

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

The Director are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

Auditors' responsibilities for the audit of the non-statutory financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' responsibilities for the audit of the non-statutory financial statements (cont'd)

We communicate with the Director 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.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

18 May 2023

Vena Energy Holdings Ltd and its Subsidiaries

Statements of Profit or Loss
For the year ended 31 December 2022

	Note	Group		Company	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Sale of energy		175,056	186,225	–	–
Fee income		160,278	74,763	–	–
Dividend income		–	–	6,586	15,344
Total revenue	4	335,334	260,988	6,586	15,344
Other income	5	10,616	6,774	–	–
Operating costs	6(a)	(37,627)	(35,746)	–	–
Other cost of operations	6(b)	(2,119)	–	–	–
Shared services costs	7	(169,092)	(80,866)	(203)	(283)
Development costs	8	(2,541)	(1,517)	–	–
Depreciation expense	14,15	(41,872)	(42,095)	–	–
Amortisation expense	16	(26,923)	(28,306)	–	–
Results from operating activities		65,776	79,232	6,383	15,061
Finance income	9	18,278	15,635	1,674	1,915
Finance costs	9	(82,274)	(79,591)	(7,941)	(8,489)
Change in fair value of financial instruments at fair value through profit or loss ("FVTPL")	10	40,025	9,283	(381)	610
Net foreign exchange (loss)/gain		(72,212)	(26,791)	14,617	23,488
Net finance (costs)/income		(96,183)	(81,464)	7,969	17,524
Loss on disposal of property, plant and equipment		(83)	(104)	–	–
Reversal of impairment loss on property, plant and equipment		286	–	–	–
Impairment loss (recognised)/ reversed on financial assets	11	(2,346)	930	–	–
Bad debts written off		(565)	–	–	–
Write-off of project costs		(2,808)	(2,794)	–	–
Other payables written back		1,185	–	–	–
Loss on investments		–	(5)	–	–
Share of results of equity-accounted investees, net of tax	18	(4,129)	5,195	–	–
(Loss)/profit before tax	12	(38,867)	990	14,352	32,585
Tax credit/(expense)	13	2,580	(4,649)	–	–
(Loss)/profit for the year		(36,287)	(3,659)	14,352	32,585
Loss attributable to:					
Owner of the Company		(44,245)	(12,584)		
Non-controlling interests	35	7,958	8,925		
		(36,287)	(3,659)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Statements of Comprehensive income
For the year ended 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
(Loss)/profit for the year		(36,287)	(3,659)	14,352	32,585
Other comprehensive income ("OCI")					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plan		171	16	–	–
Related tax	13	(18)	–*	–	–
		153	16	–	–
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(87,052)	(56,361)	–	–
Foreign currency translation difference of equity-accounted investees	18	(20,240)	(10,673)	–	–
Effective portion of changes in fair value of cash flow hedge, net	32	(91,478)	–	–	–
		(198,770)	(67,034)	–	–
Other comprehensive income for the year		(198,617)	(67,018)	–	–
Total comprehensive income for the year		(234,904)	(70,677)	14,352	32,585
Total comprehensive income attributable to:					
Owner of the Company		(241,500)	(74,552)		
Non-controlling interests	35	6,596	3,875		
		(234,904)	(70,677)		

* Amount less than US$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Statements of Financial Position
As at 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	1,015,525	893,285	–	–
Right-of-use assets	15	76,779	47,712	–	–
Intangible assets	16	956,486	1,027,253	–	–
Investment in subsidiaries	17	–	–	2,135,151	1,894,437
Equity-accounted investees	18	388,454	367,488	–	–
Other investments	19	39,007	23,548	–	–
Deferred tax assets	20	14,836	6,279	–	–
Loans receivables	21	323,285	387,160	85,400	123,238
Derivative assets	22	119,426	162,640	–	–
Trade and other receivables	24	1,521	7,900	–	–
Prepayments and other assets	23	20,573	15,966	–	–
Restricted cash	25	31,360	–	–	–
		2,987,252	2,939,231	2,220,551	2,017,675
Current assets					
Loans receivables	21	10,244	16,264	12,867	1,001
Trade and other receivables	24	178,833	183,139	388	1,869
Prepayments and other assets	23	12,730	8,774	5	–
Derivative assets	22	6,621	6,531	1,579	875
Cash and bank balances	25	224,024	220,934	17,350	93,168
		432,452	435,642	32,189	96,913
Total assets		3,419,704	3,374,873	2,252,740	2,114,588
Equity					
Equity contribution	26	1,716,719	1,716,719	1,716,719	1,716,719
Accumulated profits		6,889	51,134	52,295	37,943
Reserves	27	(192,173)	5,082	50,000	50,000
Equity attributable to owner of the Company		1,531,435	1,772,935	1,819,014	1,804,662
Non-controlling interests	35	82,235	78,289	–	–
Total equity		1,613,670	1,851,224	1,819,014	1,804,662

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Statements of Financial Position (cont'd)
As at 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	28	1,378,220	1,194,114	404,936	300,107
Lease liabilities	28	67,992	36,996	–	–
Employee benefits		772	784	–	–
Derivative liabilities	22	39,445	6,761	–	–
Asset retirement obligation	29	10,831	9,427	–	–
Trade and other payables	30	9,141	7,671	–	–
Deferred tax liabilities	20	11,295	13,772	–	–
		1,517,696	1,269,525	404,936	300,107
Current liabilities					
Loans and borrowings	28	151,661	174,790	23,462	1,975
Lease liabilities	28	5,625	5,754	–	–
Derivative liabilities	22	6,868	2,747	4,951	53
Trade and other payables	30	121,467	69,605	377	7,791
Current tax liabilities		2,717	1,228	–	–
		288,338	254,124	28,790	9,819
Total liabilities		1,806,034	1,523,649	433,726	309,926
Total equity and liabilities		3,419,704	3,374,873	2,252,740	2,114,588

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

		Attributable to owner of the Company							
Group	**Note**	**Equity contribution** US$'000	**Accumulated profits** US$'000	**Translation reserve** US$'000	**Cash flow hedge reserve** US$'000	**Other reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
At 1 January 2022		1,716,719	51,134	(44,907)	–	49,989	1,772,935	78,289	1,851,224
Loss for the year		–	(44,245)	–	–	–	(44,245)	7,958	(36,287)
Other comprehensive income									
Foreign currency translation differences		–	–	(85,690)	–	–	(85,690)	(1,362)	(87,052)
Foreign currency translation differences of equity-accounted investees	18	–	–	(20,240)	–	–	(20,240)	–	(20,240)
Defined benefit plan remeasurements		–	–	–	–	171	171	–	171
Tax on defined benefit plan remeasurements		–	–	–	–	(18)	(18)	–	(18)
Effective portion of changes in fair value of cash flow hedge, net	22, 32	–	–	–	(91,478)	–	(91,478)	–	(91,478)
Total comprehensive income for the year		–	(44,245)	(105,930)	(91,478)	153	(241,500)	6,596	(234,904)
Transactions with owner, recognised directly in equity									
Contributions by and distributions to owner									
Issue of share capital to non-controlling interest		–	–	–	–	–	–	288	288
Dividends paid to non-controlling interests	35	–	–	–	–	–	–	(2,938)	(2,938)
Total contributions by and distributions to owner		–	–	–	–	–	–	(2,650)	(2,650)
At 31 December 2022		1,716,719	6,889	(150,837)	(91,478)	50,142	1,531,435	82,235	1,613,670

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Consolidated Statement of Changes in Equity (cont'd)
For the year ended 31 December 2022

		Attributable to owner of the Company						
Group	**Note**	**Equity contribution** US$'000	**Accumulated profits** US$'000	**Translation reserve** US$'000	**Other reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
At 1 January 2021		1,566,719	63,718	17,077	49,973	1,697,487	81,020	1,778,507
Total comprehensive income for the year								
Loss for the year		–	(12,584)	–	–	(12,584)	8,925	(3,659)
Other comprehensive income								
Foreign currency translation differences		–	–	(51,311)	–	(51,311)	(5,050)	(56,361)
Foreign currency translation differences of equity-accounted investees	18	–	–	(10,673)	–	(10,673)	–	(10,673)
Defined benefit plan remeasurements		–	–	–	16	16	–	16
Total comprehensive income for the year		–	(12,584)	(61,984)	16	(74,552)	3,875	(70,677)
Transactions with owner, recognised directly in equity								
Contributions by and distributions to owner								
Issue of share capital	26	150,000	–	–	–	150,000	–	150,000
Dividends paid to non-controlling interests	35	–	–	–	–	–	(6,606)	(6,606)
Total contributions by and distributions to owner		150,000	–	–	–	150,000	(6,606)	143,394
At 31 December 2021		1,716,719	51,134	(44,907)	49,989	1,772,935	78,289	1,851,224

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Statement of Changes in Equity
For the year ended 31 December 2022

Company	**Note**	**Equity contribution** US$'000	**Other reserves** US$'000	**Accumulated profits** US$'000	**Total** US$'000
At 1 January 2022		1,716,719	50,000	37,943	1,804,662
Total comprehensive income for the year					
Profit for the year		–	–	14,352	14,352
At 31 December 2022		1,716,719	50,000	52,295	1,819,014
At 1 January 2021		1,566,719	50,000	5,358	1,622,077
Total comprehensive income for the year					
Profit for the year		–	–	32,585	32,585
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owner					
Issue of share capital	26	150,000	–	–	150,000
Total contributions by and distributions to owner/Total transactions with owner		150,000	–	–	150,000
At 31 December 2021		1,716,719	50,000	37,943	1,804,662

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Cash flows from operating activities			
(Loss)/profit before tax		(38,867)	990
Adjustments for:			
Depreciation expense	14, 15	41,872	42,095
Amortisation expense	16	26,923	28,306
Finance income	9	(18,278)	(15,635)
Finance costs	9	82,274	79,591
Change in fair value of financial instruments at FVTPL	10	(40,025)	(9,283)
Unrealised foreign exchange loss		51,934	13,724
Reversal of impairment loss on property, plant and equipment	14	(286)	–
Loss on disposal of property, plant and equipment		83	104
Impairment losses recognised/(reversed) on financial assets	31	2,346	(930)
Bad debts written off		565	–
Write-off of project costs	(a)	2,808	2,794
Other payables written back		(1,185)	–
Share of results of equity-accounted investees, net of tax	18	4,129	(5,195)
		114,293	136,561
Changes in:			
- Trade and other receivables		(13,791)	(38,928)
- Prepayments and other assets		(8,898)	(2,576)
- Trade and other payables		59,201	2,034
Cash generated from operating activities		150,805	97,091
Tax paid		(7,748)	(5,005)
Net cash generated from operating activities		143,057	92,086
Cash flows from investing activities			
Purchase of property, plant and equipment	(b)	(207,154)	(134,459)
Contribution to equity-accounted investees	18	(45,656)	(10,262)
Acquisition of interest in equity-accounted investees	18	(4,916)	–
Proceeds from sale of property, plant and equipment		458	5
Additions of project-related agreements & licences	16	–	(1,952)
Purchase of equity investments	32	(2,316)	(5,393)
Settlement of derivatives		3,813	(2,580)
Disbursement of loan to related parties		(293,930)	(400,650)
Proceeds from repayment of loan receivables from related parties		315,209	371,224
Disbursement of loan to equity-accounted investees		(10,712)	–
Proceeds from repayment of loan receivables from equity-accounted investees		4,533	31,986
Proceeds from transaction related to loan receivables from related parties		–	1,134
Distributions from equity-accounted investees	18	5,237	21,092
Acquisition of subsidiary, net of cash acquired	36	–	(839)
Interest received		6,954	8,289
Net cash used in from investing activities		(228,480)	(122,405)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy Holdings Ltd and its Subsidiaries

Consolidated Statement of Cash Flows (cont'd)
For the year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Cash flows from financing activities			
Proceeds from issuance of shares	26	–	150,000
Proceed from issuance of shares to non-controlling interest		288	–
Proceeds from drawdown of loans and borrowings:			
- Revolving credit facilities		301,574	425,000
- Project finance debts		144,496	108,688
- Working capital loans		10,067	1,346
- Intercompany loans		263,524	174,570
Proceeds from issuance of Euro Medium Term Note		–	178,638
Repayment of loans and borrowings:			
- Revolving credit facilities		(285,997)	(719,070)
- Corporate term loan		–	(7,510)
- Project finance debts		(73,920)	(61,192)
- Working capital loans		(17,611)	(1,125)
- Intercompany loans		(129,232)	(116,889)
Payment of transaction costs:			
- Revolving credit facilities		(1,851)	(2,759)
- Project finance debts		(4,967)	(5,214)
- Euro Medium Term Note		(88)	(1,914)
Principal repayment of lease liabilities		(4,868)	(5,827)
Interest paid on:			
- Revolving credit facilities		(757)	(1,248)
- Corporate term loan		–	(1,594)
- Project finance debts		(53,732)	(54,011)
- Working capital loans		(1,844)	(160)
- Euro Medium Term Note		(15,656)	(10,797)
- Lease liabilities		(1,270)	(497)
- Loan from a related party		(1,304)	–
Net interest received for derivatives		6,418	5,763
Dividends paid to non-controlling interests	35	(2,938)	(6,606)
Deposits (pledged)/unpledged	25	(6,095)	9,924
Net cash generated from financing activities		124,237	57,516
Increase in cash and cash equivalents		38,814	27,197
Cash and cash equivalents at 1 January		168,726	146,705
Effect of exchange rate fluctuations on cash and cash equivalents		(10,416)	(5,176)
Cash and cash equivalents at 31 December	25	197,124	168,726

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(a) Included US$6.0 million (2021:US$2.9 million) write-off of trade and other receivables, prepayment and other assets, US$0.2 million (2021:US$0.1million) and US$ 3.2 million (2021: US$0.2 million) write back of trade and other payables, respectively.

(b) During the financial year, the Group purchased property, plant and equipment amounting to US$247.4 million (2021: US$134.5 million), which included the provision for asset retirement obligation of US$1.9 million (2021: Nil). As at 31 December 2022, US$38.4 million (2021: Nil) remains payable.

Significant non-cash transactions

On 21 May 2021, the corporate term loan amounting to US$129.0 million was deemed repaid and converted to revolving credit facilities of the same amount.

Vena Energy Holdings Ltd and its Subsidiaries

Statement of Cash Flows
For the year ended 31 December 2022

	Note	Company 2022 US$'000	Company 2021 US$'000
Cash flows from operating activities			
Profit before tax		14,352	32,585
Adjustments for:			
Dividend income		(6,586)	(15,344)
Finance income	9	(1,674)	(1,915)
Finance costs	9	7,941	8,489
Change in fair value of financial instruments at FVTPL		381	(610)
Unrealised foreign exchange gain		(13,419)	(22,811)
		995	394
Changes in:			
- Trade and other receivables		1,230	419
- Prepayment and other assets		(5)	5
- Trade and other payables		(7,405)	(214)
Net cash (used in)/generated from operating activities		(5,185)	604
Cash flows from investing activities			
Capital injection into subsidiaries	17	(333,288)	(102,460)
Distribution from subsidiaries:			
- Dividend received		6,586	15,344
- Return of capital	17	92,574	65,979
Disbursement of loan to related parties		(293,930)	(296,138)
Drawdown of loans to subsidiaries		(10,500)	–
Proceeds from repayment of loans receivables from related parties		312,474	371,224
Settlement of derivatives		3,813	(2,580)
Interest received		133	3,034
Net cash (used in)/generated from investing activities		(222,138)	54,403
Cash flows from financing activities			
Proceeds from share issuance		–	150,000
Proceeds from drawdown of loan and borrowings:			
- Revolving credit facilities		301,574	425,000
- Loan from a related party		263,524	174,570
- Loan from subsidiaries		22,490	87,210
Repayment of loan and borrowings:			
- Revolving credit facilities		(285,997)	(719,070)
- Term loan		–	(7,510)
- Loan from a related party		(129,232)	(116,889)
- Loan from subsidiaries		(12,989)	(20,118)
Payment of transaction costs related to loans and borrowings		(1,851)	(5,004)
Interest paid on:			
- Revolving credit facilities		(757)	(1,248)
- Term loan		–	(1,594)
- Loan from a related party		(1,304)	–
- Loan from subsidiaries		(3,570)	(2,794)
Net cash generated from/(used in) financing activities		151,888	(37,447)
Net (decrease)/increase in cash and cash equivalents		(75,435)	17,560
Cash and cash equivalents at 1 January		93,168	75,603
Effect of exchange rate fluctuations on cash and cash equivalents		(383)	5
Cash and cash equivalents at 31 December	25	17,350	93,168

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Domicile and activities

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

The financial statements of the Group as at and for the year ended 31 December 2022 comprised 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 region.

The immediate holding company and ultimate controlling company of the Group as at 31 December 2022 are GIP Zenith Ltd and Global Infrastructure Investors III, LLC respectively, of which the former is incorporated in the Cayman Islands and the latter is incorporated in Delaware, U.S.A..

1.1 Purpose of financial statements

The financial statements were drawn up for the Director to discharge its fiduciary duties.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Director considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2.3 Functional and presentation currency

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

2. Basis of preparation (cont'd)

2.4 Use of judgements and estimates

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

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

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

Note 16 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;

Note 31 – measurement of expected credit loss ("ECL") allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

Note 32 – fair value measurement of financial instruments held at fair value through profit or loss.

Measurement of fair values

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

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

Level 1: 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.

2. Basis of preparation (cont'd)

2.4 Use of judgements and estimates (cont'd)

Measurement of fair values (cont'd)

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 32.

2.5 Changes in accounting policies

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Group.

2.6 Standards issued but not yet effective

The Group has not adopted the following amendments applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IFRS 16: *Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024

The Director expect that the adoption of the amendments above will have no material impact on the financial statements in the period of initial application.

3. Summary of significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

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

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

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

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

Any contingent consideration 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.

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

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.

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(ii) Subsidiaries

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

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

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

Loss of control

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

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Interest in associates (equity accounted investees)

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

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

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

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

(v) Transactions eliminated on consolidation

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

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(vi) Subsidiaries and associates in the separate financial statements

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

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividend income from investments in subsidiaries and equity accounted investees is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured. Dividend income is recognised in the profit or loss, unless the distribution represents a return of capital, in which case, it is recorded as a reduction of the cost of investment of the parent.

3.2 Foreign currency

(i) Foreign currency transactions

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

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

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of a financial liability designated as a hedge of the net investment in foreign operation that is effective, an equity instrument at fair value through other comprehensive income, or qualifying cash flow hedges which are recognised in other comprehensive income.

3. Summary of significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

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

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

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

3. Summary of significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(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.

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

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

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

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

No depreciation is provided for freehold land and assets under construction.

3. Summary of significant accounting policies (cont'd)

3.4 Intangible assets and goodwill

(i) Goodwill

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

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

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

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

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

(iii) Service concession intangible assets

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

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

(iv) Amortisation

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

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

- Project-related agreements and licences 10-30 years
- Service concession intangible assets 20-30 years

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non- derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets at amortised cost

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

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

Debt investments at FVOCI

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Non- derivative financial assets (cont'd)

Equity investments at FVOCI

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

Financial assets at FVTPL

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

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

Financial assets – Business model assessment

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Non- derivative financial assets (cont'd)

Financial assets – Business model assessment (cont'd)

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

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

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Non- derivative financial assets (cont'd)

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

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.

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group recognises 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 recognises) 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 recognises in OCI is recognises in profit or loss.

Financial liabilities

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

(iv) Offsetting

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

(v) Derivative financial instruments and hedge accounting

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in wholesale electricity spot price.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognises in OCI and accumulated in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative that is recognises in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of in fair value of the derivative is recognises immediately in the profit or loss.

Amounts previously recognised in OCI and accumulated in cash flow hedge reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in OCI and accumulated in cash flow hedge reserve at that time remains in cash flow hedge reserve and is recognised in profit or loss in the same period as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss.

3.6 Cash and cash equivalents

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

3. Summary of significant accounting policies (cont'd)

3.7 Share capital

Ordinary shares

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

Share premium

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

Share repurchase

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

3.8 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.

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.

3. Summary of significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

General approach

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

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

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

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

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

Measurement of ECLs

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

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.

3. Summary of significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(a) 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 Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(b) Non-financial assets

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

3. Summary of significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

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.

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 energy

Revenue from sale of energy 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.

Revenue from sale of energy is recognised in profit or loss when the electricity generated is dispatched to the customer over time.

Revenue is determined based on the units of sales delivered at the applicable tariff rates.

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

3. Summary of significant accounting policies (cont'd)

3.10 Revenue (cont'd)

Service concession arrangements

Revenue related to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. The stage of completion is assessed by referenced to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. 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.

Fee income

Revenue from fee income is recognised over time when the customers simultaneously receive and consume the benefits.

Dividend income

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

3.11 Government grants

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

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

3.12 Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

3. Summary of significant accounting policies (cont'd)

3.12 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.

3.13 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. Summary of significant accounting policies (cont'd)

3.14 Shared services costs

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

3.15 Development costs

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

3.16 Finance income and finance costs

Finance income comprised interest income. Finance costs comprised 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.

3. Summary of significant accounting policies (cont'd)

3.17 Tax (cont'd)

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

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.17 Tax (cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.18 Leases

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

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, plant and equipment as follows:

Land and buildings	5 - 38 years
Office	1 - 30 years
Others	1 – 5 years

Right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. Summary of significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessee (cont'd)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value.

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

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property as separate line item and lease liabilities in 'loans and borrowings' in the statement of financial position.

Sale and leaseback transactions as a seller-lessee

A sale and leaseback transaction is one where the Group sells an asset and immediately leases that asset back from the buyer. For sale and leaseback transactions, the Group first determines whether the transfer is accounted for as a sale by assessing whether the control of the asset has transferred to the buyer.

3. Summary of significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessee (cont'd)

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.18 Leases (cont'd)

As a lessor (cont'd)

Sale and leaseback transactions as a buyer-lessor

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

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

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

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

4. Revenue

The Group's and the Company's revenue comprises:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Sale of energy	175,056	186,225	–	–
Fee income:				
- Shared services fee income	20,380	16,121	–	–
- Operations & maintenance service fees income	10,789	8,620	–	–
- Asset management fee income	23,003	35,072	–	–
- Engineering, procurement and construction ("EPC") income	106,106	14,950	–	–
Dividend income	–	–	6,586	15,344
	335,334	260,988	6,586	15,344
Recognised:				
- Over time	335,334	260,988	–	–
- At a point in time	–	–	6,586	15,344
	335,334	260,988	6,586	15,344

4. Revenue (cont'd)

Included in fee income are shared services fee income from related parties of US$20.4 million (2021: US$16.1 million), operations and maintenance service fees income from related parties of US$8.5 million (2021: US$6.0 million), asset management fee income from related parties of US$22.1 million (2021: US$33.7 million) and EPC income from related parties of US$106.1 million (2021: US$14.9 million).

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.

	2022 US$'000	2021 US$'000
Sale of energy		
- Thailand	42,122	44,971
- India	90,113	95,833
- Australia	16,310	14,630
- Indonesia	26,511	30,791
	175,056	186,225
Fee income		
- Asset manager	160,278	74,763
	335,334	260,988

Contract balances

Please refer to Note 24 for contract assets primarily relating to the Group's right to consideration for sale of renewable energy which have not been billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Please refer to Note 30 for contract liabilities primarily relating to advance consideration received from customers for performance of service contracts.

5. Other income

The Group's other income comprises:

	Group	
	2022	**2021**
	US$'000	US$'000
Insurance claims	695	–
Government grants	428	622
Lease income	1,162	239
Liquidated damages	3,144	3,674
Pre-commercial operation revenue	3,206	–
Others	1,981	2,239
	10,616	6,774

6(a). Operating costs

	Group	
	2022	**2021**
	US$'000	US$'000
Operations and maintenance costs	27,855	24,188
Utilities and transmission costs	2,354	4,083
Asset related insurance	2,747	2,835
Professional fees	2,293	2,080
Rental - land and site office	254	348
Asset related tax and levies	361	492
Travel and entertainment expenses	190	170
Other general and administrative costs	1,573	1,550
	37,627	35,746

Staff costs of US$5.8 million (2021: US$5.4 million) is included within operations and maintenance costs.

6(b). Other cost of operations

	Group	
	2022	**2021**
	US$'000	US$'000
Liquidated damages	1,941	–
Others	178	–
	2,119	–

7. Shared services costs

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Staff costs	58,301	56,196	–	–
Directors and Investment Committee members fee	552	716	–	–
Occupancy costs	1,324	1,273	–	–
Professional fees	7,801	6,587	194	277
IT expenses	2,925	2,251	–	–
Insurance	766	597	–	–
Travel and entertainment expenses	2,899	2,025	–	–
EPC costs	97,766	9,947	–	–
Other general and administrative costs	3,774	3,102	9	6
	176,108	82,694	203	283
Less: shared service costs capitalised	(7,016)	(1,828)	–	–
	169,092	80,866	203	283

8. Development costs

	Group	
	2022	2021
	US$'000	US$'000
Directors and Investment Committee members fee	–	1
Professional fees	1,031	678
Travel and entertainment expenses	130	8
Occupancy costs	45	52
Other general and administrative costs	1,335	778
	2,541	1,517

9. Finance income and finance costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Finance income				
Interest income from:				
- Loan to related parties	4,210	5,301	1,548	1,915
- Loan to subsidiaries	–	–	10	–
- Loan to other third parties	567	973	–	–
- Loan to equity-accounted investees	348	1,097	–	–
- Cross currency swaps	9,891	5,979	–	–
- Short term deposits	2,580	1,758	–	–
- Other finance income	682	527	116	–
Total finance income	18,278	15,635	1,674	1,915
Finance costs				
Interest expense on:				
- Project finance debts	(52,214)	(54,015)	–	–
- Term loan and revolving credit facilities	(757)	(2,209)	(757)	(2,209)
- Loan from subsidiaries	–	–	(17)	–
- Loan from a related party	(1,124)	(502)	(1,124)	(502)
- Loan from Euro Medium Term Note Issuer	–	–	(2,661)	(3,363)
- Euro Medium Term Note	(14,677)	(12,196)	–	–
- Interest rate swaps	(1,977)	(3,979)	–	–
- Lease liabilities	(1,270)	(1,051)	–	–
Other finance costs	(10,255)	(5,639)	(3,382)	(2,415)
Total finance costs	(82,274)	(79,591)	(7,941)	(8,489)

Included in other finance costs are deferred financing costs of US$2.9 million (2021: US$2.3 million) and unwinding of discount of asset retirement obligation of US$0.3 million (2021: US$0.2 million).

10. Change in fair value of financial instruments at FVTPL

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Gain/(loss) on change in fair value:				
- Equity investment	15,120	(7,694)	–	–
- Forward contract	(381)	610	(381)	610
- Interest rate swaps	20,436	12,683	–	–
- Cross currency swaps	42,233	30,789	–	–
- Electricity derivatives	–	(27,105)	–	–
Hedge ineffectiveness of electricity derivatives	(37,383)	–	–	–
	40,025	9,283	(381)	610

11. Impairment loss (recognised)/reversed on financial assets

	Group	
	2022	**2021**
	US$'000	US$'000
Impairment loss (recognised)/reversed on trade receivables	(2,195)	754
Impairment loss recognised on other receivables	(108)	(64)
Impairment loss reversed on loan receivables	–	250
Impairment loss recognised on cash and bank balances	(43)	(10)
	(2,346)	930

12. (Loss)/profit before tax

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

	Group	
	2022	**2021**
	US$'000	US$'000
Staff costs		
Wages and salaries	40,696	38,506
Ordinary bonus	9,007	9,393
Contributions to defined contribution plans	1,336	957
Employee insurance	2,943	2,641
Recruitment fee	1,416	1,680
Staff benefits, allowances and others	8,595	8,142
	63,993	61,319

13. Tax (credit)/expense

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Current income tax				
Current year	5,862	2,830	–	–
Underprovision of income tax from prior year	78	–	–	–
Withholding tax	2,713	2,980	–	–
	8,653	5,810	–	–
Deferred tax				
Origination and reversal of temporary difference	(5,687)	7,026	–	–
Write-down of deferred tax assets	–	2,090	–	–
Recognition of previously unrecognised tax losses	(5,546)	(10,277)	–	–
	(11,233)	(1,161)	–	–
Tax (credit)/expense	(2,580)	4,649	–	–
Tax recognised in OCI				
Defined benefit plan remeasurements	18	–*	–	–

* Amount less than US$1,000

Reconciliation of effective tax rate

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
(Loss)/profit before tax	(38,867)	990	14,352	32,585
Tax using Cayman Island tax rate of 0%	–	–	–	–
Effect of tax rates in foreign jurisdiction	(6,199)	14,721	–	–
Effects of results of equity-accounted investees presented net of tax	(3,134)	(6,242)	–	–
Expenses non-deductible for tax purposes	19,588	10,170	–	–
Tax-exempt income/non-taxable income	(10,710)	(11,631)	–	–
Recognition of previously unrecognised tax losses	(5,546)	(10,277)	–	–
Current-year losses for which no deferred tax asset is recognised	630	2,838	–	–
Withholding taxes	2,713	2,980	–	–
Write-down of deferred tax assets	–	2,090	–	–
Underprovision of income tax from prior year	78	–	–	–
	(2,580)	4,649	–	–

The Cayman Islands tax rate of 0% is used in the table above as this is the country in which the Company is domiciled. The effect of tax rates in foreign jurisdictions mainly results from differentiated tax rate where the Group's operations are primarily based.

14. Property, plant and equipment

	Land US$'000	Building and leasehold improvements US$'000	Electric generator equipment US$'000	Vehicles US$'000	Computers, fittings and fixture and office equipment US$'000	Assets under construction US$'000	Total US$'000
Group							
Cost							
At 1 January 2021	45,602	22,695	810,066	392	5,275	39,485	923,515
Additions	5,290	603	220	19	564	127,763	134,459
Disposals	–	–	(253)	–	(33)	–	(286)
Reclassification	2,627	67	49,466	–	–	(52,160)	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	–	–	–	–	–	285	285
Effect of exchange rate changes	(3,706)	(2,454)	(41,475)	(37)	(271)	(311)	(48,254)
At 31 December 2021	49,813	20,911	818,024	374	5,535	115,062	1,009,719
Additions	12,015	212	912	62	1,198	233,041	247,440
Disposals	(124)	(14)	(438)	–	(14)	(35)	(625)
Reclassification	(146)	20	76,704	–	50	(76,628)	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	–	–	–	–	–	796	796
Effect of exchange rate changes	(6,288)	(1,395)	(70,990)	(47)	(241)	(24,759)	(103,720)
At 31 December 2022	55,270	19,734	824,212	389	6,528	247,477	1,153,610

14. Property, plant and equipment (cont'd)

Group	Land US$'000	Building and leasehold improvements US$'000	Electric generator equipment US$'000	Vehicles US$'000	Computers, fittings and fixture and office equipment US$'000	Assets under construction US$'000	Total US$'000
Accumulated depreciation and impairment losses							
At 1 January 2021	–	3,307	84,365	163	2,915	–	90,750
Depreciation expenses	–	1,582	33,117	54	1,135	–	35,888
Disposals	–	–	(144)	–	(33)	–	(177)
Effect of exchange rate changes	–	(615)	(9,093)	(26)	(293)	–	(10,027)
At 31 December 2021	–	4,274	108,245	191	3,724	–	116,434
Depreciation expenses	–	1,300	33,570	67	1,165	–	36,102
Disposals	–	(14)	(70)	–	–	–	(84)
Impairment loss reversed	–	–	(286)	–	–	–	(286)
Effect of exchange rate changes	–	(436)	(13,438)	(29)	(178)	–	(14,081)
At 31 December 2022	–	5,124	128,021	229	4,711	–	138,085
Carrying amounts							
At 31 December 2021	49,813	16,637	709,779	183	1,811	115,062	893,285
At 31 December 2022	55,270	14,610	696,191	160	1,817	247,477	1,015,525

As at reporting date, property, plant and equipment of the Group with carrying amounts of US$902.7 million (2021: US$825.0 million) were pledged as collateral to secure project finance debts.

15. Right-of-use assets

	Land and buildings US$'000	**Office lease** US$'000	**Others** US$'000	**Total** US$'000
Group				
Cost				
At 1 January 2021	23,583	17,555	1,806	42,944
Additions	14,981	4,900	2,026	21,907
Effect of exchange rate changes	(2,383)	(2,045)	(825)	(5,253)
At 31 December 2021	36,181	20,410	3,007	59,598
Additions	42,084	1,679	727	44,490
Lease modifications	(4,580)	(105)	(568)	(5,253)
Effect of exchange rate changes	(2,578)	(2,355)	(413)	(5,346)
At 31 December 2022	71,107	19,629	2,753	93,489
Accumulated depreciation				
At 1 January 2021	1,833	5,155	1,122	8,110
Depreciation expense	925	4,375	907	6,207
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	285	–	–	285
Effect of exchange rate changes	(210)	(1,902)	(604)	(2,716)
At 31 December 2021	2,833	7,628	1,425	11,886
Depreciation expense	1,836	3,223	711	5,770
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	796	–	–	796
Lease modifications	(191)	(73)	(382)	(646)
Effect of exchange rate changes	(303)	(563)	(230)	(1,096)
At 31 December 2022	4,971	10,215	1,524	16,710
Carrying amounts				
At 31 December 2021	33,348	12,782	1,582	47,712
At 31 December 2022	66,136	9,414	1,229	76,779

The Group entered into sale and leaseback transactions with related parties, in respect of several freehold land parcels in Japan to transfer ownership and associated obligations relating to the land parcels to its subsidiary. The freehold land parcels were bought at fair value and leased back over 20 to 35 years at market rentals. During the financial year 2022, the total consideration for the sale of the land parcels amounted to US$1.7 million (2021:US$3.4 million).

16. Intangible assets

	Goodwill US$'000	Project-related agreements and licences US$'000	Service concession intangible assets US$'000	Total US$'000
Group				
Cost				
At 1 January 2021	506,152	482,594	174,671	1,163,417
Additions	–	4,916	–	4,916
Effect of exchange rate changes	(15,379)	(28,787)	(992)	(45,158)
At 31 December 2021	490,773	458,723	173,679	1,123,175
Effect of exchange rate changes	(24,369)	(24,609)	–	(48,978)
At 31 December 2022	466,404	434,114	173,679	1,074,197
Accumulated depreciation and impairment losses				
At 1 January 2021	–	61,807	11,775	73,582
Amortisation expense	–	21,668	6,638	28,306
Effect of exchange rate changes	–	(5,937)	(29)	(5,966)
At 31 December 2021	–	77,538	18,384	95,922
Amortisation expense	–	20,283	6,640	26,923
Effect of exchange rate changes	–	(5,134)	–	(5,134)
At 31 December 2022	–	92,687	25,024	117,711
Carrying amounts				
At 31 December 2021	490,773	381,185	155,295	1,027,253
At 31 December 2022	466,404	341,427	148,655	956,486

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

As at the respective reporting dates, all service concession intangible assets of the Group were pledged as collateral to secure project finance debts.

16. Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill

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

	Group	
	2022	**2021**
	US$'000	US$'000
Australia	109,255	118,160
India	24,244	26,558
Indonesia	36,721	37,196
Philippines	89,930	98,763
Thailand	6,277	6,509
Asset Manager	199,977	203,587
	466,404	490,773

Operations in Australia, India, Indonesia, Philippines and Thailand

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

The discounted cash flows valuation is based on management's latest cash flow projection assuming up to 30 years (2021: 30 years) and no terminal value is assumed. The post-tax discount rates of 4.1% - 13.7% (2021: 6.7% - 13.7%) are estimated based on historical industry average weighted-average cost of capital ('WACC') and applying a risk premium for under construction, contracted and development assets.

As at 31 December 2022 and 2021, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amount to be materially below the carrying amount of the CGU.

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 historical price-to-book value multiples of completed transactions of comparable businesses. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

17. Investment in subsidiaries

	Company	
	2022	**2021**
	US$'000	US$'000
Equity investments, at cost	2,135,151	1,894,437

17. Investment in subsidiaries (cont'd)

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

	2022 US$'000	**2021** US$'000
Balance at beginning of year	1,894,437	1,857,956
Reduction of interest in subsidiaries	(92,574)	(65,979)
Capital injection into subsidiaries	333,288	102,460
Balance at end of year	2,135,151	1,894,437

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	**Sector**	**Project Name**	**Status**	**Principal place of business**	**Effective interest 2022 %**	**Effective interest 2021 %**
Tailem Bend Solar Operating Trust	Solar	Tailem Bend	Operating	Australia	100	100
WandoanBESS Project Trust	Battery	Wandoan South BESS	Operating	Australia	100	100
Vena Energy Shivalik Wind Power Private Limited	Wind	Amreli	Operating	India	100	100
Vena Energy MH Wind Power Private Limited	Wind	Jath	Operating	India	100	100
Vena Energy JMD Power Private Limited	Wind	JMD	Operating	India	100	100
Vena Energy Fatanpur Power Private Limited	Wind	FTP	Operating	India	100	100
Vena Energy Patan Power Private Limited	Wind	PTN	Operating	India	100	100
Vena Energy Power Resources Private Limited	Wind	TGP1/2	Operating	India	100	100
Vena Energy KN Wind Power Private Limited	Wind	MNG	Operating	India	100	100

17. Investment in subsidiaries (cont'd)

The table below provides details of the significant subsidiaries of the Group (cont'd):

Name of subsidiaries	Sector	Project Name	Status	Principal place of business	Effective interest 2022 %	Effective interest 2021 %
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

18. Equity-accounted investees

Interests in associates

	Group 2022 US$'000	Group 2021 US$'000
Interests in associates	388,454	367,488

The Group has 5 (2021: 5) material associates and 12 (2021: 11) immaterial associates which are equity accounted. The following are the material associates:

Associate entity name	**Hangin Ng Amihan Holdings, Inc. and its subsidiaries ("HANGIN")**	**Vena Energy Wind Phil. Holdings Inc ("VEWPHI")**	**Helios Solar Energy Holdings Inc. and its subsidiaries ("HSEHI")**	**First Soleq Holdings Philippines Inc. ("FSHPI")**	**One Bukidnon Project Holdings Inc. ("OBPHI")**
Nature of Associate	Investment holding entity for Alternergy Wind One Corp. ("Project Pililia")	Investment holding entity for Alternergy Wind One Corp. ("Project Pililia")	Investment holding entity for Helios Solar Energy Corp. ("Project Pollo")	Investment holding entity for First Solar Energy Corp. ("Project Ironman")	Investment holding entity for Asian Greenenergy Corp. ("Project Zorro")
Sector	54.0 MW wind	54.0 MW wind	132.5 MW solar	30.4 MW solar	10.5 MW solar
Principal place of business/country of incorporation	Philippines	Philippines	Philippines	Philippines	Philippines
Direct economic interest held in associate by the Group	99.84%	100%	99.56%	99.31%	99.82%
Effective economic interest held on the underlying project	54.94%	39.97%	99.65%	99.45%	99.86%
Direct Voting rights held in the associate by the Group	38.51%	37.29%	37.73%	31.43%	37.14%

HANGIN held 55.2% (2021: 55.2%) and VEWPHI held 39.8% (2021: 39.8%) direct voting rights in Project Pililia. Through investment in HANGIN and VEWPHI, the Group's aggregate economic interest in Project Pililia (54.0 MW Wind) is 94.91% (2021: 94.91%).

18. 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:

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000
Statement of financial position					
Property, plant and equipment	71,748	–	113,299	25,441	9,863
Intangible assets	646	–	–	–	–
Equity-accounted investees	–	17,600	–	–	–
Other non-current receivables	2,313	56	264	3,432	149
Right-of-use assets	558	–	5,652	596	122
Prepayment and other assets	32	–	79	–	–
Non-current assets	75,297	17,656	119,294	29,469	10,134
Trade and other receivables	15,988	–	17,291	4,950	2,853
Prepayment and other assets	120	–	530	12	36
Cash and bank balances	17,984	36	13,562	910	787
Current assets	34,092	36	31,383	5,872	3,676
Total assets	109,389	17,692	150,677	35,341	13,810
Loans and borrowings	57,212	–	94,130	17,670	6,741
Employee benefits	35	–	58	–	–
Asset retirement obligation	2,414	–	822	216	66
Deferred tax liabilities	96	–	231	26	15
Non-current liabilities	59,757	–	95,241	17,912	6,822
Loans and borrowings	3,701	–	3,419	753	469
Trade and other payables	3,357	2	1,701	1,195	1,756
Current tax liabilities	8	–	–	26	–
Current liabilities	7,066	2	5,120	1,974	2,225
Total liabilities	66,823	2	100,361	19,886	9,047
Net assets	42,566	17,690	50,316	15,455	4,763

18. 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:

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000
Statement of comprehensive income					
Sale of energy, representing total revenue	16,846	–	23,652	6,668	2,555
Operating costs	(4,274)	(3)	(4,522)	(1,189)	(657)
Shared services costs charged by a subsidiary	(1,090)	–	(817)	(208)	(91)
Depreciation expenses	(4,164)	–	(6,719)	(1,718)	(630)
Results from operating activities	7,318	(3)	11,594	3,553	1,177
Finance income	467	–	499	142	46
Finance costs	(3,727)	–	(7,548)	(1,122)	(484)
Net foreign exchange (loss)/gain	(6)	1	56	128	2
Net finance costs	(3,266)	1	(6,993)	(852)	(436)
Share of results of associate	–	1,599	–	–	–
Profit before tax	4,052	1,597	4,601	2,701	741
Income tax (expenses)/credit	(57)	–	191	(224)	2
Profit for the year, representing total comprehensive income for the year	3,995	1,597	4,792	2,477	743

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

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

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000
Statement of financial position					
Property, plant and equipment	83,285	–	131,470	29,130	11,410
Intangible assets	709	–	–	–	–
Equity-accounted investees	–	16,007	–	–	–
Other non-current receivables	2,227	61	281	3,706	125
Right-of-use assets	627	–	6,446	678	150
Prepayment and other assets	35	–	86	–	–
Non-current assets	86,883	16,068	138,283	33,514	11,685
Trade and other receivables	16,447	–	15,435	4,730	2,867
Prepayment and other assets	680	–	1,332	254	58
Cash and bank balances	14,412	40	9,444	731	880
Current assets	31,539	40	26,211	5,715	3,805
Total assets	118,422	16,108	164,494	39,229	15,490
Loans and borrowings	65,848	–	106,447	20,041	7,914
Employee benefits	38	–	–	–	–
Asset retirement obligation	2,625	–	893	223	84
Deferred tax liabilities	132	–	464	26	19
Non-current liabilities	68,643	–	107,804	20,290	8,017
Loans and borrowings	4,524	–	3,957	413	573
Trade and other payables	2,601	1	1,031	1,052	1,742
Current tax liabilities	–	–	240	–	–
Current liabilities	7,125	1	5,228	1,465	2,315
Total liabilities	75,768	1	113,032	21,755	10,332
Net assets	42,654	16,107	51,462	17,474	5,158

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

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

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000
Statement of comprehensive income					
Sale of energy	22,779	–	30,951	7,504	2,822
Other income	19	–	1,023	–	–
Revenue	22,798	–	31,974	7,504	2,822
Operating costs	(4,778)	(2)	(5,125)	(963)	(931)
Shared services costs charged by a subsidiary	(1,082)	–	(480)	(149)	(68)
Depreciation expenses	(4,600)	–	(7,389)	(1,941)	(694)
Results from operating activities	12,338	(2)	18,980	4,451	1,129
Finance income	255	–	323	102	30
Finance costs	(4,293)	–	(8,599)	(1,059)	(542)
Foreign exchange (loss)/gain	(2)	–	49	(741)	3
Net finance costs	(4,040)	–	(8,227)	(1,698)	(509)
Share of results of associate	–	3,438	–	–	–
Profit before tax	8,298	3,436	10,753	2,753	620
Income tax credit/(expenses)	41	–	(441)	(26)	2
Profit for the year, representing total comprehensive income for the year	8,339	3,436	10,312	2,727	622

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2022	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Immaterial associates** US$'000	**Total associates** US$'000
Carrying amount of interests in associates at start of the year	58,452	42,604	202,178	38,354	11,206	14,694	367,488
Group's share of amortisation of intangible asset acquired through business combinations	(2,576)	(1,874)	(8,036)	(1,395)	(294)	–	(14,175)
Group's share of results from continuing operations	2,198	1,596	4,786	2,474	744	(1,752)	10,046
Effect of exchange rate changes from project-related agreements and licences	(3,230)	(2,350)	(11,053)	(1,795)	(405)	–	(18,833)
Foreign currency translation differences	(1,312)	(955)	2,687	(1,621)	(458)	252	(1,407)
Group's share of total comprehensive income	(4,920)	(3,583)	(11,616)	(2,337)	(413)	(1,500)	(24,369)
Group's acquisition during the year[1]	–	–	–	–	–	4,916	4,916
Group's contribution during the year	–	–	–	–	–	45,656	45,656
Distribution during the year	–	–	(1,434)	(2,896)	(675)	(232)	(5,237)
Carrying amount of interests in associates at end of the year[2]	53,532	39,021	189,128	33,121	10,118	63,534	388,454

1 During the year, the Group entered into a sale and purchase agreement to acquire 100% of Taean Wind Power Co., Ltd. ("Taean") in stages. The total purchase consideration ranges from KRW50 billion to KRW140 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC contract that have yet to be finalised. As at 31 December 2022, the Group has acquired 45% of Taean for KRW3.9 billion (US$4.9 million). The transaction has yet to be completed as at year end and based on the Group's provisional assessment, it was recognised as an investment in associate.

2 Included in carrying amount of interests in associates at end of year is project related agreements and licences amounting to US$179.2 million (2021: US$212.2 million).

18. Equity-accounted investees (cont'd)

Interests in associates (cont'd)

2021	**Pililia HANGIN** US$'000	**Pililia VEWPHI** US$'000	**Pollo HSEHI** US$'000	**Ironman FSHPI** US$'000	**Zorro OBPHI** US$'000	**Immaterial associates** US$'000	**Total associates** US$'000
Carrying amount of interests in associates at start of the year	59,063	42,839	219,109	45,794	11,742	5,249	383,796
Group's share of amortisation of intangible asset acquired through business combinations	(2,857)	(2,060)	(8,824)	(1,542)	(325)	–	(15,608)
Group's share of results from continuing operations	4,479	3,436	10,223	2,724	621	(680)	20,803
Effect of exchange rate changes from project-related agreements and licences	(1,678)	(1,210)	(5,695)	(928)	(209)	–	(9,720)
Foreign currency translation differences	(555)	(401)	1,331	(969)	(222)	(137)	(953)
Group's share of total comprehensive income	(611)	(235)	(2,965)	(715)	(135)	(817)	(5,478)
Group's contribution during the year	–	–	–	–	–	10,262	10,262
Distribution during the year	–	–	(13,966)	(6,725)	(401)	–	(21,092)
Carrying amount of interests in associates at end of the year	58,452	42,604	202,178	38,354	11,206	14,694	367,488

19. Other investments

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Equity investment – mandatorily at FVTPL	39,007	23,548	–	–

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

20. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Group				
Property, plant and equipment	–	–	(48,244)	(36,759)
Intangible assets	–	–	(3,275)	(2,484)
Derivatives	–	–	(2,486)	–
Loans and borrowings	105	–	–	(72)
Employee benefits	1,986	1,847	–	–
Provisions	86	97	–	–
Other items	1,964	910	–	–
Tax loss carry-forwards	53,405	28,968	–	–
Deferred tax assets/(liabilities)	57,546	31,822	(54,005)	(39,315)
Set off of deferred tax	(42,710)	(25,543)	42,710	25,543
Net deferred tax assets/(liabilities)	14,836	6,279	(11,295)	(13,772)

Unrecognised deferred tax liabilities

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

Unrecognised deferred tax assets

Deferred tax assets on tax losses of US$158.0 million (2021: US$94.3 million) have not been recognised in respect of tax losses which are expected to expire or be utilised during such tax holiday period because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom during such period.

20. Deferred tax (cont'd)

Movement in deferred tax balances

Group	**Balance as at 1 January** US$'000	**Recognised in profit or loss (Note 13)** US$'000	**Recognised in OCI (Note 13)** US$'000	**Effect of exchange rate changes** US$'000	**Balance as at 31 December** US$'000
2022					
Property, plant and equipment	(36,759)	(15,090)	–	3,605	(48,244)
Intangible assets	(2,484)	(791)	–	–	(3,275)
Derivatives	–	(2,541)	–	55	(2,486)
Loans and borrowings	(72)	169	–	8	105
Employee benefits	1,847	377	(18)	(220)	1,986
Provisions	97	43	–	(54)	86
Other items	910	854	–	200	1,964
Tax loss carry-forwards	28,968	28,212	–	(3,775)	53,405
	(7,493)	11,233	(18)	(181)	3,541
2021					
Property, plant and equipment	(47,415)	(2,549)	–	13,205	(36,759)
Intangible assets	(1,482)	(924)	–	(78)	(2,484)
Loans and borrowings	(208)	119	–	17	(72)
Employee benefits	1,774	(144)	–	217	1,847
Provisions	148	(70)	–	19	97
Other items	371	1,701	–	(1,162)	910
Tax loss carry-forwards	38,134	3,028	–	(12,194)	28,968
	(8,678)	1,161	–	24	(7,493)

21. Loans receivables

	Note	**Group**		**Company**	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Non-current					
Loans receivables from:					
- Related parties		303,184	376,956	85,400	123,238
- Equity-accounted investees		10,639	289	–	–
- Other third parties		3,057	3,429	–	–
Bond receivables from a subsidiary of related party		264	307	–	–
Promissory note receivables		7,571	7,609	–	–
		324,715	388,590	85,400	123,238
Less: Impairment loss	31	(1,430)	(1,430)	–	–
Total non-current loans receivables		323,285	387,160	85,400	123,238

21. Loans receivables (cont'd)

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Current					
Loans receivables from:					
- Equity-accounted investees		–	4,533	–	–
- Other third parties		–	3,430	–	–
- Subsidiaries		–	–	10,500	–
Interest receivables from:					
- Related parties		3,181	2,608	2,358	1,001
- Subsidiaries		–	–	9	–
- Equity-accounted investees		261	587	–	–
- Other loans receivables		14	13	–	–
- Promissory note receivables		543	494	–	–
- Cross currency swaps		5,060	3,507	–	–
- Other third parties		1,267	1,174	–	–
		10,326	16,346	12,867	1,001
Less: Impairment loss	31	(82)	(82)	–	–
Total current loans receivables		10,244	16,264	12,867	1,001

21. Loans receivables (cont'd)

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

Gross loans receivables

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
Non-current					
Loans receivables from:					
- Related parties		304,662	379,405	85,400	123,238
- Equity-accounted investees		10,639	289	–	–
- Other third parties		3,057	3,140	–	–
Other loans receivables		264	307	–	–
Promissory note receivables		7,571	7,610	–	–
		326,193	390,751	85,400	123,238
Current					
Loan receivables from:					
- Subsidiaries		–	–	10,500	–
- Equity-accounted investees		–	4,533	–	–
- Other third parties	(e)	–	3,430	–	–
		–	7,963	10,500	–
Total loans receivables		326,193	398,714	95,900	123,238

21. Loans receivables (cont'd)

Terms and conditions of loan receivables are as follows:

	Currency	Maturity date	Principal amount 2022 $'000	Principal amount 2021 $'000	Interest rate 2022 %	Interest rate 2021 %
Group						
Related parties [a]	JPY	On demand	85,400	123,239	1.4	1.4
Related parties [b]	JPY	2025	212,152	247,111	0.6 – 2.7	1.4 & 2.7
Subsidiaries of related parties [c]	JPY	2033	425	1,301	0.8	0.8
Subsidiaries of related parties [a]	JPY	On demand	6,685	7,754	0.6	0.6
Equity-accounted investees of related parties[a]	JPY	2035	249	289	1.0	1.0
Equity-accounted investees	USD	2022	–	4,533	–	5.0
Equity-accounted investees [d]	KRW	2027	10,390	–	3.5 – 3.7	–
Other third parties [a]	KRW	On demand	34	–	4.6	–
Other third parties	USD	2021	–	3,430	–	17.0
Other third parties [a]	JPY	On demand	693	803	0.8	0.8
Other third parties [a]	USD	On demand	1,880	1,886	4.6	4.6
Other third parties [a]	USD	On demand	450	451	5.5	5.5
Promissory notes receivable [e]	THB	2027	7,571	7,610	–	–
Other loans receivables [a]	JPY	On demand	264	307	1.0	1.0
			326,193	398,714		
Company						
Related parties [a]	JPY	On demand	85,400	123,238	1.4	1.4
Subsidiaries [f]	USD	2023	10,500	–	1.0 & 2.2	–
			95,900	123,238		

21. Loans receivables (cont'd)

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

(b) Loan receivables from related parties to Euro Medium Term Note Issuer are unsecured and repayable biannually.

(c) Repayable within 20 years in equal and consecutive instalments of 33.3% 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 Group. The Group does not intend to demand for repayment for the loans in the next 12 months.

(d) Loan receivables from equity-accounted investees are unsecured and repayable in year 2027.

(e) 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 1.0% of the principal amount plus accrued redemption fee of 1.0% per annum.

(f) Loan receivables from subsidiaries are unsecured with a bullet repayment in 2023.

22. Derivative assets and liabilities

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Derivative assets				
Non-current				
Electricity derivatives	47,558	141,147	–	–
Cross currency swaps	61,194	19,299	–	–
Interest rate swaps	10,674	2,194	–	–
	119,426	162,640	–	–
Current				
Electricity derivatives	2,584	5,373	–	–
Forward exchange contract	1,579	875	1,579	875
Cross currency swaps	343	283	–	–
Interest rate swaps	2,115	–	–	–
	6,621	6,531	1,579	875
Total derivative assets	126,047	169,171	1,579	875

22. Derivative assets and liabilities (cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Derivative liabilities				
Non-current				
Electricity derivatives	(39,262)	–	–	–
Interest rate swaps	(183)	(6,761)	–	–
	(39,445)	(6,761)	–	–
Current				
Electricity derivatives	(1,843)	–	–	–
Forward exchange contract	(4,951)	(53)	(4,951)	(53)
Interest rate swaps	(74)	(2,694)	–	–
	(6,868)	(2,747)	(4,951)	(53)
Total derivative liabilities	(46,313)	(9,508)	(4,951)	(53)

Cross currency swaps

On 26 February 2022, the Group entered into cross currency swaps which matures in 2025 and with an aggregate notional amount of JPY20.2 billion, whereby the Group is required to make semi-annual interest payments calculated at fixed interest rate of 0.5% per annum.

In 2020, the Group entered into cross currency swaps which matures in 2025 and with an aggregate notional amount of JPY 36.0 billion, whereby the Group is required to make semi-annual interest payments calculated at fixed interest rates between 1.2% to 1.3%.

Electricity derivatives

Hedge accounting – Cash flow hedges

The Group's sale of energy in South Australia has a fixed tariff applied based on terms of the offtake agreements. The Group is exposed to cash flow variability on electricity sales due to fluctuations in the wholesale price of electricity in South Australia.

On 1 January 2022 and/or at date of inception, the Group designated the electricity derivative component of the offtake agreements as hedging instruments. The Group hedges the cash flow variability on highly probable forecast electricity sales arising from the variability in the wholesale spot price by entering into an agreement with the offtaker that fixes the electricity spot price at a contractual specified price per megawatt hour.

22. Derivative assets and liabilities (cont'd)

Electricity derivatives (cont'd)

Hedge accounting – Cash flow hedges (cont'd)

The Group documents at the inception of the hedge accounting relationship, the economic relationship between hedging instruments and hedged items, its risk management objective and strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and prospectively on an ongoing basis, as to whether the derivatives designated in the hedge relationships have been, and will continue to be effective, in offsetting fair value changes arising from highly probable forecast electricity purchases. The Group established the hedge ratio of 1:1 by matching the electricity sales to the offtake agreements designated as hedging instruments.

The Group documents sources of hedge ineffectiveness and quantifies the impact of hedge ineffectiveness stemming from the hedge relationship.

Hedge ineffectiveness may occur due to:

- changes in the credit risk on the hedging instrument not matched by a similar adjustment on the hedged item
- differences in critical terms between the hedging instrument and hedged item
- non-zero inception fair values of the hedging instrument as a result of a late designation

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in the cash flow hedge reserve. The gain or loss relating to the ineffective portion of hedges is recognised immediately in profit or loss within the fair value through profit line on the statement of profit and loss. The realised gain or loss relating to the effective portion of electricity derivatives is recognised in profit or loss within revenue from the sales of electricity.

22. Derivative assets and liabilities (cont'd)

Hedge accounting – Cash flow Hedges (cont'd)

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

	2022				During the year ended 31 December 2022					
	Nominal amount US$'000	**Carrying amount – assets** US$'000	**Carrying amount – liabilities** US$'000	**Line item in the statement of financial position where the hedging instrument is included**	**Change in value used for calculating hedge in-effectiveness** US$'000	**Change in value of hedging instrument recognised in OCI** US$'000	**Hedge in-effectiveness recognised in profit or loss** US$'000	**Line item in profit or loss that includes hedge in-effectiveness**	**Amount reclassified from hedging reserve to profit or loss** US$'000	**Line item affected in profit or loss because of the re-classification**
Commodity price risk										
Electricity derivatives	245,339	50,142	–	Derivative assets	(87,756)	(53,116)	(34,640)	Change in fair value of financial instruments at FVTPL	3,341	Sale of energy
Electricity derivatives	270,079	–	(41,105)	Derivative liabilities	(41,105)	(38,362)	(2,743)	Change in fair value of financial instruments at FVTPL	–	Not applicable

As of 31 December 2022, the hedge rates range from AUD40/Mwh to AUD136/Mwh with a maturity date in 2038 to 2041.

22. Derivative assets and liabilities (cont'd)

Hedge accounting – Cash flow Hedges (cont'd)

The amounts relating to items designated as hedged items are as follows:

	2022 Change in value used for calculating hedge ineffectiveness US$'000	2022 Cash flow hedge reserve US$'000
Sale of energy	91,478	(91,478)

The cash flow hedge reserve represents the effective portion of gains or losses on remeasuring the fair value of hedging instruments that qualify for cash flow hedge accounting.

23. Prepayments and other assets

	Group		Company	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Non-current				
Other prepayments	4,168	4,414	–	–
Other assets	16,405	11,552	–	–
	20,573	15,966	–	–
Current				
Other prepayments	10,012	6,445	5	–
Other assets	2,718	2,329	–	–
	12,730	8,774	5	–
Total prepayments and other assets	33,303	24,740	5	–

24. Trade and other receivables

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current					
Amounts due from related party	(c)	–	6,574	–	–
Other receivables	(d)	1,521	1,326	–	–
Total non-current other receivables		1,521	7,900	–	–
Current					
Trade receivables		63,380	92,456	–	–
Contract assets		18,127	17,640	–	–
Total trade receivables and contract assets		81,507	110,096	–	–
Amounts due from:					
- Subsidiaries	(a)	–	–	301	1,869
- Equity-accounted investees	(b)	17	1,866	–	–
- Related parties	(c)	57,735	43,361	87	–
- Other third parties		10,515	11,967	–	–
Deposits		27,521	13,114	–	–
Other tax receivables		6,809	5,747	–	–
Other receivables	(d)	10	356	–	–
Total current other receivables		102,607	76,411	388	1,869
Less: Impairment loss					
- Trade receivables and contract assets		(4,990)	(3,082)	–	–
- Other receivables		(291)	(286)	–	–
Total current trade and other receivables		178,833	183,139	388	1,869
Total trade and other receivables		180,354	191,039	388	1,869

Trade receivables are non-interest bearing and are generally on standard credit terms ranging from 30 to 90 days (2021: 30 to 90 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

24. Trade and other receivables (cont'd)

(a) The amount due from subsidiaries is non-trade, unsecured and non-interest bearing and repayable on demand.

(b) The amount due from equity-accounted investees is non-trade, unsecured, non-interest bearing and repayable on demand.

(c) The amounts due from related parties are intercompany advances, asset management fees and operation and maintenance service charges charged to subsidiaries of Zenith Japan Holdings Trust ("ZJHT"), and shared service charges charged to subsidiaries of Vena Energy (Taiwan) Holdings Ltd ("VETHL").

(d) Other receivables relate to liquidated damages receivable from EPC contractors in Indonesia.

Disaggregation of trade receivables

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

	2022 US$'000	**2021** US$'000
India	58,892	88,258
Indonesia	542	543
Thailand	3,872	3,651
Others	74	4
	63,380	92,456

25. Cash and bank balances
Restricted cash

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current					
Restricted bank balances		31,360	–	–	–
Current					
Bank balances		191,682	200,517	17,350	93,168
Short term deposits		27,918	20,421	–	–
Fixed deposits	(b)	4,471	–	–	–
Less: Impairment loss		(47)	(4)	–	–
		224,024	220,934	17,350	93,168
Total cash and bank balances in the statement of financial position		255,384	220,934	17,350	93,168
Less: Restricted bank balances and deposits	(a)	(58,307)	(52,212)	–	–
Add: Impairment loss		47	4	–	–
Cash and cash equivalents in the statement of cash flows		197,124	168,726	17,350	93,168

(a) As at 31 December 2022, US$58.3 million (2021: US$52.2 million) of the Group's cash and bank balances were restricted. Out of this, US$23.2 million (2021: US$32.6 million) of the Group's cash and bank balances were held under Debt Service Reserve Accounts ("DSRA"), which represents a reserve account used for debt service of project finance debts.

(b) Fixed deposits are made for varying periods of between three to twelve months, depending on the immediate cash requirements of the Group, and earn interests at the respective fixed deposit rates.

As at reporting date, cash and bank balances of US$72.8 million (2021: US$100.7 million) were pledged as collateral to secure project finance debts.

26. Equity contribution

	Group and Company	
	2022	**2021**
	US$'000	US$'000
Equity contribution		
Share capital at US$0.01 per share	15,667	15,667
Share premium	1,701,052	1,701,052
	1,716,719	1,716,719

	Group and Company	
	2022	**2021**
	No. of shares ('000)	No. of shares ('000)
Issued and fully paid		
At beginning of the year	1,566,734	1,566,719
Issued during the year	–	15
At end of the year	1,566,734	1,566,734

The holder of ordinary shares is entitled to one vote per share at meetings of the Company.

In 2021, 15,000 number of shares at a par value of US$0.01 each and share premium of US$149,999,850 were issued.

27. Reserves

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Capital reserve	50,000	50,000	50,000	50,000
Translation reserve	(150,837)	(44,907)	–	–
Defined benefit reserve	142	(11)	–	–
Cash flow hedge reserve	(91,478)	–	–	–
	(192,173)	5,082	50,000	50,000

27. Reserves (cont'd)

Capital reserve

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

Translation reserve

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

Defined benefit reserve

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

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

	Commodity price risk US$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Effective portion of changes in fair value of hedging instrument	(94,819)
Amount reclassified from hedging reserve to profit or loss	3,341
At 31 December 2022	(91,478)

28. Loans and borrowings and lease liabilities

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current					
Project finance debts	(d)	684,518	639,714	–	–
Revolving credit facilities		15,111	–	15,111	–
Revolving credit facilities - deferred financing cost		(1,303)	(2,162)	(1,303)	(2,162)
Loan from a related party	(c)	180,459	57,469	180,459	57,469
Euro Medium Term Note	(a)	499,435	499,093	–	–
Loan from Euro Medium Term Note Issuer	(b)	–	–	210,669	244,800
		1,378,220	1,194,114	404,936	300,107
Lease liabilities		67,992	36,996	–	–
Current					
Project finance debts	(d)	135,677	149,841	–	–
External party loan		2,480	2,480	–	–
Working capital loan		6,015	14,965	–	–
Loan from subsidiaries		–	–	22,490	–
Interest payable					
- Project finance debts		533	567		
- Loan from a related party		161	489	161	489
- Euro Medium Term Note		5,067	5,076	–	–
- Loan from Euro Medium Term Note Issuer		–	–	811	1,486
- Derivatives		1,728	1,372	–	–
		151,661	174,790	23,462	1,975
Lease liabilities		5,625	5,754	–	–
Total loans and borrowings and lease liabilities		1,603,498	1,411,654	428,398	302,082

28. Loans and borrowings and lease liabilities (cont'd)

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

On 8 July 2021, the Euro Medium Term Note Issuer issued US$175,000,000 3.133% per annum notes due in 2025 listed on SGX-ST under the Notes Programme. The Notes were issued at a premium for a total consideration of US$178,638,250. The Notes are to be consolidated and form a single series with the US$325,000,000 3.133% per annum notes issued on 27 February 2020. The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

Proceeds from the Notes issuance were allocated to the Company, VETHL and Zenith Japan Holdings Ltd ("ZJH") (as trustee of ZJHT) through intercompany loans.

The Company together with VETHL and ZJH (as trustee for ZJHT) jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for the Notes issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

(b) The loan from Euro Medium Term Note issuer is payable on a semi-annual basis and will mature on 26 February 2025.

(c) The loan from a related party is unsecured and will mature on 30 December 2024.

(d) Project finance debts are entered with reputable financial institutions by respective Group entities and are repayable on a quarterly basis with maturity date from 2023 to 2044 (2021: 2022 to 2044). The interest rates on these borrowings consist of fixed rates and floating rates.

Project finance debts are secured over the assets of the Group.

28. Loans and borrowings and lease liabilities (cont'd)

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

Gross debt

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Non-current				
Project finance debts	694,155	649,170	–	–
Revolving credit facilities	15,111	–	15,111	–
Loan from a related party	180,459	57,469	180,459	57,469
Euro Medium Term Note	500,000	500,000	–	–
Loan from Euro Medium Term Note Issuer	–	–	212,122	246,925
	1,389,725	1,206,639	407,692	304,394
Current				
Project finance debts	137,047	151,346	–	–
External party loan	2,480	2,480	–	–
Working capital loan	6,015	14,965	–	–
Loan from subsidiaries	–	–	22,490	–
	145,542	168,791	22,490	–
	1,535,267	1,375,430	430,182	304,394

28. Loans and borrowings and lease liabilities (cont'd)

Market and liquidity risk

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 31.

Terms and conditions of loans and borrowings are as follows:

Group	Currency	Year of maturity	Principal amount 2022 $'000	Principal amount 2021 $'000	Nominal interest rate 2022 %	Nominal interest rate 2021 %
Project finance debt	AUD	2023-2044	102,040	115,264	BBSY+1.7	BBSY+1.7
Project finance debt	AUD	2025	56,457	65,163	BBSY+1.2	BBSY+1.2
Project finance debt	AUD	2027	117,452	–	BBSY+1.4 - 2.3	–
Project finance debt	INR	2035	80,360	93,675	10.3-10.5	10.3-10.5
Project finance debt	INR	2033	15,590	15,718	8.9	9.5-10.0
Project finance debt	INR	2033	15,941	19,164	9.5	9.5
Project finance debt	INR	2028	9,135	11,585	10.0	10.9
Project finance debt	INR	2033	54,504	54,716	8.4	8.6-10.1
Project finance debt	INR	2037	49,656	58,157	9.3	9.3
Project finance debt	INR	2035	20,978	25,641	8.2	10.2-11.0
Project finance debt	INR	2033	66,433	68,536	8.6	10.2-15.3
Project finance debt	INR	2025	71,691	72,407	7.4	3M LIBOR+1.9
Project finance debt	INR	2027	1,843	–	11.7	–
Project finance debt	THB	2027	43,386	65,507	4.2 & MLR-2.8	4.2 & MLR-2.8
Project finance debt	USD	2037	94,004	100,802	3.9 - 5.7	3 - 5.7
Project finance debt	USD	2037	16,562	17,842	3 - 5.7	3 - 5.7
Project finance debt	USD	2037	15,170	16,339	1.5 - 5.7	1.5 - 5.7
External party loan	USD	2023	2,480	2,480	Interest free	Interest free
Revolving credit facilities	JPY	2024	15,111	–	Tonar+1.0	–
Working capital loan	INR	2023	6,015	14,965	13.0	10.9-11.5
Loan from a related party	JPY	2024	180,459	57,469	1.4	1.4
Euro Medium Term Note	USD	2025	500,000	500,000	3.1	3.1
			1,535,267	1,375,430		

28. Loans and borrowings and lease liabilities (cont'd)

Market and liquidity risk (cont'd)

Company	Currency	Year of maturity	Principal amount 2022 $'000	Principal amount 2021 $'000	Nominal interest rate 2022 %	Nominal interest rate 2021 %
Revolving credit facilities	JPY	2024	15,111	–	Tonar +1.0	–
Loan from a related party	JPY	2024	180,459	57,469	1.4	1.4
Loan from subsidiaries	USD	2023	22,490	–	1.0	–
Loan from Euro Medium Term Note Issuer	JPY	2025	212,122	164,768	0.6 & 2.7	1.4
Loan from Euro Medium Term Note Issuer	USD	2025	–	82,157	–	2.7
			430,182	304,394		

The loans and borrowings contain debt covenants which are tested on a regular basis. A future breach of these covenants may require the Group to repay the loans and borrowings earlier than indicated in the table above. Except as disclosed below, the Group has not breached any debt covenants in the financial years ended 31 December 2022 and 31 December 2021 respectively.

As at 31 December 2022, a subsidiary of the Group did not meet the debt covenant which stipulated that annual debt service coverage ratio ("DSCR") shall not be less than 1.15 times at each assessment date. As as 31 December 2021, a subsidiary of the Group did not fulfil the debt service reserve account as required in the contract for a credit line of US$111.7 million, of which the Group had drawn down US$93.7 million.

Due to the above breaches, the lender is contractually entitled to request for immediate repayment of the outstanding loan amount of US$80.4 million (2021: US$93.7 million). Accordingly, the outstanding balance has been presented as a current liability as at 31 December 2022 and 2021. The lender has not requested for early repayment of the loan as of the date when these financial statements were approved by the Director.

28. Loans and borrowings and lease liabilities (cont'd)

Market and liquidity risk (cont'd)

US$831.2 million (2021: US$800.5 million) of project finance debts are taken up by the subsidiaries of the Group where these debt obligations have no recourse to the Group.

Leverage ratio

Pursuant to the amendment and restatement agreement dated 21 May 2021 relating to the existing facilities agreement between VEHL, VETHL, ZJHT (collectively, the "Combined Group") and Credit Agricole Corporate and Investment Bank acting as agent and issuing bank (the "RCF Facility Agreement"), the Combined Group has complied with all covenants relating to the Revolving Credit Facilities as at 31 December 2022.

Pledges for facility agreements

The Group has entered into several Facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US$831.2 million (2021: US$800.5 million) to the Group on a combination of fixed and floating rates.

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

The Group's assets directly pledged in relation to the facilities agreements are as disclosed in Notes 14, 16, 24 and 25 of the financial statements. The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	2022 US$'000	**2021** US$'000
Project entities' contribution to the net assets of the Group	179,637	225,027

Stand-by letter of credit

As at 31 December 2022, the Group has obtained stand-by letters of credit ("SBLC"):

- US$143.5 million (2021: Nil) which expires over the period from January 2023 to December 2023. The SBLC bears an interest of 0.8% to 1.0% per annum.
- US$1.9 million (2021: Nil) with no maturity. The SBLC bears an interest of 0.8% per annum.

28. Loans and borrowings and lease liabilities (cont'd)

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

	Project finance debts US$'000	**Working capital loans[1]** US$'000	**Loan from a related party** US$'000	**Interest payable** US$'000	**Euro Medium Term Note** US$'000	**Lease liabilities** US$'000	**Total** US$'000
Group							
Balance at 1 January 2022	790,122	15,283	57,958	1,372	504,169	42,750	1,411,654
Changes from financing cash flows							
Proceeds	144,496	311,641	263,524	–	–	–	719,661
Repayment	(73,920)	(303,608)	(129,232)	–	–	(4,868)	(511,628)
Transaction costs	(4,967)	(1,851)	–	–	(88)	–	(6,906)
Interest paid	(53,732)	(2,601)	(1,304)	–	(15,656)	(1,270)	(74,563)
Interest paid for derivatives	–	–	–	(1,957)	–	–	(1,957)[2]
Total changes from financing cash flows	11,877	3,581	132,988	(1,957)	(15,744)	(6,138)	124,607
Effect of exchange rate changes	(39,364)	(29)	(11,450)	336	–	(4,148)	(54,655)
Other changes							
New leases	–	–	–	–	–	44,490	44,490
Lease modification	–	–	–	–	–	(4,607)	(4,607)
Other finance costs	5,879	2,711	–	–	1,400	–	9,990
Interest expense	52,214	757	1,124	1,977	14,677	1,270	72,019
Total other changes	58,093	3,468	1,124	1,977	16,077	41,153	121,892
Balance at 31 December 2022	820,728	22,303	180,620	1,728	504,502	73,617	1,603,498

1 Working capital loans included revolving credit facilities, working capital loan and external party loan.
2 Statement of cash flows includes interest received from derivatives amounting to US$8.4 million.

28. Loans and borrowings and lease liabilities (cont'd)

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

	Project finance debts US$'000	Working capital loans[1] US$'000	Loan from a related party US$'000	Interest payable US$'000	Euro Medium Term Note US$'000	Lease liabilities US$'000	Total US$'000
Group							
Balance at 1 January 2021	779,199	339,672	–	1,617	325,092	28,594	1,474,174
Changes from financing cash flows							
Proceeds	108,688	426,346	174,570	–	178,638	–	888,242
Repayment	(61,192)	(727,705)	(116,889)	–	–	(6,324)	(912,110)
Transaction costs	(5,214)	(2,759)	–	–	(1,914)	–	(9,887)
Interest paid	(54,011)	(3,002)	–	–	(10,797)	–	(67,810)
Interest paid for derivatives	–	–	–	(4,250)	–	–	(4,250) [2]
Total changes from financing cash flows	(11,729)	(307,120)	57,681	(4,250)	165,927	(6,324)	(105,815)
Effect of exchange rate changes	(35,091)	(20,074)	(225)	(4,008)	–	(2,478)	(61,876)
Other changes							
New leases	–	–	–	–	–	21,907	21,907
Other finance costs	3,728	596	–	–	954	–	5,278
Interest expense	54,015	2,209	502	8,013	12,196	1,051	77,986
Total other changes	57,743	2,805	502	8,013	13,150	22,958	105,171
Balance at 31 December 2021	790,122	15,283	57,958	1,372	504,169	42,750	1,411,654

1 Working capital loans included term loan, revolving credit facilities, working capital loan and external party loan.
2 Statement of cash flows includes interest received from derivatives amounting to US$10.0 million.

28. Loans and borrowings and lease liabilities (cont'd)

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

	Revolving credit facilities US$'000	Loan from a related party US$'000	Loan from Euro Medium Term Note Issuer US$'000	Loan from subsidiaries US$'000	Total US$'000
<u>Company</u>					
Balance at 1 January 2022	(2,162)	57,958	246,286	–	302,082
Changes from financing cash flows					
Proceeds	301,574	263,524	–	22,490	587,588
Repayment	(285,997)	(129,232)	(12,989)	–	(428,218)
Transaction costs	(1,851)	–	–	–	(1,851)
Interest paid	(757)	(1,304)	(3,553)	(17)	(5,631)
Total changes from financing cash flows	12,969	132,988	(16,542)	22,473	151,888
Effect of exchange rate changes	(467)	(11,450)	(21,596)	–	(33,513)
Other changes					
Other finance costs	2,711	–	671	–	3,382
Interest expense	757	1,124	2,661	17	4,559
Total other changes	3,468	1,124	3,332	17	7,941
Balance at 31 December 2022	13,808	180,620	211,480	22,490	428,398

28. Loans and borrowings and lease liabilities (cont'd)

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

	Revolving credit facilities US$'000	Loan from a related party US$'000	Loan from Euro Medium Term Note Issuer US$'000	Loan from subsidiaries US$'000	Total US$'000
Company					
Balance at 1 January 2021	321,779	–	181,809	16,714	520,302
Changes from financing cash flows					
Proceeds	425,000	174,570	87,210	–	686,780
Repayment	(726,580)	(116,889)	(5,000)	(15,118)	(863,587)
Transaction costs	(4,038)	–	(966)	–	(5,004)
Interest paid	(2,842)	–	(2,794)	–	(5,636)
Total changes from financing cash flows	(308,460)	57,681	78,450	(15,118)	(187,447)
Effect of exchange rate changes	(19,566)	(225)	(17,875)	(17)	(37,683)
Other changes					
Other finance costs	1,876	–	539	–	2,415
Reclassification to trade and other payables	–	–	–	(1,579)	(1,579)
Interest expense	2,209	502	3,363	–	6,074
Total other changes	4,085	502	3,902	(1,579)	6,910
Balance at 31 December 2021	(2,162)	57,958	246,286	–	302,082

29. Asset retirement obligation

	Group 2022 US$'000	Group 2021 US$'000
At 1 January	9,427	9,883
Provision made during the year	1,884	–
Interest expense from unwinding of discount	265	244
Effect of exchange rate changes	(745)	(700)
At 31 December	10,831	9,427

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

Due to the long- term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 2.6% - 4.4% (2021: 2.6% - 4.4%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 19 to 24 years after the commissioning of the power plants

30. Trade and other payables

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current					
Deferred income	(a)	9,141	7,671	–	–
Current					
Amounts due to:					
- Subsidiaries	(b)	–	–	302	7,591
- Related parties	(c)	6,808	5,003	–	–
- Other third parties	(d)	5,541	10,716	–	–
Trade payables		27,218	12,331	–	–
Payables to EPC contractors		39,361	398	–	–
Other tax payable		7,453	5,706	–	–
Accrued operating expenses		13,004	30,229	75	200
Accrued staff costs		1,986	2,576	–	–
Deferred income	(e)	20,096	2,646	–	–
		121,467	69,605	377	7,791
Total trade and other payables		130,608	77,276	377	7,791

30. Trade and other payables (cont'd)

Trade payables are non-interest bearing and are generally settled on standard credit terms ranging from 30 to 90 days (2021: 30 to 90 days).

(a) Non-current deferred income is contract liabilities which mainly relates to advanced mobilisation payments received from subsidiaries of ZJHT of US$5.0 million (2021: US$2.5 million), amortised over the contractual period with regards to operations and maintenance agreements.

(b) The amounts due to subsidiaries are non-trade, unsecured, non-interest bearing and repayable on demand.

(c) Amounts due to related parties include US$1.8 million (2021: US$2.2 million) of advances received from subsidiaries of ZJHT for asset management fees and operational and maintenance fees. It also includes US$2.0 million (2021: US$1.8 million) payables to subsidiaries of ZJHT for purchase of land which was subsequently leased back to the same subsidiaries of ZJHT.

(d) Included in amounts due to other third parties are amounts due to seller of a subsidiary of ZJHT upon acquisition of US$0.4 million (2021: US$6.0 million).

(e) Included in current deferred income is contract liabilities of US$18.9 million (2021: US$1.9 million) which relates to advances received from customers for services yet to be fulfilled, US$0.4 million (2021: US$0.4 million) which relates to government grants on project, amortised over PPA period of 25 years and US$0.1 million (2021: US$0.2 million) which relates to government grants on bond issuance, amortized over bond life of 5 years.

31. 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.

31. Financial instruments (cont'd)

Risk management framework

The Director 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 Director 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 Combined Group's receivables from customers, loan receivables and other receivables.

The carrying amount of financial assets in the statements of financial position represents the Group's 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 statements of comprehensive income

Trade receivables and contract assets

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

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

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk

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

	Group Carrying amount		Company Carrying amount	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
India	64,997	94,445	–	–
Japan	51	30	–	–
Indonesia	2,664	2,414	–	–
Thailand	7,739	7,577	–	–
Philippines	3,661	740	–	–
Australia	2,321	4,890	–	–
Others[1]	74	–	–	–
	81,507	110,096	–	–

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

Impairment

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

	2022		2021	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	US$'000	US$'000	US$'000	US$'000
Group				
India	24,870	40,127	54,520	39,925
Japan	51	–	30	–
Indonesia	2,664	–	2,414	–
Thailand	7,739	–	7,577	–
Philippines	3,661	–	740	–
Australia	2,321	–	4,890	–
Others[1]	74	–	–	–
Total gross carrying amount	41,380	40,127	70,171	39,925
Loss allowance	(141)	(4,849)	(132)	(2,950)
	41,239	35,278	70,039	36,975

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

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Impairment (cont'd)

At 31 December 2022, the carrying amount of the Group's top five customers amounted to US$75.2 million (2021: US$102.6 million), which accounts for 92.3% (2021: 93.4%) of the trade receivables and contract assets.

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

Expected credit loss assessment for trade receivables and contract assets

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

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

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

		Group		
Credit risk grade	**Loss rate** %	**Gross carrying amount** US$'000	**Impairment loss allowance** US$'000	**Credit-impaired**
2022				
Government or government-linked				
Low	0.0*	7,739	–	No
Financial Institution				
Low	0.6	77	–	No
Utilities industry				
Low	0.4	33,564	141	No
High	4.4	40,127	4,849	Yes
		81,507	4,990	

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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

		Group		
Credit risk grade	**Loss rate** %	**Gross carrying amount** US$'000	**Impairment loss allowance** US$'000	**Credit-impaired**
2021				
Government or government-linked				
Low	0.0*	7,577	–	No
Real estate	0.8	294	–	No
Low				
Utilities industry				
Low	0.6	62,300	132	No
High	4.5	39,925	2,950	Yes
		110,096	3,082	

* ECL rate is insignificant and is shown as 0.0% due to rounding.

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

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

	Group US$'000	**Company** US$'000
At 1 January 2021	3,956	–
Net impairment loss allowance reversed	(754)	–
Effect of exchange rate changes	(120)	–
At 31 December 2021	3,082	–
At 1 January 2022	3,082	–
Net impairment loss allowance recognised	2,195	–
Effect of exchange rate changes	(287)	–
At 31 December 2022	4,990	–

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Other receivables

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

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

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" and loss rate ranges from 0% to 2.5% (2021: 0% to 2.5%)

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

The maximum exposure to credit risk at the reporting date Is the carrying value of other receivables disclosed in Note 24. As of 31 December 2022 and 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of other receivables.

Movements in allowance for impairment in respect of other receivables

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

	Group US$'000	**Company** US$'000
At 1 January 2021	6,947	–
Other receivables written off	(6,700)	–
Net impairment loss allowance recognised	64	–
Effect of exchange rate changes	(25)	–
At 31 December 2021	286	–
At 1 January 2022	286	–
Net impairment loss allowance recognised	108	–
Effect of exchange rate changes	(103)	–
At 31 December 2022	291	–

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Loans receivables

Loans receivables comprises mainly balances due from related parties, 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.

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" and loss rate of 0.4% (2021: 0.4%).

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

The maximum exposure to credit risk at the reporting date is the carrying value of loans receivables disclosed in Note 21. As of 31 December 2022 and 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of loans receivables.

Movements in allowance for impairment in respect of loans receivables

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

	Group US$'000	**Company** US$'000
At 1 January 2021	1,763	–
Net impairment loss allowance reversed	(250)	–
Effect of exchange rate changes	(1)	–
At 31 December 2021, 1 January 2022 and 31 December 2022	1,512	–

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Cash and bank balances

The Group and the Company held cash and bank balances and restricted cash amounting to US$255.3 million and US$17.3 million at 31 December 2022 (2021: US$220.9 million and US$93.2 million), representing the maximum credit exposure on these assets.

The cash and bank balances are held with bank and financial institution counterparties which are rated BB to AA- (2021: BB to AA-), based on S&P Global ratings and B3 to A1 (2021: B3 to A1), based on Moody Corporation ratings.

Impairment on cash and bank balances has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties and subject to immaterial loss.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the 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 bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

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

	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
Group					
31 December 2022					
Non-derivative financial liabilities					
Bank loans	(972,927)	(174,710)	(69,143)	(389,324)	(339,750)
Euro Medium Term Note	(539,163)	(15,665)	(15,665)	(507,833)	–
Loan from a related party	(185,584)	(2,643)	(182,941)	–	–
Lease liabilities	(106,024)	(6,652)	(6,882)	(12,257)	(80,233)
Trade and other payables*	(93,918)	(93,918)	–	–	–
	(1,897,616)	(293,588)	(274,631)	(909,414)	(419,983)
Derivative financial instruments					
Interest rate swaps (net-settled)	(1,911)	(1,728)	–	(183)	–
Forward exchange contracts (gross-settled):					
- Outflow	(40,664)	(40,664)	–	–	–
- Inflow	35,713	35,713	–	–	–
	(6,862)	(6,679)	–	(183)	–
	(1,904,478)	(300,267)	(274,631)	(909,597)	(419,983)

* Excludes non-financial liabilities

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000	**More than 5 years**
Group					
31 December 2021					
Non-derivative financial liabilities					
Bank loans	(1,120,138)	(285,552)	(100,367)	(316,505)	(417,714)
Euro Medium Term Note	(554,828)	(15,665)	(15,665)	(523,498)	–
Loan from a related party	(57,958)	–	–	(57,958)	–
Lease liabilities	(57,061)	(6,047)	(6,049)	(8,981)	(35,984)
Trade and other payables*	(61,253)	(61,253)	–	–	–
	(1,851,238)	(368,517)	(122,081)	(906,942)	(453,698)
Derivative financial instruments					
Interest rate swaps (net-settled)	(7,261)	(2,695)	(1,640)	(859)	(2,067)
Forward exchange contracts (gross-settled):					
- Outflow	(5,851)	(5,851)	–	–	–
- Inflow	5,798	5,798	–	–	–
	(7,314)	(2,748)	(1,640)	(859)	(2,067)
	(1,858,552)	(371,265)	(123,721)	(907,801)	(455,765)

* Excludes non-financial liabilities

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000
Company				
31 December 2022				
Non-derivative financial liabilities				
Revolving credit facilities	(15,111)	–	(15,111)	–
Loan from a related party	(185,584)	(2,643)	(182,941)	–
Loan from subsidiaries	(22,507)	(22,507)	–	–
Loan from Euro Medium Term Note Issuer	(218,323)	(2,451)	(2,451)	(213,421)
Trade and other payables*	(377)	(377)	–	–
	(441,902)	(27,978)	(200,503)	(213,421)
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
- Outflow	(40,664)	(40,664)	–	–
- Inflow	35,713	35,713	–	–
	(4,951)	(4,951)	–	–
	(446,853)	(32,929)	(200,503)	(213,421)
31 December 2021				
Non-derivative financial liabilities				
Loan from a related party	(57,958)	–	–	(57,958)
Loan from Euro Medium Term Note Issuer	(248,411)	(1,486)	–	(246,925)
Trade and other payables*	(7,791)	(7,791)	–	–
	(314,160)	(9,277)	–	(304,883)
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
- Outflow	(5,851)	(5,851)	–	–
- Inflow	5,798	5,798	–	–
	(53)	(53)	–	–
	(314,213)	(9,330)	–	(304,883)

* Excludes non-financial liabilities

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk

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

Currency risk

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

The Group ensures that the net exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group enters into foreign currency forward contracts and cross currency swaps (as disclosed in Note 22) 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:

	JPY US$'000	**AUD** US$'000	**KRW** US$'000
Group			
2022			
Cash and bank balances	2,629	4,722	–
Derivative assets	51,660	–	–
Loan receivables	300,673	–	10,644
Loans and borrowings	(197,076)	–	–
Net exposure	157,886	4,722	10,644
2021			
Cash and bank balances	5,321	6	–
Derivative assets	19,299	–	–
Loan receivables	275,650	–	–
Loans and borrowings	(59,254)	–	–
Net exposure	241,016	6	–

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

	JPY US$'000	**AUD** US$'000	**KRW** US$'000
Company			
2022			
Cash and bank balances	2,304	4,722	–
Loan receivables	87,758	–	–
Loans and borrowings	(405,890)	–	–
Net exposure	(315,828)	4,722	–
2021			
Trade and other receivables	1,859	–	–
Cash and bank balances	5,320	6	–
Loan receivables	124,239	–	–
Loans and borrowings	(305,612)	–	–
Trade and other payables	(1,903)	–	–
Net exposure	(176,097)	6	–

Sensitivity analysis

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

	Group **(Loss)/profit before tax**		**Company** **Profit before tax**	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
31 December 2022				
JPY (5% strengthening)	(7,894)	12,051	15,791	(8,805)
AUD (5% strengthening)	(236)	–*	(236)	–*
KRW (5% strengthening)	(532)	–	–	–

* Lesser than US$1,000

In the case of a 5% weakening of the dollar against the respect currencies, the effects are equal but with an opposite effect.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (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.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to BBSY.

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

Non-derivative financial liabilities

The IBOR Transformation Australian Working Group ("ITAWG") has announced that BBSY will not be replaced and ITAWG will undertake reforms to enhance the robustness of the benchmark rate. BBSY is expected to remain for the foreseeable future. The total notional amounts of the BBSY indexed loans and borrowings as at 31 December 2022 are US$275.9 million (2021: US$180.4 million) (Note 28).

Exposure to interest rate risk

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

	Group Notional amount		Company Notional amount	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Fixed rate instruments				
Financial assets	326,193	398,714	95,900	123,238
Financial liabilities	(1,198,340)	(1,085,451)	(430,182)	(304,394)
Cross currency swaps	500,000	325,000	–	–

31. Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Interest rate risk (cont'd)

Non-derivative financial liabilities (cont'd)

Exposure to interest rate risk (cont'd)

	Group Notional amount		Company Notional amount	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Variable rate instruments				
Financial liabilities	(334,446)	(330,249)	–	–
Interest rate swaps	319,335	257,936	–	–

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2022, if USD interest rates had been 100 basis points lower/higher, the Group's losses before tax would have been US$0.2 million lower/higher. At 31 December 2021, if USD interest rates had been 100 basis points lower/higher, the Group's profit before tax would have been US$0.7 million higher/lower.

This analysis arose mainly as a result of lower/higher interest expense on variable rate instruments and assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for fixed rate derivative assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates would have increased or decreased equity by approximately US$0.02 million (2021: US$0.01 million) for the Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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 Director's fiduciary duties towards the Group.

32. 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.

32. 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. Additionally, it excludes fair value information for lease liabilities as it is not required. At the reporting date, the fair values of trade and other receivables, cash and bank balances, restricted cash and trade and other payables are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments.

		Carrying amount				Fair value			
Group	**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
31 December 2022									
Loans receivables	21	–	333,529	–	333,529	–	336,519	–	336,519
Trade and other receivables*	24	–	173,545	–	173,545				
Other investments	19	39,007	–	–	39,007	–	–	39,007	39,007
Electricity derivatives	22	50,142	–	–	50,142	–	–	50,142	50,142
Cross currency swaps	22	61,537	–	–	61,537	–	61,537	–	61,537
Interest rate swaps	22	12,789	–	–	12,789	–	12,789	–	12,789
Forward exchange contract	22	1,579	–	–	1,579	–	1,579	–	1,579
Cash and bank balances	25	–	224,024	–	224,024				
Restricted cash	25	–	31,360	–	31,360				
		165,054	762,458	–	927,512				
Loans and borrowings	28	–	–	(1,529,881)	(1,529,881)	–	(1,542,756)	–	(1,542,756)
Electricity derivatives	22	(41,105)	–	–	(41,105)	–	–	(41,105)	(41,105)
Interest rate swaps	22	(257)	–	–	(257)	–	(257)	–	(257)
Forward exchange contract	22	(4,951)	–	–	(4,951)	–	(4,951)	–	(4,951)
Trade and other payables*	30	–	–	(93,918)	(93,918)				
		(46,313)	–	(1,623,799)	(1,670,112)				

* Excludes non-financial assets and liabilities

32. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Group	**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
31 December 2021									
Loans receivables	21	–	403,424	–	403,424	–	407,097	–	407,097
Trade and other receivables*	24	–	185,292	–	185,292				
Other investments	19	23,548	–	–	23,548	–	–	23,548	23,548
Electricity derivatives	22	146,520	–	–	146,520	–	–	146,520	146,520
Forward exchange contract	22	875	–	–	875	–	875	–	875
Cross currency swaps	22	19,582	–	–	19,582	–	19,582	–	19,582
Interest rate swaps	22	2,194	–	–	2,194	–	2,194	–	2,194
Cash and bank balances	25	–	220,934	–	220,934				
		192,719	809,650	–	1,002,369				
Loans and borrowings	28	–	–	(1,368,904)	(1,368,904)	–	(1,382,934)	–	(1,382,934)
Interest rate swaps	22	(9,455)	–	–	(9,455)	–	(9,455)	–	(9,455)
Forward exchange contract	22	(53)	–	–	(53)	–	(53)	–	(53)
Trade and other payables*	30	–	–	(61,253)	(61,253)				
		(9,508)	–	(1,430,157)	(1,439,665)				

* Excludes non-financial assets and liabilities

32. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Company	**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
31 December 2022									
Loans receivables	21	–	98,267	–	98,267	–	98,267	–	98,267
Trade and other receivables	24	–	388	–	388				
Forward exchange contract	22	1,579	–	–	1,579	–	1,579	–	1,579
Cash and bank balances	25	–	17,350	–	17,350				
		1,579	116,005	–	117,584				
Loans and borrowings	28	–	–	(428,398)	(428,398)	–	(428,398)	–	(428,398)
Forward exchange contract	22	(4,951)	–	–	(4,951)	–	(4,951)	–	(4,951)
Trade and other payables*	30	–	–	(377)	(377)				
		(4,951)	–	(428,775)	(433,726)				

32. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Company	**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
31 December 2021									
Loans receivables	21	–	124,239	–	124,239	–	124,239	–	124,239
Trade and other receivables	24	–	1,869	–	1,869				
Forward exchange contract	22	875	–	–	875	–	875	–	875
Cash and bank balances	25	–	93,168	–	93,168				
		875	219,276	–	220,151				
Loans and borrowings	28	–	–	(302,082)	(302,082)	–	(306,369)	–	(306,369)
Forward exchange contract	22	(53)	–	–	(53)	–	(53)	–	(53)
Trade and other payables*	30	–	–	(7,791)	(7,791)				
		(53)	–	(309,873)	(309,926)				

32. 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	*Discounted cash flows:* The valuation model considers the present value of expected cash flows from the projects, discounted using a risk-adjusted discount rate.	Discount rate	The estimated fair value would increase (decrease) if the discount rate was lower (higher)
Electricity derivatives	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the expectation of spot rates for the duration of the contract.	Electricity Spot rates Discount rate	The estimated fair value would increase/(decrease) if: • The electricity spot rate was lower/(higher) • The discount rate was lower/(higher)

32. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments measured at fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
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.
Forward exchange contracts	*Forward pricing:* The fair value is determined using quoted forward rates at the reporting date and present value calculations based on yield curves in respective currencies.	Not applicable.	Not applicable.
Cross currency swaps	*Swap models*: Cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates of the respective currencies, matching maturities of the swaps.	Not applicable.	Not applicable.

32. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments not measured at fair value

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

Level 3 fair values

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

	Group			
	2022		2021	
	Equity investments – at FVTPL US$'000	Electricity derivatives US$'000	Equity investments – at FVTPL US$'000	Electricity derivatives US$'000
At 1 January	23,548	146,520	26,340	182,382
Acquisitions	2,316	–	5,393	–
Unrealised portion of changes in fair value of equity investment recognised in profit or loss	15,120	–	(7,694)	(27,105)
Ineffective portion of changes in fair value of cash flow hedge recognised in profit or loss	–	(37,383)	–	–
Effective portion of changes in fair value of cash flow hedge recognised in OCI, net	–	(91,478)	–	–
Foreign currency translation recognised in OCI	(1,977)	(8,622)	(491)	(8,757)
At 31 December	39,007	9,037	23,548	146,520

Sensitivity analysis

Equity Investments – at FVTPL

At 31 December 2022, if the discount rate increased/decreased by 1%, the Group's losses before tax would have been US$10.9 million higher/lower. At 31 December 2021, if the discount rate increased/decreased by 1%, the Group's profit before tax would have been US$5.3 million lower/higher.

This analysis assumes that all other inputs remain constant.

32. Fair value of financial instruments (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Sensitivity analysis (cont'd)

Electricity derivatives

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

	Increase/(decrease)	
	Loss before tax	**Cash flow hedge reserve**
	US$'000	US$'000
<u>Group</u>		
31 December 2022		
Spot rate		
- 0.1% increase	5	(4)
- 0.1% decrease	(5)	4
Discount rate		
- 0.1% increase	174	(125)
- 0.1% decrease	(174)	125

	(Decrease)/increase	
	Profit before tax	**Cash flow hedge reserve**
	US$'000	US$'000
31 December 2021		
Spot rate		
- 0.1% increase	(147)	–
- 0.1% decrease	147	–
Discount rate		
- 0.1% increase	(280)	–
- 0.1% decrease	280	–

33. Commitments

Construction agreements

The commitments for construction of property, plant and equipment as at 31 December 2022 and 31 December 2021 are as follows:

	2022 Balance US$'000	**2021 Balance** US$'000
Type of contracts		
Supply contract	106,711	89,431
Supply and service contract	–	77
Total	106,711	89,508

Acquisitions

Project Yokji

On April 2020, the Group entered into a sale and purchase agreement to acquire 100% of Yokji. A portion of the purchase consideration is contingent upon Yokji achieving certain project milestones.

In May 2021, the Group made the contingent payment amounting to KRW2,200 million upon the execution of the grid connection agreement and recognised the contingent payment as part of the Group's project-related agreements and licenses in Note 16 Intangible assets.

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

Project Taean

In January 2022, the Group entered into a sale and purchase agreement to acquire 100% of Taean Wind Power Co., Ltd. (“Taean”) in stages. The total purchase consideration ranges from KRW50 billion to KRW140 billion and is contingent on the final tariff rate granted in the power purchase agreement and construction cost stated in the EPC contract that have yet to be finalised. As at 31 December 2022, the Group has acquired 45% of Taean for KRW3.9 billion (US$4.9 million).

34. Related parties

Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd have identical director through the periods presented in these financial statements. Zenith Japan Holdings Ltd (as trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous tokumei kumiai arrangements that gives Zenith Japan Trust an economic interest in its subsidiaries' assets in Japan (the “Japanese Assets”). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd.

34. Related parties (cont'd)

As such, the Group has determined Vena Energy (Taiwan) Holdings Ltd and its subsidiaries ("VETHL Group"), Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group") as related parties in accordance with IAS 24. Accordingly, all mentions of related parties in the financial statements, except as otherwise defined, refer to entities within VETHL Group and ZJHT Group.

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

35. Non-controlling interests

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

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

	Thailand Group	
	2022	**2021**
	US$'000	US$'000
Non-current assets	323,769	353,217
Current assets	36,939	32,160
Non-current liabilities	(53,054)	(77,086)
Current liabilities	(24,751)	(25,308)
Net assets	282,903	282,983
Dividends paid by subsidiaries during the year	(9,792)	(22,020)
NCI percentage	**30%**	**30%**
Net assets attributable to NCI	81,933	78,289
Revenue	42,753	45,936
Profit	26,540	29,750
OCI	(4,744)	(16,834)
Total comprehensive income	21,796	12,916
Profit allocated to NCI	7,962	8,925
OCI allocated to NCI	(1,423)	(5,050)

35. Non-controlling interests (cont'd)

Dividends

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

	Thailand Group	
	2022	**2021**
	US$'000	US$'000
Paid by subsidiaries to NCI		
6 dollars (2021: 14 dollars) per qualifying ordinary share	2,938	6,606

36. Acquisition of subsidiary

Asset acquisition

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

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

Identifiable assets acquired and liabilities assumed

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

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

37. Contingent liability

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

- Disallowed interest differential between 9.5%/11% and 15%/10.9% for or non-convertible debentures/rupee denominated bonds ("NCD/RDB"), respectively; and
- Disallowed certain Capex/Opex based expenditure.

These subsidiaries have filed an appeal with the higher authorities against the claim made by AO and the outcome is still pending as at 31 December 2022. Based on external tax and legal advice, management believes that the outcome will be favourable and the Group is not liable to the potential tax exposures.

38. Subsequent events

Investment in a subsidiary

From January 2023 to April 2023, the Company subscribed to 53,768,097 ordinary shares of US$1.00 each amounting to US$53,768,097 in Vena Energy Ltd, a wholly owned subsidiary of the Company.

From January 2023 to April 2023, the Company reduced its investment in Vena Energy Ltd by US$10,882,468 by way of share buyback.

39. Comparative figures

The financial statements for the year ended 31 December 2021 were audited by another auditor.

40. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Director on 18 May 2023.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Annual Report
For the year ended 31 December 2022

Building a better working world

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

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Opinion of the Director

In the opinion of the Director:

(a) the accompanying financial statements of Vena Energy (Taiwan) Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and the consolidated financial performance, changes in equity and cash flows of the Group and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the International Financial Reporting Standards ("IFRS"); and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

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

DocuSigned by:
Jason Baer
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Jason Baer
Director

18 May 2023

The Director
Vena Energy (Taiwan) Holdings Ltd

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Vena Energy (Taiwan) Holdings Ltd (the "Company") and its subsidiaries (collectively, 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 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the non-statutory financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at 31 December 2022, the Group's consolidated financial performance, changes in equity and cash flows, and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

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

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

Other matter

The financial statements of the Group and the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2022.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by Director set out on page 1, but does not include the non-statutory financial statements and our auditor's report thereon.

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

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Director for the non-statutory financial statements

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

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

The Director are responsible for overseeing the Group's financial reporting process.

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

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

Auditors' responsibilities for the audit of the non-statutory financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Director 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.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

18 May 2023

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statements of Profit or Loss
For the year ended 31 December 2022

	Note	Group		Company	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Revenue	4	74,894	17,627	–	–
Other income		87	30	–	–
Operating costs	5	(8,595)	(2,600)	(40)	(98)
Other cost of operating	6	(14,050)	–	–	–
Shared services costs	7	(8,772)	(5,217)	–	–
Management fee		(237)	(253)	–	–
Development costs	8	(43)	(3,813)	–	–
Depreciation expense	13, 14	(15,230)	(5,577)	–	–
Amortisation expense	15	(934)	(997)	–	–
Results from operating activities		27,120	(800)	(40)	(98)
Finance income	9	100	8	57	–
Finance costs	9	(11,578)	(5,173)	(2,243)	(2,313)
Change in fair value of financial instruments at fair value through profit or loss ("FVTPL")	10	4,044	170	–	–
Net foreign exchange gain		28,124	16,074	26,823	15,618
Net finance income		20,690	11,079	24,637	13,305
Write-off of project costs		(16)	(4,344)	–	–
Share of results of equity-accounted investees, net of tax	17	4,111	1,407	–	–
Profit before tax	11	51,905	7,342	24,597	13,207
Tax expense	12	(4,334)	(1,643)	(1)	–
Profit for the year		47,571	5,699	24,596	13,207
Profit attributable to:					
Owner of the Company		47,278	4,711		
Non-controlling interests	32	293	988		
		47,571	5,699		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statements Comprehensive Income
For the year ended 31 December 2022

	Note	Group		Company	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Profit for the year		47,571	5,699	24,596	13,207
Other comprehensive income ("OCI")					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(20,518)	1,554	–	–
Foreign currency translation differences of equity-accounted investees	17	(5,167)	(2,719)	–	–
Other comprehensive income for the year		(25,685)	(1,165)	–	–
Total comprehensive income for the year		21,886	4,534	24,596	13,207
Total comprehensive income attributable to:					
Owner of the Company		21,999	3,472		
Non-controlling interests	32	(113)	1,062		
		21,886	4,534		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statements of Financial Position
As at 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	424,959	352,141	–	–
Right-of-use assets	14	70,684	81,674	–	–
Intangible assets	15	46,747	52,552	–	–
Investment in subsidiaries	16	–	–	296,165	289,388
Equity-accounted investees	17	53,806	62,663	–	–
Deferred tax assets	18	–	118	–	–
Derivative assets	19	3,819	–	–	–
		600,015	549,148	296,165	289,388
Current assets					
Trade and other receivables	20	74,155	19,550	15	–
Prepayments and other assets	21	1,609	2,342	4	–
Cash and bank balances	22	38,128	48,022	375	1,391
		113,892	69,914	394	1,391
Total assets		713,907	619,062	296,559	290,779
Equity					
Equity contribution	23	125,497	125,497	125,497	125,497
Accumulated profits/(losses)		25,801	(14,836)	31,048	6,452
Reserves	24	(19,013)	5,837	–	–
Equity attributable to owner of the Company		132,285	116,498	156,545	131,949
Non-controlling interests	32	–	5,501	–	–
Total equity		132,285	121,999	156,545	131,949

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statements of Financial Position (cont'd)
As at 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	25	421,806	318,230	114,995	157,563
Lease liabilities	25	76,347	87,739	–	–
Derivative liabilities	19	–	227	–	–
Deferred tax liabilities	18	483	–	–	–
Asset retirement obligation	26	6,971	1,829	–	–
		505,607	408,025	114,995	157,563
Current liabilities					
Loans and borrowings	25	25,487	48,476	2,480	1,185
Lease liabilities	25	3,404	2,664	–	–
Trade and other payables	27	44,046	37,290	22,539	82
Current tax liabilities		3,078	608	–	–
		76,015	89,038	25,019	1,267
Total liabilities		581,622	497,063	140,014	158,830
Total equity and liabilities		713,907	619,062	296,559	290,779

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

		Attributable to owner of the Company					
Group	**Note**	**Equity contribution** US$'000	**Accumulated profits/ (losses)** US$'000	**Reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
At 1 January 2022		125,497	(14,836)	5,837	116,498	5,501	121,999
Total comprehensive income for the year							
Profit for the year		–	47,278	–	47,278	293	47,571
Other comprehensive income							
Foreign currency translation differences		–	–	(20,112)	(20,112)	(406)	(20,518)
Foreign currency translation differences of equity-accounted investees	17	–	–	(5,167)	(5,167)	–	(5,167)
Total comprehensive income for the year		–	47,278	(25,279)	21,999	(113)	21,886
Transactions with owner, recognised directly in equity							
Contributions by and distributions to owner							
Reallocation of profits to legal reserve		–	(429)	429	–	–	–
Acquisition of non-controlling interests		–	(6,212)	–	(6,212)	(5,388)	(11,600)
Total contributions by and distributions to owner		–	(6,641)	429	(6,212)	(5,388)	(11,600)
At 31 December 2022		125,497	25,801	(19,013)	132,285	–	132,285

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

		Attributable to owner of the Company					
Group	**Note**	**Equity contribution** US$'000	**Accumulated profits/ (losses)** US$'000	**Reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
At 1 January 2021		125,497	(19,359)	6,888	113,026	5,164	118,190
Total comprehensive income for the year							
Profit for the year		–	4,711	–	4,711	988	5,699
Other comprehensive income							
Foreign currency translation differences		–	–	1,480	1,480	74	1,554
Foreign currency translation differences of equity-accounted investees	17	–	–	(2,719)	(2,719)	–	(2,719)
Total comprehensive income for the year		–	4,711	(1,239)	3,472	1,062	4,534
Transactions with owner, recognised directly in equity							
Contributions by and distributions to owner							
Reallocation of profits to legal reserve		–	(188)	188	–	–	–
Dividend declared	32	–	–	–	–	(725)	(725)
Total contributions by and distributions to owner		–	(188)	188	–	(725)	(725)
At 31 December 2021		125,497	(14,836)	5,837	116,498	5,501	121,999

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statement of Changes in Equity
For the year ended 31 December 2022

Company	**Equity contribution** US$'000	**Accumulated profits/ (losses)** US$'000	**Total** US$'000
At 1 January 2022	125,497	6,452	131,949
Total comprehensive income for the year			
Profit for the year representing total comprehensive income	–	24,596	24,596
At 31 December 2022	125,497	31,048	156,545
At 1 January 2021	125,497	(6,755)	118,742
Total comprehensive income for the year			
Profit for the year representing total comprehensive income	–	13,207	13,207
At 31 December 2021	125,497	6,452	131,949

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

Group	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from operating activities			
Profit before tax		51,905	7,342
Adjustments for:			
Depreciation expense	13, 14	15,230	5,577
Amortisation expense	15	934	997
Finance costs	9	11,578	5,173
Finance income	9	(100)	(8)
Write-off of project costs	(a)	16	4,344
Change in fair value of financial instruments at FVTPL	10	(4,044)	(170)
Unrealised foreign exchange gain		(27,958)	(14,549)
Share of results of equity-accounted investees, net of tax	17	(4,111)	(1,407)
		43,450	7,299
Changes in:			
- Trade and other receivables		(57,164)	(13,425)
- Prepayments and other assets		582	(1,741)
- Trade and other payables		10,646	23,866
Cash (used in)/generated from operating activities		(2,486)	15,999
Tax paid		(940)	(774)
Net cash (used in)/generated from operating activities		(3,426)	15,225
Cash flows from investing activities			
Purchase of property, plant and equipment	(b)	(117,425)	(219,895)
Distribution from equity-accounted investees		7,801	–
Acquisition of non-controlling interests		(11,600)	–
Interest received		100	148
Net cash used in investing activities		(121,124)	(219,747)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

Group	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from financing activities			
Proceeds from drawdown of loans and borrowings:			
- Project finance debts	25	157,626	123,690
- Loan from a related party	25	254,151	194,397
- Loan from Euro Medium Term Note Issuer		–	6,585
Repayment of loans and borrowings			
- Project finance debts	25	(6,367)	(5,372)
- Loan from a related party	25	(270,042)	(80,928)
- Loan from Euro Medium Term Note Issuer	25	(129)	–
Principal repayment of lease liabilities	25	(2,489)	(947)
Transaction costs related to loans and borrowings	25	(3,179)	(3,312)
Transaction costs related to issuance of Euro Medium Term Note	25	–	(77)
Interest paid on:			
- Project finance debts	25	(7,664)	(2,131)
- Loan from a related party	25	–	(1,393)
- Loan from Euro Medium Term Note Issuer	25	(454)	(446)
- Lease liabilities	25	(1,901)	(690)
Deposits (pledged)/unpledged	22	(6,172)	2,053
Dividend paid to non-controlling interest	32	–	(725)
Net cash generated from financing activities		113,380	230,704
Net (decrease)/increase in cash and cash equivalents		(11,170)	26,182
Cash and cash equivalents at 1 January		43,163	17,315
Effect of exchange rate fluctuations on cash held		(4,896)	(334)
Cash and cash equivalents at 31 December	22	27,097	43,163

(a) Includes property, plant and equipment (Note 13), intangible assets (Note 15) and other assets (Note 21) written off of US$Nil (2021: US$3.4 million), US$ Nil (2021: US$0.3 million) and US$16,000 (2021: US$0.6 million) respectively.

(b) During the financial year, the Group purchased property, plant and equipment amounting to US$122.6 million (2021: US$220.8 million), which included the provision for asset retirement obligation of US$5.2 million (2021: US$0.7 million).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

Statement of Cash Flows
For the year ended 31 December 2022

Company	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from operating activities			
Profit before tax		24,597	13,207
Adjustments for:			
Finance costs	9	2,243	2,313
Finance income	9	(57)	–
Unrealised foreign exchange gain		(26,826)	(15,767)
		(43)	(247)
Changes in:			
- Trade and other receivable		(15)	–
- Prepayments and other assets		(4)	5
- Trade and other payables		(18)	(30)
Cash used in operating activities		(80)	(272)
Withholding tax paid		(1)	–
Net cash used in operating activities		(81)	(272)
Cash flows from investing activities			
Capital contribution to a subsidiary		(8,513)	(199,425)
Return of capital from a subsidiary		1,736	80,450
Advances from a subsidiary		22,475	–
Repayment of advances from subsidiaries		–	1,700
Interest received		57	–
Net cash generated from/(used in) investing activities		15,755	(117,275)
Cash flows from financing activities			
Proceeds from drawdown of loans and borrowings:			
- Loan from a related party		254,151	194,397
- Loan from Euro Medium Term Note Issuer		–	6,585
Repayment of loans from Euro Medium Term Note Issuer		(129)	–
Repayment of loans from a related party		(270,042)	(80,928)
Payment of transaction costs related to loans and borrowings		(216)	(95)
Interest paid on:			
- Loan from a related party		–	(1,393)
- Loan from Euro Medium Term Note Issuer		(454)	(446)
Net cash (used in)/generated from financing activities		(16,690)	118,120
Net (decrease)/increase in cash and cash equivalents		(1,016)	573
Cash and cash equivalents at 1 January		1,391	798
Effect of exchange rate fluctuations on cash held		–*	20
Cash and cash equivalents at 31 December	22	375	1,391

* Amount less than US$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Domicile and activities

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

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

The immediate holding company and ultimate controlling company of the Group as at 31 December 2022 are GIP Zenith (Taiwan) Ltd and Global Infrastructure Investors III, LLC respectively of which the former is incorporated in the Cayman Islands and the latter is incorporated in Delaware, U.S.A.

1.1 Purpose of financial statements

The financial statements were drawn up for the Director to discharge its fiduciary duties.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The changes in significant accounting policies are described in Note 2.6.

2.2 Going concern

Notwithstanding the net current liabilities position of the Company as at 31 December 2022 amounted to US$24.6 million, the financial statements have been prepared on a going concern basis as the Group and the Company has existing undrawn credit facilities amounting to US$246.5 million which is sufficient to finance the Group's commitment of US$15.8 million and fund the Group and Company's working capital requirements to discharge the current liabilities as and when they fall due in the next 12 months.

Based on these factors, management has formed a judgement that there is a reasonable expectation that the Group and the Company has and will have adequate resources to continue in operational existence for the foreseeable future.

2.3 Basis of measurement

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

2. Basis of preparation (cont'd)

2.4 Functional and presentation currency

Items included in the financial statements of each of the Group entities 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$" or "USD") which is the Company's functional currency and have been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

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

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

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

- Note 15 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts; and

- Note 28 – measurement of expected credit loss ("ECL") allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

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

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

2. Basis of preparation (cont'd)

2.5 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included in 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.

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

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

Further information about the assumptions made in measuring fair values is included in Note 29.

2.6 Changes in accounting policies

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Group.

2. Basis of preparation (cont'd)

2.7 Standards issued but not yet effective

The Group has not adopted the following amendments applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 *Leases*: Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024

The Director expect that the adoption of the amendments above will have no material impact on the financial statements in the period of initial application.

3. Summary of significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

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

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

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

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

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

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.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(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 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 excluding such interests in the parent's share when determining the percentage of interest attributable to NCI.

Loss of control

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

(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 consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commence until the date that significant influence 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.

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

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Transactions eliminated on consolidation

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

(vi) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

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

(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.

3. Summary of 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.

3. Summary of significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(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.

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

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

Building and leasehold improvements	2 - 10 years
Electric generator equipment	1 - 28 years
Vehicles	5 years
Computers, fittings and fixture and office equipment	2 - 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 freehold land and assets under construction.

3. Summary of significant accounting policies (cont'd)

3.4 Intangible assets and goodwill

(i) Goodwill

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

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

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

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

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

(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 prospectively, if appropriate.

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-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. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Equity investments at FVOCI

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

Financial assets at FVTPL

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

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

Financial assets – Business model assessment

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Financial assets – Business model assessment (cont'd)

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

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

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

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

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

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

Financial liabilities

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

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

3. Summary of significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Derivative financial instruments

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

3.6 Cash and cash equivalents

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

3. Summary of significant accounting policies (cont'd)

3.7 Share capital

Ordinary shares

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

Share premium

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

Share repurchase

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

3.8 Impairment

(i) Non-derivative financial assets

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

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

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.

3. Summary of significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

General approach

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

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

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

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

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

Measurement of ECLs

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

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.

3. Summary of 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 Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

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

3. Summary of significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

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

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

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

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. Summary of 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

Sale of energy

Revenue from sale of energy 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.

Revenue from sale of energy is recognised in profit or loss when the electricity generated is dispatched to the customer over time.

Revenue is determined based on the unit of sales delivered at the applicable tariff rates.

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

Dividend income

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

3. Summary of significant accounting policies (cont'd)

3.11 Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

3.12 Operating costs

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

3.13 Shared services costs

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

3.14 Development costs

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

3.15 Finance income and finance costs

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.15 Finance income and finance costs (cont'd)

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

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

3.16 Tax

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

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

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

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

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. Summary of significant accounting policies (cont'd)

3.16 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.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.17 Leases

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

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.

3. Summary of significant accounting policies (cont'd)

3.17 Leases (cont'd)

As a lessee (cont'd)

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.

Right-of-use assets are depreciated over their estimated useful lives as follows:

Land	25 – 28 years
Office	2 – 5 years

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.

3. Summary of significant accounting policies (cont'd)

3.17 Leases (cont'd)

As a lessee (cont'd)

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.

4. Revenue

The Group's revenue comprises:

	Group	
	2022	**2021**
	US$'000	US$'000
Sale of energy	74,894	17,627

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	
	2022	**2021**
	US$'000	US$'000
Taiwan Solar	74,894	17,627

Contract balances

Please refer to Note 20 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.

5. Operating costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Operations and maintenance costs	2,318	1,135	–	–
Utilities and transmission costs	1,306	266	–	–
Directors fee	–	19	–	–
Professional fees	1,017	504	38	97
Insurance	1,402	323	–	–
Occupancy cost	476	112	–	–
Travel and entertainment expenses	219	73	–	–
Asset related taxes and levies	1,250	–	–	–
Other general and administrative costs	607	168	2	1
	8,595	2,600	40	98

Staff costs of US$1.2 million (2021: US$0.6 million) is included within operations and maintenance costs.

6. Other costs of operations

	Group	
	2022	**2021**
	US$'000	US$'000
Revenue sharing	14,050	–

Revenue sharing of US$14.1 million (2021: Nil) relates to the amount payable to a local government agency based on a percentage of the gross revenue derived from certain of the Group's operational solar assets.

7. 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.

8. Development costs

	Group	
	2022	**2021**
	US$'000	US$'000
Staff costs	–	4
Professional fees	26	2,283
Travel and entertainment expenses	3	208
Occupancy costs	4	184
IT expenses	–	2
Other general and administrative costs	10	1,132
	43	3,813

9. Finance income and finance costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Finance income				
Interest income from:				
- Short term deposit	–	3	–	–
- Bank balances	99	5	50	–
- Other finance income	1	–	1	–
- Loan to a subsidiary	–	–	6	–
Total finance income	100	8	57	–

9. Finance income and finance costs (cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Finance costs				
Interest expense on:				
- Loan from a related party	(1,529)	(1,604)	(1,529)	(1,604)
- Loan from Euro Medium Term Note Issuer	(391)	(477)	(391)	(477)
- Project finance debts	(7,066)	(2,013)	–	–
- Lease liabilities	(985)	(419)	–	–
- Interest rate swaps	(309)	(142)	–	–
Other finance costs	(1,298)	(518)	(323)	(232)
Total finance costs	(11,578)	(5,173)	(2,243)	(2,313)

10. Change in fair value of financial instruments at FVTPL

	Group	
	2022	**2021**
	US$'000	US$'000
Gain on change in fair value:		
- Interest rate swaps	4,044	170

11. Profit before tax

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

	Group	
	2022	**2021**
	US$'000	US$'000
Staff costs		
Salaries	756	433
Bonus	188	49
Other staff benefits	273	155
	1,217	637

12. Tax expense

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Current tax expense				
Withholding tax	215	682	1	–
Corporate income tax	3,527	869	–	–
Overprovision of income tax from prior years	–	(55)	–	–
	3,742	1,496	1	–
Deferred tax expense				
Origination and reversal of temporary difference	592	147	–	–
	592	147	–	–
Tax expense	4,334	1,643	1	–
Reconciliation of effective tax rate				
Profit before tax	51,903	7,342	24,597	13,207
Tax using Cayman Island tax rate of 0% (2021: 0%)	–	–	–	–
Effect of tax rates in foreign jurisdictions	5,867	(1,092)	–	–
Expenses non-deductible for tax purposes	35	145	–	–
Tax-exempt income/non-taxable income	(685)	(32)	–	–
Withholding tax	215	682	1	–
Effects of results of equity-accounted investees presented net of tax	(822)	(281)	–	–
Overprovision of income tax from prior years	–	(55)	–	–
Recognition of tax effect of previously unrecognised tax losses	(383)	359	–	–
Current year losses for which no deferred tax assets are recognised	28	1,950	–	–
Others	79	(33)		
	4,334	1,643	1	–

The effect of tax rates in foreign jurisdictions mainly results from differentiated tax rate applicable in Taiwan where the Group's operations are primarily based.

13. Property, plant and equipment

	Note	Building and leasehold improvements US$'000	Electric generator equipment US$'000	Computers, fittings and fixture and office equipment US$'000	Assets under construction US$'000	Vehicles US$'000	Total US$'000
Group							
Cost							
At 1 January 2021		55	117,746	181	23,059	86	141,127
Additions		–	684	–	220,038	126	220,848
Reclassification		–	11,763	–	(11,763)	–	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	14	–	–	–	3,304	–	3,304
Written off		–	–	–	(3,430)	–	(3,430)
Effect of exchange rate changes		1	1,464	1	1,047	1	2,514
At 31 December 2021 and 1 January 2022		56	131,657	182	232,255	213	364,363
Additions		1	23,621	30	98,921	48	122,621
Reclassification		–	316,109	1	(316,110)	–	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	14	–	–	–	1,914	–	1,914
Effect of exchange rate changes		(7)	(24,350)	(6)	(15,397)	29	(39,731)
At 31 December 2022		50	447,037	207	1,583	290	449,167

13. Property, plant and equipment (cont'd)

	Building and leasehold improvements US$'000	Electric generator equipment US$'000	Computers, fittings and fixture and office equipment US$'000	Assets under construction US$'000	Vehicles US$'000	Total US$'000
Group						
Accumulated depreciation						
At 1 January 2021	36	7,163	63	–	3	7,265
Depreciation charge for the year	10	4,782	16	–	28	4,836
Effect of exchange rate changes	1	120	–*	–	–*	121
At 31 December 2021 and 1 January 2022	47	12,065	79	–	31	12,222
Depreciation charge for the year	6	13,261	18	–	46	13,331
Effect of exchange rate changes	(6)	(1,331)	(4)	–	(4)	(1,345)
At 31 December 2022	47	23,995	93	–	73	24,208
Carrying amounts						
At 31 December 2021	9	119,592	103	232,255	182	352,141
At 31 December 2022	3	423,042	114	1,583	217	424,959

* Less than US$1,000

13. Property, plant and equipment (cont'd)

As at the reporting date, property, plant and equipment of the Group with carrying amounts of US$423.0 million (2021: US$119.6 million) were pledged as collateral to secure project finance debts (Note 25).

During the financial year, shared services cost charged by a related party, Vena Energy Pte. Ltd., amounting to US$0.2 million (2021: US$2.9 million) has been capitalised for projects that are yet to reach their commercial operation dates.

14. Right-of-use assets

	Note	Land and office US$'000
Group		
Cost		
At 1 January 2021		88,681
Additions		257
Effect of exchange rate changes		1,059
At 31 December 2021 and 1 January 2022		89,997
Additions		331
Effect of exchange rate changes		(8,385)
At 31 December 2022		81,943
Accumulated depreciation		
At 1 January 2021		4,207
Depreciation expense		741
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	13	3,304
Effect of exchange rate changes		71
At 31 December 2021 and 1 January 2022		8,323
Depreciation expense		1,899
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	13	1,914
Effect of exchange rate changes		(877)
At 31 December 2022		11,259
Carrying amounts		
At 31 December 2021		81,674
At 31 December 2022		70,684

15. Intangible assets

	Goodwill	Project-related agreements and licences	Total
	US$'000	US$'000	US$'000
Group			
Cost			
At 1 January 2021	35,175	20,143	55,318
Written off	–	(341)	(341)
Effect of exchange rate changes	420	238	658
At 31 December 2021 and 1 January 2022	35,595	20,040	55,635
Effect of exchange rate changes	(3,318)	(1,867)	(5,185)
At 31 December 2022	32,277	18,173	50,450
Accumulated depreciation			
At 1 January 2021	–	2,056	2,056
Amortisation expense	–	997	997
Effect of exchange rate changes	–	30	30
At 31 December 2021 and 1 January 2022	–	3,083	3,083
Amortisation expense	–	934	934
Effect of exchange rate changes	–	(314)	(314)
At 31 December 2022	–	3,703	3,703
Carrying amounts			
At 31 December 2021	35,595	16,957	52,552
At 31 December 2022	32,277	14,470	46,747

Amortisation of project related agreements and licences will begin on the commercial operation date of the solar photovoltaic plants as defined in the respective power purchase agreements.

Impairment testing for CGUs containing goodwill

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

	Group	
	2022	**2021**
	US$'000	US$'000
Taiwan	32,277	35,595

15. Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill (cont'd)

Operations in Taiwan

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

The discounted cash flows valuation is based on management's cash flow projections assuming up to 30 years (2021: up to 30 years) of operating life, with no terminal value assumed. The post-tax discount rate of 6.20% to 7.70% (2021: 6.20% to 7.70%) are estimated based on historical industry average weighted-average cost of capital ("WACC") and applying a risk premium for under construction, shovel ready and development assets.

16. Investment in subsidiaries

	Company	
	2022	**2021**
	US$'000	US$'000
Equity investment, at cost	296,165	289,388

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

	Company	
	2022	**2021**
	US$'000	US$'000
Balance as at 1 January	289,388	170,413
Capital injection during the year	8,513	199,425
Reduction of interest in a subsidiary	(1,736)	(80,450)
Balance as at 31 December	296,165	289,388

16. Investment in subsidiaries (cont'd)

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	Sector	Project name	Status	Principal place of business	Ownership interest 2022 %	Ownership interest 2021 %
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	100	70
Soleq Taiwan Renewables Ltd	Solar	Hancock	Operating	Taiwan	100	100
Shuo Li PV Energy Co. Ltd	Solar	Yunlin E2	Operating	Taiwan	100	100
Vena Energy Taiwan Renewables Ltd	Solar	Cole	Operating	Taiwan	100	100

17. Equity-accounted investees

Interest in associates

	Group 2022 US$'000	Group 2021 US$'000
Interests in associates		
As at 31 December	53,806	62,663

The Group has a material associate, RA Solar Energy Holdings Inc. and its subsidiaries ("RSEHI"), and an immaterial associate which are equity accounted. RSEHI is based in Philippines, principally engaged in investment holding and owns 100% of Mirae Asia Energy Corporation ("Project Garcia"). The Group has one out of five representations in the board of directors of RSEHI. The Group has 99.91% economic interest in RSEHI which consist of 40% of voting shares and 99.91% of redeemable preferred shares ("RPS"). The RPS are non-convertible, non-voting and are redeemable at the sole option of RSEHI.

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

17. Equity-accounted investees (cont'd)

Interest in associates (cont'd)

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

	Garcia RSEHI	
	2022	**2021**
	US$'000	US$'000
Statement of financial position		
Non-current assets		
Property, plant and equipment	21,629	25,277
Equity-accounted investees	–	5,471
Other non-current receivables	329	303
Non-current prepayment and other assets	31	34
Right-of-use assets	988	384
	22,977	31,469
Current assets		
Trade and other receivables	3,800	3,691
Prepayment and other assets	152	132
Cash and bank balances	1,146	532
	5,098	4,355
Total assets	28,075	35,824
Non-current liabilities		
Loans and borrowings	9,225	13,424
Employee benefits	22	–
Asset retirement obligation	150	151
Deferred tax liabilities	20	25
	9,417	13,600
Current liabilities		
Loans and borrowings	594	1,831
Trade and other payables	879	693
Current tax liabilities	431	147
	1,904	2,671
Total liabilities	11,321	16,271
Net assets	16,754	19,553

17. Equity-accounted investees (cont'd)

Interest in associates (cont'd)

	Garcia RSEHI	
	2022	**2021**
	US$'000	US$'000
Statement of comprehensive income		
Sale of energy	5,861	6,569
Dividend income	–	725
Other income	11	117
	5,872	7,411
Operating costs	(1,204)	(1,236)
Shared services costs	(200)	(158)
Depreciation expenses	(1,442)	(1,555)
Results from operating activities	3,026	4,462
Finance income	100	58
Finance costs	(728)	(979)
Net foreign exchange (loss)/gain	(262)	758
Net finance costs	(890)	(163)
Gain on disposal of equity-accounted investee	6,212	–
Share of results of an associate	293	1,038
Profit before tax	8,641	4,299
Tax expense	(1,736)	(70)
Profit after tax, representing total comprehensive income for the year	6,905	4,229

17. Equity-accounted investees (cont'd)

Interest in associates (cont'd)

	RSEHI US$'000
2022	
Carrying amount of interest in associates at beginning of the year	62,663
Share of results of associates	6,894
Distribution	(7,801)
Amortisation expenses of intangibles allocated to associates	(2,783)
Foreign currency translation difference on intangibles allocated to associates	(3,804)
Foreign currency translation differences	(1,363)
Carrying amount of interest in associates at end of the year[1]	53,806

[1] Included in carrying amount of interest in associates at end of year is project related agreements and licenses amounting to US$36.3 million.

	RSEHI US$'000
2021	
Carrying amount of interest in associates at the beginning of the year	63,975
Share of results of associates	4,229
Amortisation expenses of intangibles allocated to associates	(2,822)
Foreign currency translation difference on intangibles allocated to associates	(2,212)
Foreign currency translation differences	(507)
Carrying amount of interest in associates at end of the year[1]	62,663

[1] Included in the carrying amount of interest in associates at the end of year is project-related agreements and licenses amounting to US$42.8 million.

18. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Group				
Derivatives	–	45	(115)	–
Provision	4	5	–	–
Other items	569	118	(1,085)	(283)
Tax loss carry-forwards	144	233	–	–
Deferred tax assets/(liabilities)	717	401	(1,200)	(283)
Set off of deferred tax	(717)	(283)	717	283
Net deferred tax assets/(liabilities)	–	118	(483)	–

Unrecognised deferred tax assets

Deferred tax assets on tax losses of US$0.1 million (2021: US$0.2 million) have not been recognised in respect of tax losses which are expected to expire or be utilised during such tax holiday period because it is not probable that future taxable profits will be available which the Group can utilise the benefits therefrom during such period.

Movement in deferred tax balances

Group	**Balance as at 1 January** US$'000	**Recognised in profit or loss (Note 12)** US$'000	**Exchange differences** US$'000	**Balance as at 31 December** US$'000
2022				
Derivatives	45	(156)	(4)	(115)
Provision	5	–	(1)	4
Tax loss carry-forward	233	(68)	(21)	144
Other items	(165)	(368)	17	(516)
	118	(592)	(9)	(483)
2021				
Derivatives	78	(34)	1	45
Provision	–	5	–*	5
Tax loss carry-forward	586	(359)	6	233
Other items	(402)	241	(4)	(165)
	262	(147)	3	118

* Less than US$1,000

19. Derivative assets and liabilities

	Group 2022 US$'000	Group 2021 US$'000
Derivative assets		
Non-current		
Interest rate swaps	3,819	–
Derivative liabilities		
Non-current		
Interest rate swaps	–	227

20. Trade and other receivables

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Trade receivables		–	1,158	–	–
Contract assets		59,032	1,201	–	–
Total current trade receivables and contract assets		59,032	2,359	–	–
Amounts due from:					
- Subsidiaries	(a)	–	–	15	–
- Related parties	(b)	2,905	–	–	–
- Third parties		449	288	–	–
Deposits and advances		4,048	5,310	–	–
VAT receivable		7,721	11,593	–	–
Total current other receivables		15,123	17,191	15	–
		74,155	19,550	15	–

(a) The amounts due from subsidiaries are non-trade, unsecured, non-interest bearing and repayable on demand

(b) The amounts due from related parties are non-trade, unsecured, non-interest bearing and repayable on demand

21. Prepayments and other assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Prepaid expenses	367	2,203	4	–
Other assets	1,242	139	–	–
	1,609	2,342	4	–

22. Cash and bank balances

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Bank balances	38,128	48,022	375	1,391
Cash and bank balances in the statement of financial position	38,128	48,022	375	1,391
Restricted bank balances and deposits	(11,031)	(4,859)	–	–
Cash and cash equivalents in the statement of cash flows	27,097	43,163	375	1,391

23. Equity contribution

	Group and Company	
	2022	**2021**
	US$'000	US$'000
Equity contribution		
Share capital at US$0.01 per share	1,254	1,254
Share premium	124,243	124,243
	125,497	125,497
Issued and fully paid		
At beginning and end of the year	125,497	125,497

The holder of ordinary shares is entitled to one vote per share at meetings of the Company.

24. Reserves

The reserves of the Group comprise the following balances:

	Group	
	2022	**2021**
	US$'000	US$'000
Translation reserve	(19,705)	5,574
Legal reserve	692	263
	(19,013)	5,837

Translation reserve

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

Legal reserve

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

25. Loans and borrowings and lease liabilities

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		US$'000	US$'000	US$'000	US$'000
Non-current					
Project finance debts		306,811	160,667	–	–
Loan from a related party		85,400	123,223	85,400	123,223
Loan from Euro Medium Term Note Issuer	(a)	29,595	34,340	29,595	34,340
		421,806	318,230	114,995	157,563
Lease liabilities		76,347	87,739	–	–
Current					
Project finance debts		22,730	46,891	–	–
Interest payables on:					
- Project finance debts		277	400	–	–
- Loan from a related party		2,358	1,001	2,358	1,001
- Loan from Euro Medium Term Note Issuer		122	184	122	184
		25,487	48,476	2,480	1,185
Lease liabilities		3,404	2,664	–	–

25. Loans and borrowings and lease liabilities (cont'd)

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

On 8 July 2021, the Euro Medium Term Note Issuer issued US$175,000,000 3.133% per annum notes ("the "US$175 million Notes") due in 2025 listed on the SGX-ST under the Notes Programme. The US$175 million Notes were issued at a premium for a total consideration of US$178,638,250. The US$175 million Notes are to be consolidated and form a single series with the US$325 million Notes (collectively, the "Notes"). The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

The Euro Medium Term Notes proceeds were allocated to the Company, Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust) through intercompany loans.

The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Company together with Vena Energy Holdings Ltd and Zenith Japan Holdings Ltd (as trustee for Zenith Japan Holdings Trust).

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Non-current				
Project finance debts	311,558	164,900	–	–
Loan from a related party	85,400	123,238	85,400	123,238
Loan from Euro Medium Term Note Issuer	29,791	34,627	29,791	34,627
	426,749	322,765	115,191	157,865
Current				
Project finance debts	24,047	46,904	–	–
	450,796	369,669	115,191	157,865

25. Loans and borrowings and lease liabilities (cont'd)

	Currency	Nominal interest rate %	Year of maturity	Principal amount US$'000
2022				
Project finance debts	NTD	TAIBOR+1.5 to 1.7	2033 to 2040	335,605
Loan from a related party	JPY	1.4	2024	85,400
Loan from Euro Medium Term Note Issuer	JPY	1.4	2026	24,178
Loan from Euro Medium Term Note Issuer	JPY	0.6	2026	5,613
				450,796
2021				
Project finance debts	NTD	TAIBOR+1.5 to 1.7	2033 to 2040	211,804
Loan from a related party	JPY	1.4	2024	123,238
Loan from Euro Medium Term Note Issuer	JPY	1.4	2026	28,046
Loan from Euro Medium Term Note Issuer	USD	2.7	2026	6,581
				369,669

The project finance debts contain debt covenants which are tested on a regular basis. A breach of these covenants may require the Group to repay the project finance debts earlier than indicated in the table above. The Group has not breached any debt covenants as at 31 December 2022 and 31 December 2021 respectively, except as disclosed below.

As at 31 December 2022 and 2021, a subsidiary of the Group did not meet the loan covenant requirements in respect of a bank loan with a carrying amount of US$9.0 million (2021: US$9.4 million), resulting in the loan being repayable on demand. Accordingly, the bank loan has been presented as a current liability as at 31 December 2022 and 2021. The lender had not requested early repayment of the loan as of the date when these financial statements were approved by the Director.

As at 31 December 2022, project finance debts amounting to US$335.6 million (2021: US$211.8 million) has been taken up by the subsidiaries of the Company where these debt obligations have no recourse to the Company.

25. Loans and borrowings and lease liabilities (cont'd)

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

	Liabilities				
	Loan from a related party	**Loan from Euro Medium Term Note Issuer**	**Project finance debts**	**Lease liabilities**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2022	124,224	34,524	207,958	90,403	457,109
Changes from financing cash flows					
Proceeds	254,151	–	157,626	–	411,777
Repayment	(270,042)	(129)	(6,367)	–	(276,538)
Payment for financial lease liabilities	–	–	–	(2,489)	(2,489)
Transaction costs related to loans and borrowings	–	–	(3,179)	–	(3,179)
Interest paid	–	(454)	(7,664)	(1,901)	(10,019)
Total changes from financing cash flows	108,333	33,941	348,374	86,013	576,661
Effect of change in foreign exchange rate	(22,104)	(4,615)	(25,622)	(7,578)	(59,919)
Other changes					
New leases	–	–	–	331	331
Interest expense	1,529	391	7,066	985	9,971
Total liability-related other changes	1,529	391	7,066	1,316	10,302
Balance at 31 December 2022	87,758	29,717	329,818	79,751	527,044

25. Loans and borrowings and lease liabilities (cont'd)

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

	Liabilities				
	Loan from a related party	**Loan from Euro Medium Term Note Issuer**	**Project finance debts**	**Lease liabilities**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2021	23,223	30,839	91,280	88,686	234,028
Changes from financing cash flows					
Proceeds	194,397	6,585	123,690	–	324,672
Repayment	(80,928)	–	(5,372)	–	(86,300)
Payment for financial lease liabilities	–	–	–	(947)	(947)
Transaction costs related to loans and borrowings	–	(77)	(3,312)	–	(3,389)
Interest paid	(1,393)	(446)	(2,131)	(690)	(4,660)
Total changes from financing cash flows	135,299	36,901	204,155	87,049	463,404
Effect of change in foreign exchange rate	(12,679)	(2,854)	1,790	2,678	(11,065)
Other changes					
New leases	–	–	–	257	257
Interest expense	1,604	477	2,013	419	4,513
Total liability-related other changes	1,604	477	2,013	676	4,770
Balance at 31 December 2021	124,224	34,524	207,958	90,403	457,109

Pledges for facility agreements

The Group has entered into several facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US$335.6 million (2021: US$211.8 million) to the Group on floating rates.

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

25. Loans and borrowings and lease liabilities (cont'd)

The Group's assets directly pledged in relation to the facilities agreements are as disclosed in Note 13. The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	2022 US$'000	2021 US$'000
Project entities' contribution to the net assets of the Group	132,285	118,507

Stand-by letter of credit

As at 31 December 2022, the Group has obtained stand-by letters of credit ("SBLC") which totaled to US$ 9.6 million (2021: US$ 11.2 million) and expire in April 2023. The SBLC bears interest at 0.95% per annum (2021: 0.8% - 0.95%).

26. Asset retirement obligation

	Group	
	2022 US$'000	2021 US$'000
At 1 January	1,829	1,114
Provision made during the year	5,196	656
Unwind of discount	126	46
Effect of exchange rate changes	(180)	13
At 31 December	6,971	1,829

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

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the sites will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate of 2.5% (2021: 2.5%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 25 to 28 years (2021: 25 to 28 years) after the commissioning of the power plants.

27. Trade and other payables

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Trade payables to EPC contractors		14,430	25,738	–	–
Amounts due to:					
- Subsidiaries	(a)	–	–	22,449	–
- Related parties	(b)	5,358	1,257	50	–
- Third parties		1,095	194	–	–
Shared services fees payable (non-trade)		5,644	6,589	–	–
Other tax payables		607	798	–	–
Accrued staff costs		22	24	–	–
Accrued operating expenses		16,890	2,690	40	82
		44,046	37,290	22,539	82

Trade payables are non-interest bearing and are generally settled on standard credit terms ranging from 30 to 60 days (2021: 30 to 60 days).

(a) The amounts due to subsidiaries are non-trade, unsecured, non-interest bearing and repayable on demand.

(b) The amounts due to related parties are non-trade, unsecured, non-interest bearing and repayable on demand.

28. Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Risk management framework

The Director 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 Director 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 other receivables.

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.

Trade receivables and contract assets

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

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

Exposure to credit risk

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

	Carrying amount	
	2022	**2021**
	US$'000	US$'000
Taiwan	59,032	2,359

28. 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)

Impairment

The Group has determined its trade receivables and contract assets to be not credit impaired and ECL is insignificant at the end of the reporting period. Accordingly, no loss allowance (2021: US$ Nil) as at 31 December 2022.

At 31 December 2022, the Group's outstanding trade receivables and contract assets comprise of 2 customers which accounts for 100% (2021: 100%) of the trade receivables and contract assets.

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" and loss rate up to 0.43% (2021: up to 0.44%).

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

There was no significant movement in the allowance for impairment in respect of trade receivables and contract assets during the year.

Other receivables

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

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

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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" and loss rate up to 0.43% (2021: up to 0.44%).

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

The maximum exposure to credit risk at the reporting date Is the carrying value of other receivables disclosed in Note 20. As of 31 December 2022 and 31 December 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of other receivables.

There was no significant movement in the allowance for impairment in respect of other receivables during the year.

Cash and bank balances

The Group and the Company held cash and bank balances of US$38.1 million and US$0.4 million at 31 December 2022 (2021: US$48.0 million and US$1.4 million). The figure represents the maximum credit exposures on these assets. The cash and bank balances are held with bank and financial institution counterparties which are rated BBB+ to AA- (2021: BBB+ to AA-), based on S&P Global ratings and B3 to Aa3 (2021: B3 to Aa3), based on Moody Corporation ratings.

Impairment on cash and bank balances has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties and subject to an ECL that is immaterial.

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 bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, include contractual interest payments.

	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 2022					
Non-derivative financial liabilities					
Project finance debts	(335,883)	(24,324)	(7,984)	(24,504)	(279,071)
Loan from a related party	(91,217)	(3,511)	(87,706)	–	–
Loan from Euro Medium Term Note Issuer	(31,076)	(487)	(399)	(30,190)	–
Lease liabilities	(98,628)	(5,200)	(5,185)	(15,555)	(72,688)
Trade and other payables*	(43,439)	(43,439)	–	–	–
	(600,243)	(76,961)	(101,274)	(70,249)	(351,759)
Group					
31 December 2021					
Non-derivative financial liabilities					
Project finance debts	(223,244)	(45,768)	(7,235)	(103,619)	(66,622)
Loan from a related party	(125,240)	(1,001)	(124,239)	–	–
Loan from Euro Medium Term Note Issuer	(35,547)	(184)	(184)	(35,179)	–
Lease liabilities	(113,190)	(4,699)	(5,717)	(17,113)	(85,661)
Trade and other payables*	(36,492)	(36,492)	–	–	–
	(533,713)	(88,144)	(137,375)	(155,911)	(152,283)
Derivative financial instruments					
Interest rate swaps (net settled)	(864)	(135)	(127)	(331)	(271)
	(534,577)	(88,279)	(137,502)	(156,242)	(152,554)

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000	**More than 5 years** US$'000
Company					
31 December 2022					
Non-derivative financial liabilities					
Loan from a related party	(91,217)	(3,511)	(87,706)	–	–
Loan from Euro Medium Term Note Issuer	(31,076)	(487)	(399)	(30,190)	–
Trade and other payables*	(22,539)	(22,539)	–	–	–
	(144,832)	(26,537)	(88,105)	(30,190)	–
31 December 2021					
Non-derivative financial liabilities					
Loan from a related party	(125,240)	(1,001)	(124,239)	–	–
Loan from Euro Medium Term Note Issuer	(35,547)	(184)	(184)	(35,179)	–
Trade and other payables*	(82)	(82)	–	–	–
	(160,869)	(1,267)	(124,423)	(35,179)	–

* 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.

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk

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

	JPY US$'000	**SGD** US$'000	**USD** US$'000	**Others** US$'000
Group				
2022				
Trade and other receivables	–	345	6	–
Cash and bank balances	–	–	2,343	–
Loan from a related party	(87,758)	–	–	–
Loan from Euro Medium Term Note Issuer	(29,717)	–	–	–
Trade and other payables	–	(1,794)	(1,914)	–
Net exposure	(117,475)	(1,449)	435	–
2021				
Trade and other receivables	–	254	–	–
Cash and bank balances	–	–	13,571	–
Loan from a related party	(124,224)	–	–	–
Loan from Euro Medium Term Note Issuer	(27,951)	–	–	–
Trade and other payables	–	(683)	(7,339)	(14)
Net exposure	(152,175)	(429)	6,232	(14)

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk

Exposure to currency risk (cont'd)

	JPY US$'000	**SGD** US$'000	**USD** US$'000	**Others** US$'000
Company				
2022				
Loan from a related party	(87,758)	–	–	–
Loan from Euro Medium Term Note Issuer	(29,717)	–	–	–
Trade and other payables	–	(50)	–	–
Net exposure	(117,475)	(50)	–	–
2021				
Loan from a related party	(124,224)	–	–	–
Loan from Euro Medium Term Note Issuer	(27,951)	–	–	–
Trade and other payables	–	(40)	–	–
Net exposure	(152,175)	(40)	–	–

Sensitivity analysis

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

	Group		**Company**	
	2022 US$'000	**2021**	**2022** US$'000	**2021** US$'000
31 December 2022				
JPY (5% strengthening)	5,874	7,609	5,874	7,609
SGD (5% strengthening)	72	21	3	2
USD (5% strengthening)	(22)	(312)	–	–
Others (5% strengthening)	–	1	–	–

In the case of a 5% weakening of the dollar against the respective currencies, the effects are equal but with an opposite effect.

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

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group has exposures to IBORs on its financial instruments that may be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to TAIBOR.

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

There have been no announcements on TAIBOR reform, and the Group expects TAIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the TAIBOR indexed loans and borrowings as at 31 December 2022 is US$335.6 million (Note 25).

Exposure to interest rate risk

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

	Group Notional amount		**Company Notional amount**	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Financial liabilities	(335,605)	(211,804)	–	–
Interest rate swaps	220,832	32,936	–	–
	(114,773)	(178,868)	–	–

28. Financial instruments (cont'd)

Financial risk management (cont'd)

Interest rate risk (cont'd)

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) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit before tax	
	100 bp increase US$'000	**100 bp decrease** US$'000
Group		
31 December 2022		
Variable rate instruments	(3,356)	3,356
Interest rate swaps	2,208	(2,208)
Cash flow sensitivity (net)	(1,148)	1,148
31 December 2021		
Variable rate instruments	(2,118)	2,118
Interest rate swaps	329	(329)
Cash flow sensitivity (net)	(1,789)	1,789

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 Director's fiduciary duties towards the Group.

The Group is not subject to externally imposed capital requirements.

29. Fair value of financial instruments

Fair value measurement

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

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

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

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

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

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

29. Fair value of financial instruments (cont'd)

Fair value measurement (cont'd)

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

29. Fair value of financial instruments (cont'd)

Accounting classification and fair value

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

At the reporting date, the fair values of trade and other receivables, cash and bank balances and trade and other payables are equivalent to the carrying amounts shown in the statement of financial position due to the short-term maturity of these financial instruments.

		Carrying amount				Fair value			
Group	**Note**	**Mandatorily at FVTPL**	**Amortised Cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2022									
Trade and other receivables*	20	–	66,434	–	66,434				
Cash and cash balances	22	–	38,128	–	38,128				
Derivatives assets	19	3,819	–	–	3,819	–	3,819	–	3,819
								–	
		3,819	104,562	–	108,381				
Loans and borrowings	25	–	–	(447,293)	(447,293)	–	(453,553)	–	(453,553)
Trade and other payables*	27	–	–	(43,439)	(43,439)				
		–	–	(490,732)	(490,732)				

* Excludes non-financial assets and liabilities

Vena Energy (Taiwan) Holdings Ltd and its Subsidiaries

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29. Fair value of financial instruments (cont'd)

Accounting classification and fair value

Group	Note	Carrying amount				Fair value			
		Mandatorily at FVTPL US$'000	Amortised Cost US$'000	Other financial liabilities US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
31 December 2021									
Trade and other receivables*	20	–	7,957	–	7,957				
Cash and cash balances	22	–	48,022	–	48,022				
		–	55,979	–	55,979				
Loans and borrowings	25	–	–	(366,706)	(366,706)	–	(371,254)	–	(371,254)
Trade and other payables*	27	–	–	(36,492)	(36,492)				
Derivatives liabilities	19	(227)	–	–	(227)	–	(227)	–	(227)
		(227)	–	(403,198)	(403,425)				

* Excludes non-financial assets and liabilities

29. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Company	**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
31 December 2022									
Trade and other receivables		–	15	–	15				
Cash and bank balances	22	–	375	–	375				
		–	390	–	390				
Loans and borrowings	25	–	–	(117,475)	(117,475)	–	(117,671)	–	(117,671)
Trade and other payables*	27	–	–	(22,539)	(22,539)				
		–	–	(140,014)	(140,014)				

* Excludes non-financial assets and liabilities

29. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
Company	**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
31 December 2021									
Cash and bank balances	22	–	1,391	–	1,391				
Loans and borrowings	25	–	–	(158,748)	(158,748)	–	(159,050)	–	(159,050)
Trade and other payables*	27	–	–	(82)	(82)				
		–	–	(158,830)	(158,830)				

* Excludes non-financial assets and liabilities

30. Commitments

Capital commitment

The commitments for acquisition of property, plant and equipment as at 31 December 2022 and 31 December 2021 are as follows:

	Group	
	2022	**2021**
	US$'000	US$'000
Type of contracts		
Construction of power plant	15,844	135,894

31. Related parties

The Group has determined Vena Energy Holdings Ltd and its subsidiaries ("VEHL Group"), Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group") as related parties in accordance with IAS 24 *Related Party Disclosures*.

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

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

	Group	
	2022	**2021**
	US$'000	US$'000
Related parties		
Interest expenses	1,529	1,604
Management fee	237	253
Shared services costs	8,772	5,217
Euro Medium Term Note Issuer		
Interest expenses	391	477

32. Non-controlling interests

Non-controlling interest denotes fully paid-up equity shares of a subsidiary in Taiwan. It arises from post-acquisition of subsidiaries and is a result of injection of share capital by the Group's material associate on 31 August 2018.

On 25 April 2022, the Group acquired an additional 30% interest in the voting shares of Vena Energy Taiwan Solar Energy Ltd, increasing its ownership interest to 100%. Cash consideration of US$11.6 million was paid to the non-controlling shareholders. Following is a schedule of additional interest acquired in Vena Energy Taiwan Solar Energy Ltd:

	2022 US$'000
Cash consideration paid	11,600
Carrying value of the additional interest	(5,388)
Difference recognised in equity	6,212

Dividends

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

	Group **2021** US$'000
Paid by a subsidiary to non-controlling interests	
0.05 NTD per qualifying ordinary share	145
0.18 NTD per qualifying ordinary share	580
	725

32. Non-controlling interests (cont'd)

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

	2021
	US$'000
Non-current assets	81,957
Current assets	10,167
Non-current liabilities	(67,463)
Current liabilities	(6,323)
Net assets	18,338
Dividend paid by subsidiary during the year	(2,417)
NCI percentage	**30%**
Net assets attributable to NCI	5,501
Revenue	12,293
Profit	3,296
OCI	245
Total comprehensive income	3,541
Attributable to NCI:	
Profit	988
OCI	74
Total comprehensive income	1,062
Cash flows generated from operating activities	8,871
Cash flows used in investment activities	(1,282)
Cash flows used in financing activities	(8,984)
Net decrease in cash and cash equivalents	(1,395)

33. Subsequent events

Investment in a subsidiary

Between January 2023 and April 2023, the Company subscribed to 11,845,068 ordinary shares at par value of US$1.00 each amounting to US$11,845,068 in Vena Energy (Taiwan) Ltd, a wholly owned subsidiary of the Company.

34. Comparative figures

The financial statements for the year ended 31 December 2021 were audited by another auditor.

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Director on 18 May 2023.

Zenith Japan Holdings Trust and its Subsidiaries

Annual Report
For the year ended 31 December 2022

Building a better
working world

Zenith Japan Holdings Trust and its Subsidiaries

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Opinion of the Directors

In the opinion of the Directors of Zenith Japan Holdings Ltd (the “Trustee”):

(a) the accompanying financial statements of Zenith Japan Holdings Trust (the “Trust”) and its subsidiaries (collectively, the “Group”), comprising the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2022, the consolidated statements of profit or loss, other comprehensive income, changes in unitholder’s fund and cash flows of the Group, and the statements of profit or loss, other comprehensive income, changes in unitholder’s fund and cash flows of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, and the consolidated financial performance, changes in unitholder’s fund and cash flows of the Group and the financial performance, changes in unitholder’s fund and cash flows of the Trust for the year ended on 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 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:

Gregg Myers

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Gregg Myers
Director

18 May 2023

Zenith Japan Holdings Trust and its Subsidiaries

Independent Auditor's Report
For the year ended 31 December 2022

The Trustee
Zenith Japan Holdings Trust

Report on the non-statutory financial statements

Opinion

We have audited the accompanying non-statutory financial statements of Zenith Japan Holdings Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in unitholder's fund and cash flows of the Group and the statements of profit or loss, comprehensive income, changes in unitholder's fund and cash flows of the Trust for the year then ended, and notes to the non-statutory financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-statutory financial statements present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, the Group's consolidated financial performance, changes in equity and cash flows, and the Trust's financial performance, changes in unitholder's fund and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

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

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

The financial statements of the Group and the Trust for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2022.

Other information

The Trustee's management (thereafter "management") is responsible for the other information. The other information obtained at the date of this auditor's report is the statement by the Directors of the Trustee, but does not include the non-statutory financial statements and our auditor's report thereon.

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

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board of Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

Auditor's responsibilities for the audit of the non-statutory financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-statutory financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the non-statutory financial statements (cont'd)

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.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

18 May 2023

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Profit or Loss
For the year ended 31 December 2022

	Note	Group		Trust	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Revenue	4	144,502	110,193	10,036	27,257
Other income	4	7,044	3,343	–	–
Total revenue		151,546	113,536	10,036	27,257
Operating costs	5	(27,928)	(21,593)	(186)	(250)
Asset management fees	6	(4,172)	(4,200)	–	–
Development costs	7	(1,219)	(1,557)	–	–
Depreciation expense	11,12	(42,784)	(31,602)	–	–
Amortisation expense	13	(32,604)	(26,282)	–	–
Results from operating activities		42,839	28,302	9,850	27,007
Finance income	8	1,223	501	1,137	500
Finance costs	8	(15,303)	(10,968)	(2,902)	(3,631)
Change in fair value of financial instruments at fair value through profit or loss ("FVTPL")		28,118	587	–	–
Net foreign exchange gain		16,425	15,080	14,262	7,494
Net finance income		30,463	5,200	12,497	4,363
Impairment loss on financial assets	10	(385)	(25)	–	–
Loss on disposal of property, plant and equipment		(520)	(252)	–	–
Write-off of property, plant and equipment		(7,738)	–	–	–
Write-off of project costs		(1,766)	(2,171)	–	–
Bad debts written off		(187)	–	–	–
Acquisition-related costs		–	(1,126)	–	–
Share of results of equity-accounted investees, net of tax	15	8,936	(162)	–	–
Profit before tax		71,642	29,766	22,347	31,370
Tax expense	9	(3,364)	(6,625)	–	–
Profit for the year		68,278	23,141	22,347	31,370
Profit attributable to:					
Unitholder of the Trust		67,761	22,938		
Non-controlling interests		517	203		
		68,278	23,141		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Comprehensive Income
For the year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000	Trust 2022 US$'000	Trust 2021 US$'000
Profit for the year		68,278	23,141	22,347	31,370
Other comprehensive income ("OCI")					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(243,458)	(185,286)	–	–
Foreign currency translation differences of equity-accounted investees	15	(8,470)	(4,752)	–	–
Other comprehensive income for the year		(251,928)	(190,038)	–	–
Total comprehensive income for the year		(183,650)	(166,897)	22,347	31,370
Total comprehensive income attributable to:					
Unitholders of the Trust		(181,944)	(165,385)		
Non-controlling interests		(1,706)	(1,512)		
		(183,650)	(166,897)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Financial Position
As at 31 December 2022

	Note	Group		Trust	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,399,389	1,260,778	–	–
Right-of-use assets	12	216,297	233,283	–	–
Intangible assets	13	990,019	1,180,681	–	–
Investment in subsidiaries	14	–	–	1,729,716	1,764,623
Equity-accounted investees	15	67,945	56,801	–	–
Loans receivables	16	180,459	–	180,459	–
Prepayments and other assets	17	5,289	4,559	–	–
Trade and other receivables	18	42,046	37,256	–	–
Derivative assets	19	18,146	–	–	–
		2,919,590	2,773,358	1,910,175	1,764,623
Current assets					
Loans receivables	16	161	57,958	161	57,958
Prepayments and other assets	17	8,055	6,501	–	–
Trade and other receivables	18	44,179	52,494	–	–
Cash and bank balances	20	177,335	224,696	23,267	119,048
		229,730	341,649	23,428	177,006
Total assets		3,149,320	3,115,007	1,933,603	1,941,629
Unitholder's fund					
Units in issue	21	1,712,182	1,712,182	1,712,182	1,712,182
Accumulated profits		106,965	39,204	39,657	17,310
Reserves	22	(295,698)	(45,993)	–	–
Equity attributable to unitholder of the Trust		1,523,449	1,705,393	1,751,839	1,729,492
Non-controlling interests	30	16,433	15,884	–	–
Total unitholder's fund		1,539,882	1,721,277	1,751,839	1,729,492

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Financial Position (cont'd)
As at 31 December 2022

	Note	Group		Trust	
		2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	23	1,150,171	991,626	181,057	210,590
Lease liabilities	23	215,042	227,986	–	–
Derivative liabilities	19	–	11,429	–	–
Asset retirement obligation	24	54,350	38,327	–	–
Trade and other payables	25	514	642	–	–
		1,420,077	1,270,010	181,057	210,590
Current liabilities					
Loans and borrowings	23	107,442	34,925	642	1,370
Lease liabilities	23	5,325	5,396	–	–
Trade and other payables	25	76,502	82,800	65	177
Current tax liabilities		92	599	–	–
		189,361	123,720	707	1,547
Total liabilities		1,609,438	1,393,730	181,764	212,137
Total equity and liabilities		3,149,320	3,115,007	1,933,603	1,941,629

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Changes in Unitholder's Fund
For the year ended 31 December 2022

Group	Note	Attributable to unitholder of the Trust					
		Units in issue US$'000	**Accumulated profits** US$'000	**Translation reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total** US$'000
At 1 January 2022		1,712,182	39,204	(45,993)	1,705,393	15,884	1,721,277
Total comprehensive income for the year							
Profit for the year		–	67,761	–	67,761	517	68,278
Other comprehensive income							
Foreign currency translation differences		–	–	(241,235)	(241,235)	(2,223)	(243,458)
Foreign currency translation differences of equity-accounted investees	15	–	–	(8,470)	(8,470)	–	(8,470)
Total comprehensive income for the year		–	67,761	(249,705)	(181,944)	(1,706)	(183,650)
Transactions with unitholder, recognised directly in equity							
Changes in ownership interests in subsidiaries							
Issue of ordinary shares without a change in control		–	–	–	–	2,255	2,255
Total transactions with unitholder		–	–	–	–	2,255	2,255
At 31 December 2022		1,712,182	106,965	(295,698)	1,523,449	16,433	1,539,882

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Changes in Unitholder's Fund (cont'd)
For the year ended 31 December 2022

		Attributable to unitholder of the Trust					
Group	**Note**	**Units in issue** US$'000	**Accumulated profits** US$'000	**Translation reserves** US$'000	**Total** US$'000	**Non-controlling interests** US$'000	**Total** US$'000
At 1 January 2021		1,712,182	16,266	142,330	1,870,778	16,255	1,887,033
Total comprehensive income for the year							
Profit for the year		–	22,938	–	22,938	203	23,141
Other comprehensive income							
Foreign currency translation differences		–	–	(183,571)	(183,571)	(1,715)	(185,286)
Foreign currency translation differences of equity-accounted investees	15	–	–	(4,752)	(4,752)	–	(4,752)
Total comprehensive income for the year		–	22,938	(188,323)	(165,385)	(1,512)	(166,897)
Transactions with unitholder, recognised directly in equity							
Changes in ownership interests in subsidiaries							
Issue of ordinary shares without a change in control		–	–	–	–	1,141	1,141
Total transactions with unitholder		–	–	–	–	1,141	1,141
At 31 December 2021		1,712,182	39,204	(45,993)	1,705,393	15,884	1,721,277

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Changes in Unitholder's Fund (cont'd)
For the year ended 31 December 2022

Trust	Units in issue US$'000	Accumulated profits/(losses) US$'000	Total US$'000
At 1 January 2022	1,712,182	17,310	1,729,492
Total comprehensive income for the year	–	22,347	22,347
At 31 December 2022	1,712,182	39,657	1,751,839
At 1 January 2021	1,712,182	(14,060)	1,698,122
Total comprehensive income for the year	–	31,370	31,370
At 31 December 2021	1,712,182	17,310	1,729,492

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Cash Flows
For the year ended 31 December 2022

Group	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from operating activities			
Profit before tax		71,642	29,766
Adjustments for:			
Depreciation expense	11,12	42,784	31,602
Amortisation expense	13	32,604	26,282
Write-off of property, plant and equipment		7,738	–
Loss on disposal of property, plant and equipment		520	252
Write-off of project costs*		1,766	2,171
Net changes in fair value of financial instruments at FVTPL		(28,118)	(587)
Finance income	8	(1,223)	(501)
Finance costs	8	15,303	10,968
Impairment loss on financial assets	10	385	25
Bad debts written off		187	–
Unrealised foreign exchange (loss)/gain		(14,028)	(14,933)
Share of results of equity-accounted investees, net of tax	15	(8,936)	162
		120,624	85,207
Changes in:			
- Trade and other receivables		(12,040)	(31,067)
- Prepayments and other assets		(2,961)	(1,798)
- Trade and other payables		(6,205)	(5,527)
Cash generated from operating activities		99,418	46,815
Tax paid		(3,871)	(6,969)
Net cash generated from operating activities		95,547	39,846
Cash flows from investing activities			
Investment in equity-accounted investees	15	(10,678)	(15,568)
Purchase of property, plant and equipment		(335,281)	(382,885)
Additions of project-related agreements and licences		–	(3,027)
Disbursement of loan to related party		(263,524)	(175,369)
Proceeds from repayment of loans receivable from related party		129,232	116,993
Proceeds from disposal of property, plant and equipment		2,362	4,083
Interest received from loan to related party		1,390	1
Net cash used in investing activities		(476,499)	(455,772)

* Included US$5.0 million (2021: US$2.6 million) write-off of property, plant and equipment (Note 11), US$2.9 million (2021: US$Nil) written off of intangible assets (Note 13), and US$ 5.7 million (2021: US$0.5 million) write back of trade and other payables.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Cash Flows (cont'd)
For the year ended 31 December 2022

Group	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from financing activities			
Proceeds from issuance of units		–	350,000
Subscriptions received from NCI		2,255	1,141
Proceeds from drawdown of loans and borrowings:			
- Project finance debts	23	505,900	374,790
- Loan from related parties	23	40,207	108,821
- Loan from Euro Medium Term Note Issuer	23	–	89,843
Repayment of loans and borrowings:			
- Project finance debts	23	(120,813)	(64,912)
- Loan from related parties	23	(49,974)	(291,120)
Principal repayment of lease liabilities	23	(4,775)	(5,437)
Transaction costs related to loans and borrowings:			
- Project finance debts	23	(11,919)	(5,480)
- Loan from Euro Medium Term Note issuer	23	(1,827)	(1,079)
Interest paid			
- Project finance debts	23	(5,772)	(6,042)
- Loan from related parties	23	(51)	(1,660)
- Loan from Euro Medium Term Note issuer	23	(3,186)	(2,202)
- Lease liabilities	23	(1,256)	(1,378)
- Derivatives	8,23	(2,000)	(1,620)
Deposits pledged		(37,180)	(55,709)
Net cash generated from financing activities		309,609	487,956
Net (decrease)/increase in cash and cash equivalents		(71,343)	72,030
Cash and cash equivalents at 1 January	20	157,936	96,386
Effect of exchange rate fluctuations on cash held		(13,192)	(10,480)
Cash and cash equivalents at 31 December	20	73,401	157,936

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Cash Flows (cont'd)
For the year ended 31 December 2022

Trust	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from operating activities			
Profit before tax		22,347	31,370
Adjustments for:			
Dividend income	4	(10,036)	(27,257)
Finance income	8	(1,137)	(500)
Finance costs	8	2,902	3,631
Unrealised foreign exchange gain		(17,007)	(5,233)
		(2,931)	2,011
Changes in:			
- Trade and other payables		(242)	10
Cash (used in)/generated from operating activities		(3,173)	2,021
Tax paid		–	–
Net cash (used in)/generated from operating activities		(3,173)	2,021
Cash flows from investing activities			
Distribution from subsidiary:			
- Dividend income	4	10,036	27,257
- Redemption of units	14	284,957	273,082
Capital contribution to subsidiary		(250,050)	(379,507)
Disbursement of loan to related party			
- Loan to subsidiary		(56,511)	–
- Loan to related parties		(263,524)	(175,369)
Proceeds from repayment of loans receivable from related party			
- Loan to subsidiary		60,279	–
- Loan to related parties		129,232	116,993
Interest received		1,304	–
Net cash used in investing activities		(84,277)	(137,544)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Zenith Japan Holdings Trust and its Subsidiaries

Statements of Cash Flows (cont'd)
For the year ended 31 December 2022

Trust	**Note**	**2022** US$'000	**2021** US$'000
Cash flows from financing activities			
Proceeds from issuance of units	21	–	350,000
Proceeds from drawdown of loans and borrowings:			
- Loan from related parties	23	39,779	100,783
- Loan from Euro Medium Term Note Issuer	23	–	89,843
Repayment of loans and borrowings:			
- Loan from related parties	23	(42,432)	(290,311)
Interest paid			
- Loan from related parties	23	(20)	(1,644)
- Loan from Euro Medium Term Note issuer	23	(3,186)	(2,202)
Transaction costs related to loans and borrowings		(1,827)	(1,079)
Net cash (used in)/generated from financing activities		(7,686)	245,390
Net (decrease)/increase in cash and cash equivalents		(95,136)	109,867
Cash and cash equivalents at 1 January	20	119,048	6,808
Effect of exchange rate fluctuations on cash held		(645)	2,373
Cash and cash equivalents at 31 December	20	23,267	119,048

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Domicile and activities

(i) Trust

Zenith Japan Holdings Trust (the "Trust") is constituted in the island of Guernsey under the trust deed dated 18 October 2017 and has the registered office at 1st Floor, Les Echelons Court, Les Echelons, St Peter Port, GY1 6JB, Guernsey.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activity of the Group is to invest in renewable energy assets via Tokumei Kumiai ("TK") agreements in Japan.

Zenith Japan Ltd in its capacity as Trustee of Zenith Trust, is the sole unitholder in the Trust.

(ii) Trustee

Zenith Japan Holdings Ltd is the trustee (the "Trustee") of Zenith Japan Holdings Trust. The Trustee shall manage and administer the Trust and the Trust Fund in accordance with the trust instrument and shall exercise all powers, duties and discretions exercisable under the Trust or conferred by law.

(iii) Asset Management Agreement

Nippon Renewable Energy K.K., Nippon Wind Energy K.K. and SPC Asset Management Inc. (each, the "Asset Manager") enters into the asset management agreements with the Group entities to manage the asset and business of the Group entities and in return to receive the asset management fees.

(iv) Operations & Maintenance ("O&M") Agreement

NRE Operations K.K. (the "O&M Provider") enters into the O&M agreements with the Group entities to provide the relevant operation and maintenance services to the Group entities.

(v) Purpose of financial statements

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

2. Basis of preparation

2.1 *Statement of compliance*

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

2. Basis of preparation (cont'd)

2.2 *Basis of measurement*

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2.3 *Functional and presentation currency*

Items included in the financial statements for each of the Group entities 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$" or "USD") which is the Trust's functional currency and have been rounded to the nearest thousand, unless otherwise stated.

2.4 *Use of judgements and estimates*

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

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

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

Note 3.1(i) – accounting for acquisitions as business combinations or asset acquisitions.

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

Note 13 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;

Note 26 – measurement of expected credit loss ("ECL") allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

Note 27 – fair value measurement of financial instruments measured at fair value through profit or loss.

2. Basis of preparation (cont'd)

2.4 *Use of estimates and judgements (cont'd)*

Measurement of fair values

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

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

Level 1: 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.

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.

2.5 *Changes in accounting policies*

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Group.

2. Basis of preparation (cont'd)

2.6 *Standards issued but not yet effective*

The Group has not adopted the following amendments applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 16: *Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024

The directors expect that the adoption of the amendments above will have no material impact on the financial statements in the period of initial application.

3. Summary of significant accounting policies

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

3.1 *Basis of consolidation*

(i) Business combinations

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.1 *Basis of consolidation (cont'd)*

(i) Business combinations (cont'd)

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

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

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

3. Summary of significant accounting policies (cont'd)

3.1 *Basis of consolidation (cont'd)*

(ii) Asset acquisitions

Acquisitions that do not constitute as businesses are accounted for as asset acquisitions. Asset acquisitions are accounted for at cost. The cost of an asset acquisition includes the purchase consideration and transaction costs directly attributable to the asset acquisition.

The Group accounts for the difference between the cost of an asset acquisition and the fair value of the net assets acquired by first deducting from the cost, net assets initially measured at an amount other than cost in accordance with applicable standards, and then allocating the residual cost to the remaining net assets based on their relative fair values at the date of acquisition.

(iii) Subsidiaries

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

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

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

<u>Loss of control</u>

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

(iv) Interest in equity accounted investees

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

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

3. Summary of significant accounting policies (cont'd)

3.1 *Basis of consolidation (cont'd)*

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

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

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

(v) Transactions eliminated on consolidation

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

(vi) Subsidiaries and equity accounted investees in the separate financial statements

Investments in subsidiaries and equity accounted investees are stated in the Trust's statement of financial position at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividend income from investments in subsidiaries and equity accounted investees is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured. Dividend income is recognised in the profit or loss, unless the distribution represents a return of capital, in which case, it is recorded as a reduction of the cost of investment of the parent.

3.2 *Foreign currency*

(i) Foreign currency transactions

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

3. Summary of significant accounting policies (cont'd)

3.2 *Foreign currency (cont'd)*

(i) Foreign currency transactions (cont'd)

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

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of a financial liability designated as a hedge of the net investment in foreign operation that is effective, an equity instrument at fair value through other comprehensive income, or qualifying cash flow hedges which are recognised in other comprehensive income.

(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. Summary of 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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(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.

3. Summary of 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.

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	25 years
Computer	3 years

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

No depreciation is provided for freehold land and assets under construction.

3.4 *Intangible assets and goodwill*

(i) Goodwill

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

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

3. Summary of significant accounting policies (cont'd)

3.4 *Intangible assets and goodwill (cont'd)*

(ii) Project-related agreements and licences

Project-related agreements and licences include the following items:

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

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

(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. This is done to allocate the cost over their estimated useful lives, which are based on the useful life of the related wind or solar assets. The estimated useful lives for the current and comparative years are as follows:

- Project-related agreements and licences 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, 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. Summary of significant accounting policies (cont'd)

3.5 *Financial instruments (cont'd)*

(ii) Classification and subsequent measurement

Non- derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

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

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 of at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Summary of significant accounting policies (cont'd)

3.5 *Financial instruments (cont'd)*

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

Financial assets – Business model assessment

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.5 *Financial instruments (cont'd)*

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

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.5 *Financial instruments (cont'd)*

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

Financial liabilities

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

3. Summary of 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 statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

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

3.6 *Cash and cash equivalents*

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

3.7 *Unitholder's Fund*

Units in issue

Units in issue are classified as equity. Incremental costs directly attributable to the issuance of units are recognised as a deduction from equity, net of any tax effects. For unpaid units, the equity and corresponding receivable is recognised if the receivables meet the definition of a financial asset.

Redemption of units

When units recognised as equity are redeemed, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Redeemed units are presented under "units in issue". When redeemed units are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within equity.

Advance from unitholder

Advances from unitholder are classified as equity if there is no contractual obligation to repay the balance in cash or another financial asset and will not be settled by issuance of a variable number of units.

3. Summary of significant accounting policies (cont'd)

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.

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

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

Simplified approach

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

General approach

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.8 *Impairment (cont'd)*

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3. Summary of significant accounting policies (cont'd)

3.8 *Impairment (cont'd)*

(ii) Non-financial assets

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

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

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.9 *Provisions*

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

(i) Asset retirement obligation

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

3.10 *Revenue*

Sale of energy

Revenue from sale of energy 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.

Revenue from sale of energy is recognised in profit or loss when the electricity generated is dispatched to the customer over time.

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

3. Summary of significant accounting policies (cont'd)

3.10 *Revenue (cont'd)*

Dividend income

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

3.11 *Operating costs*

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

3.12 *Asset management fees*

Asset management fees are fees paid to the Asset Managers for the performance of the services as defined in the Asset Management Agreement.

3.13 *Development costs*

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

3.14 *Finance income and finance costs*

Finance income comprises of interest income. Finance costs comprises 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. Summary of significant accounting policies (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

3.15 *Tax (cont'd)*

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.16 *Leases*

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

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, plant and equipment as follows:

Land and buildings	2 - 39 years
Office	20 years

Right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. Summary of significant accounting policies (cont'd)

3.16 *Leases (cont'd)*

As a lessee (cont'd)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value.

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

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property as separate line item and lease liabilities in 'loans and borrowings' in the statement of financial position.

3. Summary of significant accounting policies (cont'd)

3.16 *Leases (cont'd)*

As a lessee (cont'd)

Sale and leaseback transactions

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

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

3. Summary of significant accounting policies (cont'd)

3.16 *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.

Sale and leaseback transactions as a buyer-lessor

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

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

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

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

3.17 *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.

4. Revenue and other income

The Group's and the Trust's revenue and other income comprises:

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Revenue:				
Sale of energy (over time)	144,502	110,193	–	–
Dividend income (point in time)	–	–	10,036	27,257
	144,502	110,193	10,036	27,257
Other income:				
Insurance claims	5,790	3,259	–	–
Liquidated damages	890	–	–	–
Others	364	84	–	–
	7,044	3,343	–	–
	151,546	113,536	10,036	27,257

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	
	2022	**2021**
	US$'000	US$'000
Japan Solar	131,053	108,088
Japan Wind	13,449	2,105
	144,502	110,193

Contract balances

Please refer to Note 18 for contract assets primarily relating to the Group's right to consideration for sale of renewable energy which have not been billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

5. Operating costs

	Group		Trust	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Operations and maintenance costs	11,424	9,297	–	–
Asset related tax and levies	8,895	7,067	–	–
Site office maintenance costs	317	545	–	–
Professional fees	1,405	1,460	66	129
Asset related insurance	4,152	2,122	–	–
Utilities and transmission costs	1,160	555	–	–
Outsourced accounting fees	240	240	120	120
Other general and administrative costs	335	307	–	1
	27,928	21,593	186	250

6. Asset management fees

	Group	
	2022 US$'000	**2021** US$'000
Asset management fees	4,172	4,200

In accordance with the Asset Management Agreements, for each accounting period the Asset Managers who are related parties of the Group, shall be entitled to receive an annual fee equal to the sum of:

(i) The actual reasonable expenses incurred by the Asset Managers on their own accounts for the performance of the Services (as opposed to expenses incurred on behalf of the Godo Kaishas ("GKs")) to the extent falling within the Operating Budget; and

(ii) 10% of the amount in (i) or the maximum asset management fees, as agreed.

Services are defined in the Asset Management Agreements as general duties performed by the Asset Managers within reasonable requirements of GK in connection with the management of the Assets and the Business and the performance of the services as are customarily provided by managers of properties of comparable class and standing; and do all such other things as may reasonably and properly be required to be within the scope of the Asset Managers' duties to GKs relating to the management of the Assets and the Business and the performance of the Services.

7. Development costs

	Group 2022 US$'000	Group 2021 US$'000
Professional fees	635	611
Business related taxes	108	355
Insurance	5	43
Utilities and transmission costs	6	31
Other general and administrative costs	465	517
	1,219	1,557

8. Finance income and finance costs

	Note	Group 2022 US$'000	Group 2021 US$'000	Trust 2022 US$'000	Trust 2021 US$'000
Finance income					
Interest income on:					
- Loan to related party		1,124	500	1,124	500
- Others		99	1	13	–
Total finance income		1,223	501	1,137	500
Finance costs					
Interest expense on:					
- Loan from related parties	23	(67)	(344)	(20)	(310)
- Loan from Euro Medium Term Note Issuer	23	(2,221)	(3,321)	(2,221)	(3,321)
- Bond with O&M Provider	23	(3)	(3)	–	–
- Project finance debts	23	(6,117)	(3,946)	–	–
- Lease liabilities	23	(862)	(861)	–	–
- Interest rate swaps	23	(2,000)	(1,620)	–	–
Other finance costs		(4,033)	(873)	(661)	–
Total finance costs		(15,303)	(10,968)	(2,902)	(3,631)

Included in other finance costs are deferred financing costs of US$3,044,000 (2021: US$754,000) and unwinding of discount of asset retirement obligation of US$328,000 (2021: US$119,000).

9. Tax expense

	Group		Trust	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Current tax expense				
Withholding tax	3,263	6,568	–	–
Current year	101	57	–	–
	3,364	6,625	–	–

	Group		Trust	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Reconciliation of effective tax rate				
Profit before tax	71,642	29,766	22,347	31,370
Tax using Cayman Island tax rate of 0% (2021: 0%)	–	–	–	–
Effect of Japan tax rates in foreign jurisdiction 20.60% (2021: 19.09%)	14,759	5,682	–	–
Tax-exempt income	(2,761)	(2,235)	–	–
Tax incentives	(11,655)	(3,623)	–	–
Withholding tax expense	3,263	6,568	–	–
Others	(242)	233	–	–
	3,364	6,625	–	–

The Cayman Islands tax rate of 0% is used in the table above as this is the country in which the Trust is domiciled. The effect of tax rates in foreign jurisdictions mainly results from differentiated tax rates applicable in Japan where the Group's operations are primarily based.

Tax incentives refers to tax deductions allowed under the Group's Tokumei Kumiai arrangements.

10. Impairment loss on financial assets

	Group	
	2022 US$'000	**2021** US$'000
Net impairment loss recognised/(reversed) on cash and bank balances	6	(28)
Net impairment loss recognised/(reversed) on trade and other receivables	8	(10)
Net impairment loss recognised on other receivables	371	63
	385	25

11. Property, plant and equipment

Group	**Note**	**Freehold land** US$'000	**Building and leasehold improvements** US$'000	**Electric generator equipment** US$'000	**Computer** US$'000	**Assets under construction** US$'000	**Total** US$'000
Cost							
At 1 January 2021		33,367	15	631,857	–	402,205	1,067,444
Additions		103	–	29,463	–	368,094	397,660
Reclassifications		–	–	325,794	–	(325,794)	–
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	12	–	–	–	–	4,479	4,479
Disposal		(3,819)	–	(571)	–	–	(4,390)
Write-off	(a)	–	–	(107)	–	(2,564)	(2,671)
Effect of exchange rate changes		(3,027)	(2)	(72,349)	–	(39,633)	(115,011)
At 31 December 2021		26,624	13	914,087	–	406,787	1,347,511
Additions		105	–	37,659	46	333,490	371,300
Reclassification		–	–	352,947	–	(352,947)	–
Reclassification into intangible assets	13	(7,460)	–	–	–	–	(7,460)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	12	–	–	–	–	4,602	4,602
Disposal		(1,895)	–	(131)	–	–	(2,026)
Write-off	(a)	(18)	–	(856)	–	(12,793)	(13,667)
Effect of exchange rate changes		(3,618)	(1)	(128,284)	(1)	(55,935)	(187,839)
At 31 December 2022		13,738	12	1,175,422	45	323,204	1,512,421

(a) Included US$5.0 million (2021: US$2.6 million) as "write-off of project costs" in profit or loss

11. Property, plant and equipment (cont'd)

Group	Freehold land US$'000	Building and leasehold improvements US$'000	Electric generator equipment US$'000	Computer US$'000	Assets under construction US$'000	Total US$'000
Accumulated depreciation						
At 1 January 2021	–	1	65,735	–	–	65,736
Depreciation expense	–	–	28,345	–	–	28,345
Disposal	–	–	(55)	–	–	(55)
Write-off	–	–	(9)	–	–	(9)
Effect of exchange rate changes	–	–	(7,284)	–	–	(7,284)
At 31 December 2021	–	1	86,732	–	–	86,733
Depreciation expense	–	–*	39,455	–*	–	39,455
Disposal	–	–	(11)	–	–	(11)
Write-off	–	–	(55)	–	–	(55)
Effect of exchange rate changes	–	1	(13,091)	–	–	(13,090)
At 31 December 2022	–	2	113,030	–*	–	113,032
Carrying amounts						
At 31 December 2021	26,624	12	827,355	–	406,787	1,260,778
At 31 December 2022	13,738	10	1,062,392	45	323,204	1,399,389

* Amount less than US$1,000.

11. Property, plant and equipment (cont'd)

As at the reporting date, property, plant and equipment of the Group with carrying amounts of US$884.6 million (2021: US$811.7 million) were pledged as collateral to secure project finance debts.

During the financial year, asset management fee expenses and engineering, procurement and construction ("EPC") costs charged by related parties of the Group amounting to US$94.1 million (2021: US$29.0 million) have been capitalised for projects that are yet to reach its commercial operation date.

12. Right-of-use assets

	Note	Land US$'000	Office US$'000	Total US$'000
Group				
Cost				
At 1 January 2021		228,541	–	228,541
Additions		43,877	94	43,971
Effect of exchange rate changes		(23,184)	(3)	(23,187)
At 31 December 2021		249,234	91	249,325
Additions		25,501	–	25,501
Lease modification		(2,743)	193	(2,550)
Effect of exchange rate changes		(34,499)	(14)	(34,513)
At 31 December 2022		237,493	270	237,763
Accumulated depreciation				
At 1 January 2021		9,454	–	9,454
Depreciation expense		3,257	–	3,257
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	11	4,479	–	4,479
Effect of exchange rate changes		(1,148)	–	(1,148)
At 31 December 2021		16,042	–	16,042
Depreciation expense		3,317	12	3,329
Lease modification		(327)	27	(300)
Capitalisation of depreciation of right-of-use assets into property, plant and equipment	11	4,589	13	4,602
Effect of exchange rate changes		(2,206)	(1)	(2,207)
At 31 December 2022		21,415	51	21,466
Carrying amounts				
At 31 December 2021		233,192	91	233,283
At 31 December 2022		216,078	219	216,297

13. Intangible assets

	Note	Goodwill US$'000	Project-related agreements and licences US$'000	Total US$'000
Group				
Cost				
At 1 January 2021		276,897	1,108,010	1,384,907
Additions		–	3,027	3,027
Effect of exchange rate changes		(26,209)	(104,984)	(131,193)
At 31 December 2021		250,688	1,006,053	1,256,741
Additions		–	1	1
Reclassification from property, plant and equipment	11	–	7,460	7,460
Write-off project costs		–	(2,880)	(2,880)
Effect of exchange rate changes		(34,568)	(138,896)	(173,464)
At 31 December 2022		216,120	871,738	1,087,858
Accumulated depreciation				
At 1 January 2021		–	55,836	55,836
Amortisation expense		–	26,282	26,282
Effect of exchange rate changes		–	(6,058)	(6,058)
At 31 December 2021		–	76,060	76,060
Amortisation expense		–	32,604	32,604
Effect of exchange rate changes		–	(10,825)	(10,825)
At 31 December 2022		–	97,839	97,839
Carrying amounts				
At 31 December 2021		250,688	929,993	1,180,681
At 31 December 2022		216,120	773,899	990,019

Amortisation of the project-related agreements and licences will begin on the commercial operation date of the renewable assets as defined in the respective power purchase agreements.

13. Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill

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

	Group	
	2022	**2021**
	US$'000	US$'000
Japan	216,120	250,688

Operations in Japan

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

The discounted cash flows valuation is based on management's latest cash flow projection assuming up to 30 years (2021: 30 years) and no terminal value is assumed. The post-tax discount rates of 4.1% – 5.6% (2021: 4.1% – 5.6%) are estimated based on historical industry average weighted-average cost of capital and applying a risk premium for under construction, contracted and development assets.

As at 31 December 2022 and 2021, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amount to be materially below the carrying amount of the CGU.

14. Investment in subsidiaries

	Trust	
	2022	**2021**
	US$'000	US$'000
Equity investments, at cost	1,729,716	1,764,623

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

	Trust	
	2022	**2021**
	US$'000	US$'000
Balance as at 1 January	1,764,623	1,668,500
Capital injection during the year	250,050	369,205
Redemption during the year	(284,957)	(273,082)
Balance as 31 December	1,729,716	1,764,623

14. Investment in subsidiaries (cont'd)

During the financial year, the Trust increased its investment in subsidiaries by US$250,050,000 (2021: US$369,205,000) and redeemed 264,625,120 units (2021: 257,339,343 units) at an average price of US$1.077 (2021: US$1.069) per unit for the aggregate consideration of US$284,957,000 (2021: US$273,082,000).

The table below provides details of the significant subsidiaries of the Group:

Name of subsidiaries	Sector	Project Name	Status	Principal place of business	Ownership interest 2022 %	Ownership interest 2021 %
Zenith Japan Trust	Investment holding company	–	Operating	Guernsey	100	100
GK KC-01 Investment	Solar	Sotsukozawa	Operating	Japan	99	99
GK NRE Sannan	Solar	Sannan	Operating	Japan	99	99
GK NRE-05 Investment	Solar	Shichinohe 3,6,8	Operating	Japan	99	99
GK NRE-10 Investment	Solar	Kawakami	Operating	Japan	99	99
GK NRE-13 Investment	Solar	Enokibayashi	Operating	Japan	99	99
GK NRE-15 Investment	Solar	Noheji	Operating	Japan	99	99
GK NRE-16 Investment	Solar	Tokai	Operating	Japan	99	99
GK NRE-17 Investment	Solar	Mito1	Operating	Japan	99	99
GK NRE-19 Investment	Solar	Hitachi Omiya	Operating	Japan	99	99
GK NRE-20 Investment	Solar	Wakuya	Operating	Japan	99	99
GK NRE-21 Investment	Solar	Shichinohe 9	Operating	Japan	99	99
GK NRE-23 Investment	Solar	Kisarazu	Operating	Japan	99	99
GK NRE-24 Investment	Solar	Kawakami 2	Operating	Japan	99	99
GK NRE-29 Investment	Solar	Nanbucho 3	Operating	Japan	99	99
GK NRE-32 Investment	Solar	Kasama	Operating	Japan	99	99
GK NRE-36 Investment	Solar	Towada	Operating	Japan	99	99
GK NRE-37 Investment	Solar	Aomori 2	Operating	Japan	99	99
GK NRE-39 Investment	Solar	Ono	Operating	Japan	99	99
GK NRE-42 Investment	Solar	Hitachi Omiya 2	Operating	Japan	99	99
GK NRE-44 Investment	Solar	Nihonmatsu 2	Operating	Japan	99	99

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Sector	Project Name	Status	Principal place of	Ownership interest 2021 %	Ownership interest 2022 %
KP Energy GK	Solar	Yaita 2	Operating	Japan	99	99
SEJ III GK	Solar	Nagasaki	Operating	Japan	98	98
Amakusa Wind GK	Wind	Reihoku 2	Operating	Japan	99	99
Nakasato Wind GK	Wind	Nakadomari	Operating	Japan	99	99
GK NWE-02 Investment	Wind	Reihoku 1	Operating	Japan	99	99

The Group has acquired Tokumei Kumiai interest ("TK Interests") of the special purpose vehicles ("GKs" or "TK Operators") on 19 January 2019. The relationship between the Trust and the TK Operators is governed by the TK Agreements. The Trust, as the investor, will provide funds to the TK Operator in return for the right to receive distribution of profit generated from the operation of the GK. Under the TK Agreement, the net income of the TK business, comprising principally the income generated from solar and wind assets, will be passed up to the Trust. The Trust is entitled up 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).

15. Equity-accounted investees

Interests in joint ventures

	Group 2022 US$'000	Group 2021 US$'000
Interests in joint ventures	67,945	56,801

In 2021, the Group acquired 49% economic interest in Wind Power Energy Co., Ltd. ("WPE"). The remaining economic interest is substantially owned by a third party, Prominet Power K.K. and decisions in relation to key relevant activities over WPE require unanimous consent. The Group has assessed that it has joint control over WPE, and that its investment in WPE meets the definition of a joint venture (as defined by the Group's accounting policy). WPE is based in Japan, and is principally engaged in development and operation of renewable energy assets.

15. Equity-accounted investees (cont'd)

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

2022	**Nanao Mega Solar GK ("Nanao")** US$'000	**KK Kyudenko Fukuosan Solar ("KK Fukuosan")** US$'000	**WPE** US$'000
Statement of financial position			
Non-current assets			
Property, plant and equipment	72,469	101,394	52,489
Right-of-use assets	11,949	40,640	7,964
Intangible assets	1,205	28,146	–
Prepayments and other assets	1,517	240	–
Derivative assets	–	4,674	–
	87,140	175,094	60,453
Current assets			
Prepayments and other assets	–	32	1
Trade and other receivables	444	12,068	757
Derivative assets	4,419	–	–
Cash and bank balances	5,636	12,053	5,825
	10,499	24,153	6,583
Total assets	97,639	199,247	67,036
Non-current liabilities			
Loans and borrowings	60,560	100,458	13,158
Lease liabilities	4,713	44,168	7,948
Asset retirement obligation	–	5,265	–
	65,273	149,891	21,106
Current liabilities			
Loans and borrowings	–	8,438	14
Lease liabilities	279	2,726	280
Trade and other payables	224	212	2,241
	503	11,376	2,535
Total liabilities	65,776	161,267	23,641
Net assets	31,863	37,980	43,395

15. Equity-accounted investees (cont'd)

2022	**Nanao** US$'000	**KK Fukuosan** US$'000	**WPE** US$'000
Statement of comprehensive income			
Revenue	1,304	14,536	–
Other income	–	–	2
Total revenue	1,304	14,536	2
Operating costs	(140)	(4,094)	–
Development costs	–	–	(95)
Depreciation expense	–	(7,346)	–
Amortisation expense	(116)	(1,441)	–
Results from operating activities	1,048	1,655	(93)
Finance costs	(140)	(1,583)	–
Change in fair value of financial instruments at FVTPL	5,704	6,384	–
Profit/(loss) before tax	6,612	6,456	(93)
Tax expense	(16)	(4)	(47)
Profit/(loss) for the year, representing total comprehensive income for the year	6,596	6,452	(140)

2021

Statement of financial position			
Non-current assets			
Property, plant and equipment	41,600	82,939	48,937
Right-of-use assets	15,321	49,900	10,925
Intangible assets	1,392	31,814	–
Prepayments and other assets	1,751	191	–
	60,064	164,844	59,862
Current assets			
Prepayments and other assets	–	70	1
Trade and other receivables	–	16	229
Cash and bank balances	2,211	5,221	4,626
	2,211	5,307	4,856
Total assets	62,275	170,151	64,718
Non-current liabilities			
Loans and borrowings	30,380	75,286	15,262
Lease liabilities	6,383	54,162	10,753
Derivative liabilities	1,452	1,932	–
	38,215	131,380	26,015

15. Equity-accounted investees (cont'd)

2021	**Nanao** US$'000	**KK Fukuosan** US$'000	**WPE** US$'000
Statement of financial position (cont'd)			
Current liabilities			
Loans and borrowings	–	–	48
Lease liabilities	401	2,037	460
Trade and other payables	536	72	2,592
	937	2,109	3,100
Total liabilities	39,152	133,489	29,115
Net assets	23,123	36,662	35,603
Statement of comprehensive income			
Other income	–*	1	1
Operating expenses	(53)	(188)	(60)
Change in fair value of financial instruments at FVTPL	130	(85)	–
Profit/(loss) before tax	77	(272)	(59)
Tax expense	(1)	–*	–
Profit/(loss) for the year, representing total comprehensive income for the year	76	(272)	(59)

* Amounts less than US$1,000.

15. Equity-accounted investees (cont'd)

	Nanao US$'000	**KK Fukuosan** US$'000	**WPE** US$'000	**Total** US$'000
2022				
Carrying amount of interests in joint ventures at 1 January 2022	15,956	25,934	14,911	56,801
Group's contribution during the year	4,299	–	6,379	10,678
Share of results of joint ventures	4,552	4,452	(68)	8,936
Foreign currency translation differences	(2,524)	(3,544)	(2,402)	(8,470)
Carrying amount of interests in joint ventures at 31 December 2022	22,283	26,842	18,820	67,945
2021				
Carrying amount of interest in joint ventures at 1 January 2021	17,378	28,769	–	46,147
Group's acquisition of share capital during the year	–	–	9,565	9,565
Group's contribution during the year	–	–	6,003	6,003
Share of results of joint ventures	55	(188)	(29)	(162)
Foreign currency translation differences	(1,477)	(2,647)	(628)	(4,752)
Carrying amount of interest in joint ventures at 31 December 2021	15,956	25,934	14,911	56,801

16. Loans receivables

	Group and Trust	
	2022	**2021**
	US$'000	US$'000
Non-current		
Loan receivable from related party	180,459	–
Current		
Loan receivable from related party	–	57,469
Interest on loans receivables from related party	161	489
	161	57,958
	180,620	57,958

The Group and the Trust have a loan receivable from Vena Energy Holdings Ltd with an annual interest rate of 1.375% (2021: 1.375%). The loan is, unsecured, denominated in JPY and will mature on 30 December 2024 (2021: repayable on demand).

17. Prepayments and other assets

	Group	
	2022	**2021**
	US$'000	US$'000
Non-current		
Prepaid asset management fees	1,678	1,946
Prepaid O&M mobilisation fees	3,611	2,613
	5,289	4,559
Current		
Prepaid insurance	1,061	1,083
Advance payments for construction costs	5,705	4,275
Other assets	1,289	1,143
	8,055	6,501
	13,344	11,060

18. Trade and other receivables

	Note	Group 2022 US$'000	Group 2021 US$'000
Non-current			
VAT receivables		38,948	36,706
Deposits		3,098	550
		42,046	37,256
Current			
Non-trade amounts due from:			
- Related parties	(a)	1,356	588
- Asset managers		–	131
- O&M Provider		–	89
Contract assets		11,533	7,910
VAT receivables		27,710	30,353
EPC contractors		–	9,165
Other deposits		4,122	4,405
		44,721	52,641
Less: Impairment loss	26	(542)	(147)
		44,179	52,494
		86,225	89,750

Trade receivables are non-interest bearing and are generally on standard credit terms ranging from 15 to 30 days (2021: 15 to 30 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

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

19. Derivative assets and liabilities

	Note	Group 2022 US$'000	Group 2021 US$'000
Derivative assets			
Non-current			
Interest rate swaps		18,146	–
Total derivative assets		18,146	–
Derivative liabilities			
Non-current			
Interest rate swaps		–	(11,429)
Total derivative liabilities		–	(11,429)

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

20. Cash and bank balances

	Note	Group 2022 US$'000	Group 2021 US$'000	Trust 2022 US$'000	Trust 2021 US$'000
Bank balances		177,342	224,697	23,267	119,048
Less: Impairment loss		(7)	(1)	–	–
Cash and bank balances in the statement of financial position		177,335	224,696	23,267	119,048
Less: Restricted bank balances and deposits	(a)	(103,941)	(66,761)	–	–
Add: Impairment loss		7	1	–	–
Cash and cash equivalents in the statement of cash flows		73,401	157,936	23,267	119,048

(a) As at 31 December 2022, US$103.9 million (2021: US$66.8 million) of the Group's cash and bank balances were restricted. Out of this, US$40.7 million (2021: US$15.1 million) were held under Debt Service Reserve Accounts ("DSRA"), which represents a reserve account used for debt service of project finance debts.

As at the reporting date, cash and bank balances of the Group amounting to US$111.2 million (2021: US$97.0 million) are pledged as collateral to secure project finance debts.

21. Units in issue

	Group and Trust	
	2022	**2021**
	No. of units ('000)	**No. of units ('000)**
Issued		
At 1 January and 31 December	1,712,182	1,712,182

Units

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

As at 31 December 2022 and 2021, all units were issued and fully paid.

22. Reserves

The reserves of the Group comprise the following balances:

	2022 US$'000	**2021** US$'000
Translation reserve	(295,698)	(45,993)

Translation reserve

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

23. Loans and borrowings and lease liabilities

		Group		Trust	
	Note	**2022** US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Non-current					
Project finance debts	(a)	965,148	774,005	–	–
Bond issued by O&M Provider		264	307	–	–
Loan from:					
- Related parties	(b)	3,702	6,724	–	–
- Euro Medium Term Note Issuer	(c)	181,057	210,590	181,057	210,590
		1,150,171	991,626	181,057	210,590
Lease liabilities		215,042	227,986	–	–

23. Loans and borrowings and lease liabilities (cont'd)

	Note	Group 2022 US$'000	Group 2021 US$'000	Trust 2022 US$'000	Trust 2021 US$'000
Current					
Project finance debts	(a)	102,868	31,147	–	–
Loan from related parties	(b)	3,409	2,329		
Interest payable on:					
- Project finance debt	(a)	360	12		–
- Loan from related parties	(b)	60	54		–
- Euro Medium Term Note Issuer	(c)	642	1,370	642	1,370
- Bond issued by O&M Provider		14	13		–
- Derivatives		89	–	–	–
		107,442	34,925	642	1,370
Lease liabilities		5,325	5,396	–	–
		1,477,980	1,259,933	181,699	211,960

Terms and conditions of loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Principal amount US$'000
2022				
Project finance debt	JPY	3M TIBOR + 0.5 to 0.8	2034 to 2040	651,020
Project finance debt	JPY	6M TIBOR + 0.8 to 1.0	2024 to 2040	208,022
Project finance debt	JPY	TONAR + 0.8 to 0.9	2023 to 2027	161,232
Project finance debt	JPY	1.9	2038	70,042
Bond issued by O&M Provider	JPY	1.0	–	264
Loan from related parties	JPY	0.6 to 0.8	2023 to 2035	7,111
Loan from Euro Medium Term Note Issuer	JPY	1.4	2025	105,780
Loan from Euro Medium Term Note Issuer	JPY	0.6	2025	76,581
				1,280,052

23. Loans and borrowings and lease liabilities (cont'd)

Group	Currency	Nominal interest rate %	Year of maturity	Principal amount US$'000
2021				
Project finance debt	JPY	3M TIBOR + 0.5 to 0.8	2023 to 2039	549,193
Project finance debt	JPY	6M TIBOR + 0.8 to 1.0	2024 to 2040	214,785
Project finance debt	JPY	3M LIBOR + 0.9	2023	54,128
Bond issued by O&M Provider	JPY	1.0	–	307
Loan from related parties	JPY	0.6 to 0.8	2023 to 2035	9,053
Loan from Euro Medium Term Note Issuer	JPY	1.4	2025	122,700
Loan from Euro Medium Term Note Issuer	USD	2.7	2025	89,785
				1,039,951
Trust				
2022				
Loan from Euro Medium Term Note Issuer	JPY	1.4	2025	105,780
Loan from Euro Medium Term Note Issuer	JPY	0.6	2025	76,581
				182,361
2021				
Loan from Euro Medium Term Note Issuer	JPY	1.4	2025	122,700
Loan from Euro Medium Term Note Issuer	USD	2.7	2025	89,785
				212,485

(a) Project finance debts

The project finance debt contains debt covenants which are tested on a regular basis. A future breach of these covenants may require the Group to repay the loans and borrowings earlier than its year of maturity. The Group has not breached any debt covenants as at 31 December 2022 and 31 December 2021 respectively.

Project finance debts are secured over the assets of the Group as disclosed in Note 23(d).

23. Loans and borrowings and lease liabilities (cont'd)

(b) Loan from related parties

In 2022, the Group obtained a loan from Nippon Renewable Energy K.K. with an annual interest rate of 0.767% on the principal outstanding. The loan tenor is 1 year.

In 2021, the Group obtained loans from Nippon Wind Energy K.K. with annual interest of 0.587% on the principal outstanding on all the loans. The loans are repayable within 2 to 3 years with their maturity dates ranging from 2023 to 2024.

In 2021, the Group had another loan from Vena Energy Solar (Japan) Pte. Ltd. with an annual interest of 0.8% on the principal outstanding and will be paid within 14 years in equal and consecutive instalments of 33.33% with a first payment 11 years from the date signed and the same amount on the same day every day thereafter, or earlier upon demand. In 2022, the Group fully repaid all loans and outstanding interest from Vena Energy Solar (Japan) Pte. Ltd.

(c) Loan from Euro Medium Term Note Issuer

On 26 February 2020, a related company, Vena Energy Capital Pte. Ltd. ("Euro Medium Term Note Issuer"), issued US$325,000,000 3.133% per annum notes due in 2025 listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") under a US$1 billion Global Medium Term Note Programme (the "Notes").

On 8 July 2021, the Euro Medium Term Note Issuer issued US$175,000,000 3.133% per annum notes due in 2025 listed on SGX-ST under the US$1 billion Notes. The Notes were issued at a premium for a total consideration of US$178,638,250. The Notes are to be consolidated and form a single series with the US$325,000,000 3.133% per annum notes issued on 27 February 2020.

The Notes bear interest at the rate of 3.133% per annum from and including 26 February 2021, and interest will be payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 August 2021. The Notes will mature on 26 February 2025.

The Notes proceeds were allocated to the Trust, Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd through intercompany loans.

The Trust together with Vena Energy Holdings Ltd and Vena Energy (Taiwan) Holdings Ltd jointly and severally act as guarantors for Vena Energy Capital Pte. Ltd. for this Notes issuance. The due and punctual payment of all sums payable by Vena Energy Capital Pte. Ltd. from time to time in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the guarantors.

The loan from the Euro Medium Term Note Issuer is a 5-year loan maturing on 26 February 2025 denominated in Japanese Yen ("JPY") with the contractual interest rate at 1.372% and 0.598% (2021: 1.372% and 2.655%) per annum payable on a semi-annual basis.

23. Loans and borrowings and lease liabilities (cont'd)

(c) Loan from Euro Medium Term Note Issuer (cont'd)

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

	Group		**Trust**	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Gross debt				
Non-current				
Project finance debts	985,001	785,613	–	–
Bond issued by O&M Provider	264	307	–	–
Loan from:				
- Related parties	3,702	6,724	–	–
- Euro Medium Term Note Issuer	182,361	212,485	182,361	212,485
	1,171,328	1,005,129	182,361	212,485
Current				
Project finance debts	105,315	32,493	–	–
Loan from:				
- Related parties	3,409	2,329	–	–
	108,724	34,822	–	–
	1,280,052	1,039,951	182,361	212,485

(d) Pledges for facilities agreements

The Group has entered into several facilities agreements with various financial institutions. Under these agreements, these financial institutions provide project financing debts of US$1,090.3 million (2021: US$818.1 million) to the Group on a combination of fixed and floating rates.

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

23. Loans and borrowings and lease liabilities (cont'd)

(d) Pledges for facilities agreements (cont'd)

The Group's assets directly pledged in relation to the facilities agreements are as disclosed in Note 11 and 20, of the financial statement. The indirect pledge over the Group's consolidated net assets as at reporting date, as a result of the shares of the project entities being pledged, are as follows:

	Group	
	2022	**2021**
	US$'000	US$'000
Project entities' contribution to the net assets of the Group	653,167	768,424

Market and liquidity risk

Information about the Group's and the Trust's exposure to interest rate, foreign currency and liquidity risks is included in Note 26.

Zenith Japan Holdings Trust and its Subsidiaries

Notes to the Financial Statements
For the year ended 31 December 2022

23. Loans and borrowings and lease liabilities (cont'd)

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

Group	Note	Liabilities					
		Project finance debts US$'000	**Bond issued by O&M provider** US$'000	**Loan from related parties** US$'000	**Loan from Euro Medium Term Note Issuer** US$'000	**Lease liabilities** US$'000	**Total** US$'000
Balance at 1 January 2022		805,164	320	9,107	211,960	233,382	1,259,933
Changes from financing cash flows							
Proceeds		505,900	–	40,207	–	–	546,107
Repayment		(120,813)	–	(49,974)	–	–	(170,787)
Payment for lease liabilities		–	–	–	–	(4,775)	(4,775)
Transaction costs		(11,919)	–	–	(1,827)	–	(13,746)
Interest paid		(7,772)	–	(51)	(3,186)	(1,256)	(12,265)
Total changes from financing cash flows		365,396	–	(9,818)	(5,013)	(6,031)	344,534
Effect of changes in foreign exchange rates		(113,256)	(45)	7,815	(28,130)	(30,797)	(164,413)
Other changes							
Liability-related							
New leases	12	–	–	–	–	25,501	25,501
Lease modifications	12	–	–	–	–	(2,550)	(2,550)
Interest expense	8	8,117	3	67	2,221	862	11,270
Other finance costs	8	3,044	–	–	661	–	3,705
Total liability-related other changes		11,161	3	67	2,882	23,813	37,926
Balance at 31 December 2022		1,068,465	278	7,171	181,699	220,367	1,477,980

23. Loans and borrowings and lease liabilities (cont'd)

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

		Liabilities					
Group	**Note**	**Project finance debts** US$'000	**Bond issued by O&M provider** US$'000	**Loan from related parties** US$'000	**Loan from Euro Medium Term Note Issuer** US$'000	**Lease liabilities** US$'000	**Total** US$'000
Balance at 1 January 2021		565,473	350	194,434	134,919	211,647	1,106,823
Changes from financing cash flows							
Proceeds		374,790	–	108,821	89,843	–	573,454
Repayment		(64,912)	–	(291,120)	–	–	(356,032)
Payment for lease liabilities		–	–	–	–	(5,437)	(5,437)
Transaction costs		(5,480)	–	–	(1,079)	–	(6,559)
Interest paid		(6,042)	–	(1,660)	(2,202)	(1,378)	(11,282)
Total changes from financing cash flows		298,356	–	(183,959)	86,562	(6,815)	194,144
Effect of changes in foreign exchange rates		(63,365)	(33)	(1,712)	(12,842)	(18,310)	(96,262)
Other changes							
Liability-related							
New leases		–	–	–	–	45,999	45,999
Interest expense	8	3,946	3	344	3,321	861	8,475
Other finance costs	8	754	–	–	–	–	754
Total liability-related other changes		4,700	3	344	3,321	46,860	55,228
Balance at 31 December 2021		805,164	320	9,107	211,960	233,382	1,259,933

23. Loans and borrowings and lease liabilities (cont'd)

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

Trust	Liabilities		
	Loan from related parties US$'000	**Loan from Euro Medium Term Note Issuer** US$'000	**Total** US$'000
Balance at 1 January 2022	–	211,960	211,960
Changes from financing cash flows			
Proceeds from loans and borrowings	39,779	–	39,779
Repayment of loans and borrowings	(42,432)	–	(42,432)
Transactions costs related to loans and borrowings	–	(1,827)	(1,827)
Interest paid	(20)	(3,186)	(3,206)
Total changes from financing cash flows	(2,673)	(5,013)	(7,686)
Effect of changes in foreign exchange rates	2,653	(28,130)	(25,477)
Other changes			
Liability-related			
Interest expense	20	2,221	2,241
Other finance costs	–	661	661
Total liability-related other changes	20	2,882	2,902
Balance at 31 December 2022	–	181,699	181,699

23. Loans and borrowings and lease liabilities (cont'd)

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

Trust	Liabilities: Loan from related parties US$'000	Liabilities: Loan from Euro Medium Term Note Issuer US$'000	Total US$'000
Balance at 1 January 2021	192,099	134,919	327,018
Changes from financing cash flows			
Proceeds from loans and borrowings	128,040	89,843	217,883
Repayment of loans and borrowings	(290,311)	–	(290,311)
Transactions costs related to loans and borrowings	–	(1,079)	(1,079)
Interest paid	(1,644)	(2,202)	(3,846)
Total changes from financing cash flows	(163,915)	86,562	(77,353)
Effect of changes in foreign exchange rates	(1,237)	(12,842)	(14,079)
Other changes			
Liability-related			
Interest expense	310	3,321	3,631
Dividend received from related party to set off loan	(27,257)	–	(27,257)
Total liability-related other changes	(26,947)	3,321	(23,626)
Balance at 31 December 2021	–	211,960	211,960

24. Asset retirement obligation

	Group 2022 US$'000	Group 2021 US$'000
At 1 January	38,327	26,489
Provision made during the year	22,455	14,775
Interest expense from unwinding of discount	328	119
Effect of exchange rate changes	(6,760)	(3,056)
	54,350	38,327

24. Asset retirement obligation (cont'd)

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

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a discount rate between 0.7% - 1.3% (2021: 0.3% - 0.8%), which is the risk-free rate in the jurisdiction of the liability. The management expects cash outflows between 17 to 26 years (2021: 18 to 30 years) after the commissioning of the power plants.

The carrying amount of the Group's asset retirement obligation is as follows:

	Group	
	2022	**2021**
	US$'000	US$'000
Amakusa Wind GK	878	1,013
GK KC-01 Investment	2,180	2,669
GK NRE Sannan	1,610	1,833
GK NRE-05 Investment	3,485	4,293
GK NRE-10 Investment	2,462	2,829
GK NRE-13 Investment	400	465
GK NRE-15 Investment	1,072	1,298
GK NRE-16 Investment	686	734
GK NRE-17 Investment	2,882	3,721
GK NRE-19 Investment	2,480	2,287
GK NRE-20 Investment	1,901	2,486
GK NRE-21 Investment	1,457	1,834
GK NRE-24 Investment	1,783	2,828
GK NRE-36 Investment	1,209	1,394
GK NRE-39 Investment	2,588	3,106
GK NRE-42 Investment	922	1,305
GK NWE-02 Investment	1,026	1,184
KP Energy GK	2,144	2,275
SEJ III GK	860	773
GK NRE-23 Investment	1,926	–
GK NRE-25 Investment	1,050	–
GK NRE-29 Investment	380	–
GK NRE-32 Investment	3,302	–
GK NRE-37 Investment	1,506	–
GK NRE-41 Investment	3,602	–
GK NRE-44 Investment	1,365	–
Nakasato Wind GK	4,701	–
GK Energy Forest	1,240	–
Amateras Solar G.K.	3,253	–
	54,350	38,327

25. Trade and other payables

	Note	Group 2022 US$'000	Group 2021 US$'000	Trust 2022 US$'000	Trust 2021 US$'000
Non-current					
Deferred income		514	642	–	–
Current					
Trade payables		4,278	5,637	–	–
Other tax payables		3,829	3,608	–	–
Advances received		100	51	–	–
Accrued expenses		25,040	29,942	27	91
Non-trade amounts due to:					
- Asset Managers		36,449	28,771	–	–
- O&M Provider		1,567	1,316	–	–
- Related parties	(a)	1,554	10,312	38	86
- Other third parties		3,685	3,163	–	–
		76,502	82,800	65	177
		77,016	83,442	65	177

Trade payables are non-interest bearing and are generally settled on standard credit terms ranging up to 30 days (2021: up to 30 days).

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

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.

26. Financial instruments (cont'd)

Risk management framework

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

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

Credit risk

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

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

Trade receivables and contract assets

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

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

Exposure to credit risk

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

	Group	
	Carrying amount	
	2022	**2021**
	US$'000	US$'000
Japan	11,533	7,910

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Impairment

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

	Group			
	2022		2021	
	Not credit-impaired US$'000	**Credit-impaired** US$'000	**Not credit-impaired** US$'000	**Credit-impaired** US$'000
Japan	11,533	–	7,910	–
Total gross carrying amount	11,533	–	7,910	–
Loss allowance	(8)	–	–	–
	11,525	–	7,910	–

At 31 December 2022, the outstanding trade receivables and contract assets of the Group comprises of 5 customers which accounts for 100% (2021: 100%) of the trade receivables and contract assets.

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" and the loss rate ranges up to 0.43% (2021: up to 0.44%).

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

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 18. As of 31 December 2022 and 31 December 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of trade receivables.

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

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

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

	Group	
	2022	**2021**
	US$'000	US$'000
At 1 January	–	11
Impairment loss allowance recognised	8	–
Impairment loss written back	–	(10)
Effect of exchange rate changes	–	(1)
At 31 December	8	–

Other receivables

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

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

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" and the loss rate ranges up to 0.79% (2021: up to 0.44%)

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

The maximum exposure to credit risk at the reporting date is the carrying value of other receivables disclosed in Note 18. As of 31 December 2022 and 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of other receivables.

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Other receivables (cont'd)

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

	2022 US$'000	**2021** US$'000
At 1 January	147	89
Impairment loss allowance recognised	371	63
Effects of exchange rate changes	16	(5)
At 31 December	534	147

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" and loss rate up to 0.43% (2021: up to 0.44%).

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

The maximum exposure to credit risk at the reporting date is the carrying value of loans receivables disclosed in Note 16. As of 31 December 2022 and 31 December 2021, there were no balances assessed to be credit-impaired. The Group does not require collateral in respect of loans receivables.

Cash and bank balances

The Group and the Trust held cash and bank balances of US$177.3 million and US$ 23.3 million at 31 December 2022 (2021: US$224.7 million and US$119.0 million). The figure represents the maximum credit exposures on these assets. The cash and bank balances are held with bank and financial institution counterparties which are rated BBB- to A+ (2021: BBB to A+), based on S&P Global ratings and A (2021: BAA1 to Aa3), based on Moody Corporation ratings.

Impairment on cash and bank balances has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties and is subject to immaterial loss.

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (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 bank balances deemed adequate by the Asset Managers to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

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

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000	**More than 5 years** US$'000
Group					
31 December 2022					
Non-derivative financial liabilities					
Project finance debts	(1,186,914)	(115,927)	(115,035)	(295,158)	(660,794)
Bond issued by O&M Provider	(278)	(14)	–	–	(264)
Lease liabilities	(256,193)	(7,492)	(7,943)	(26,470)	(214,288)
Loan from related parties	(7,213)	(3,481)	(3,732)	–	–
Loan from Euro Medium Term Note Issuer	(187,133)	(1,909)	(1,909)	(183,315)	–
Trade and other payables*	(72,573)	(72,573)	–	–	–
	(1,710,304)	(201,396)	(128,619)	(504,943)	(875,346)
Derivative financial instruments					
Interest rate swaps (net settled)	(3,552)	(2,450)	(4,286)	(18,664)	21,848
	(1,713,856)	(203,846)	(132,905)	(523,607)	(853,498)

* Excludes non-financial liabilities

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000	**More than 5 years** US$'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Project finance debts	(915,399)	(47,281)	(114,237)	(204,821)	(549,060)
Bond issued by O&M Provider	(320)	(13)	–	–	(307)
Lease liabilities	(271,918)	(6,233)	(7,146)	(26,996)	(231,543)
Loan from related parties	(9,308)	(1,115)	(6,780)	(30)	(1,383)
Loan from Euro Medium Term Note Issuer	(225,245)	(4,053)	(4,033)	(217,159)	–
Trade and other payables*	(79,141)	(79,141)	–	–	–
	(1,501,331)	(137,836)	(132,196)	(449,006)	(782,293)
Derivative financial instruments					
Interest rate swaps (net settled)	(19,012)	(2,478)	(2,339)	(15,805)	1,610
	(1,520,343)	(140,314)	(134,535)	(464,811)	(780,683)

	Contractual cash flows US$'000	**12 months or less** US$'000	**1-2 years** US$'000	**2-5 years** US$'000	**More than 5 years** US$'000
Trust					
31 December 2022					
Non-derivative financial liabilities					
Loan from Euro Medium Term Note Issuer	(187,133)	(1,909)	(1,909)	(183,315)	–
Trade and other payables*	(65)	(65)	–	–	–
	(187,198)	(1,974)	(1,909)	(183,315)	–

* Excludes non-financial liabilities

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Contractual cash flows US$'000	12 months or less US$'000	1-2 years US$'000	2-5 years US$'000	More than 5 years US$'000
Trust					
31 December 2021					
Non-derivative financial liabilities					
Loan from Euro Medium Term Note Issuer	(225,245)	(4,053)	(4,033)	(217,159)	–
Trade and other payables*	(177)	(177)	–	–	–
	(225,422)	(4,230)	(4,033)	(217,159)	–

* Excludes non-financial liabilities

Market risk

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

Currency risk

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

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

	Group	
	2022	**2021**
	JPY	**JPY**
	US$'000	US$'000
Loans receivables	180,620	57,958
Trade and other receivables	–	1
Cash and bank balances	23,819	119,138
Loan from Euro Medium Term Note Issuer	(183,003)	(123,242)
Trade and other payables	(1,805)	(2,347)
Net exposure	19,631	51,508

	Trust	
	2022	**2021**
	JPY	**JPY**
	US$'000	US$'000
Loans receivables	180,620	57,958
Cash and bank balances	23,263	118,797
Loan from Euro Medium Term Note Issuer	(183,003)	(123,242)
Net exposure	20,880	53,513

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

Sensitivity analysis

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

	Group Profit before tax US$'000	**Trust Profit before tax** US$'000
31 December 2022		
JPY (5% strengthening)	(982)	(1,044)
JPY (5% weakening)	982	1,044
31 December 2021		
JPY (5% strengthening)	(2,575)	(2,676)
JPY (5% weakening)	2,575	2,676

In the case of a 5% weakening of the dollar against the respective currency, the effects are equal but with an opposite effect.

Interest rate risk

Interest rate risk refers to the risk faced by the Group as a result of fluctuations in interest rates. The Group manages some of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to yen TIBOR.

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Overview (cont'd)

The Board of Directors monitors and manages the Group's transition to alternative rates. The Board evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Non-derivative financial liabilities

In 2021, JBA TIBOR Administration ("JBATA") announced that it will consult on its intention to retain yen TIBOR and the Group expects that yen TIBOR will continue to exist as a benchmark rate for the foreseeable future. The total notional amounts of the yen TIBOR indexed loans and borrowings as at 31 December 2022 is US$859.0 million (2021: US$764.0 million) (Note 23(a)).

Exposure to interest rate risk

At the reporting date, the fixed and variable rate interest-bearing financial instruments that are subject to interest rate risk were as follows:

	Group Notional amount		**Trust Notional amount**	
	2022 US$'000	**2021** US$'000	**2022** US$'000	**2021** US$'000
Fixed rate instruments				
Financial liabilities				
- Bond issued by O&M Provider	(278)	(320)	–	–
- Lease liabilities	(220,367)	(233,382)	–	–
- Loan from related parties	(7,171)	(9,107)	–	–
- Loan from Euro Medium Term Note Issuer	(181,699)	(211,960)	(181,699)	(211,960)
- Project finance debts	(70,042)	–	–	–
	(479,557)	(454,769)	(181,699)	(211,960)
Variable rate instruments				
Financial liabilities				
- Project finance debts	(998,423)	(805,164)	–	–
Effect of interest rate swaps	487,998	478,194	–	–
	(510,425)	(326,970)	–	–

26. Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

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) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Group Profit before tax	
	100 bp increase	**100 bp decrease**
	US$'000	US$'000
31 December 2022		
Variable rate instruments	(9,984)	9,984
Interest rate swaps	4,880	(4,880)
Cash flow sensitivity (net)	(5,104)	5,104
31 December 2021		
Variable rate instruments	(8,052)	8,052
Interest rate swaps	4,782	(4,782)
Cash flow sensitivity (net)	(3,270)	3,270

26. 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 the unitholder's fund. The Group's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the Board of Directors' fiduciary duties towards the Group.

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.

27. Fair value of financial instruments (cont'd)

Fair value measurement (cont'd)

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

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.

Accounting classification and fair value

The table below summarises the classification of the financial assets and liabilities of the Group. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Additionally, it excludes fair value information for lease liabilities as it is not required.

At the reporting date, the fair values of trade and other receivables, cash and bank balances 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.

27. 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
Group									
31 December 2022									
Trade and other receivables*	18	–	20,109	–	20,109				
Cash and bank balances	20	–	177,335	–	177,335				
Loans receivables	16	–	180,620	–	180,620	–	180,620	–	180,620
Derivative assets	19	18,146	–	–	18,146	–	18,146	–	18,146
		18,146	378,064	–	396,210				
Loans and borrowings	23	–	–	1,257,613	1,257,613	–	1,281,128	–	1,281,128
Other financial liabilities (net of advances)*	25	–	–	72,573	72,573				
		–	–	1,330,186	1,330,186				

* Excludes non-financial assets and liabilities

27. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

	Note	Carrying amount				Fair value			
		Mandatorily at FVTPL	**Amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
31 December 2021									
Trade and other receivables*	18	–	22,838	–	22,838				
Cash and bank balances	20	–	224,696	–	224,696				
Loans receivables	16	–	57,958	–	57,958	–	57,958	–	57,958
		–	305,492	–	305,492				
Loans and borrowings	23	–	–	1,026,551	1,026,551	–	1,041,400	–	1,041,400
Derivative liabilities	19	11,429	–	–	11,429	–	11,429	–	11,429
Other financial liabilities (net of advances)*	25	–	–	79,141	79,141				
		11,429	–	1,105,692	1,117,121				

* Excludes non-financial assets and liabilities

27. Fair value of financial instruments (cont'd)

Accounting classification and fair value (cont'd)

		Carrying amount				Fair value			
	Note	**Mandatorily at FVTPL**	**Amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trust									
31 December 2022									
Cash and bank balances	20	–	23,267	–	23,267				
Loans receivables	16	–	180,620	–	180,620	–	180,620	–	180,620
		–	203,887	–	203,887				
Loans and borrowings	23	–	–	181,699	181,699	–	183,003	–	183,003
Other financial liabilities (net of advances)*	25	–	–	65	65				
		–	–	181,764	181,764				
Trust									
31 December 2021									
Cash and bank balances	20	–	119,048	–	119,048				
Loans receivables	16	–	57,958	–	57,958	–	57,958	–	57,958
		–	177,006	–	177,006				
Loans and borrowings	23	–	–	211,960	211,960	–	213,855	–	213,855
Other financial liabilities (net of advances)*	25	–	–	177	177				
		–	–	212,137	212,137				

* Excludes non-financial assets and liabilities

27. 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 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique
Loans and borrowings/Loans receivables	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

28. Commitments

Capital commitments

The Group entered into various contracts to construct renewable energy power plants. The total and remaining construction costs as at reporting date were:

	2022	**2021**
	US$'000	US$'000
Type of contracts		
Property, plant and equipment	222,694	494,080

29. Related parties

Zenith Japan Holdings Ltd (as Trustee of Zenith Japan Holdings Trust) is the beneficiary of Zenith Japan Trust acting by its trustee of Zenith Japan Ltd, which has entered into numerous Tokumei Kumiai arrangements that gives Zenith Japan Trust an economic interest in its subsidiaries' assets in Japan (the "Japanese Assets"). The Japanese Assets have entered into asset management agreements with certain Japanese companies owned by Vena Energy Holdings Ltd. As such, Zenith Japan Holdings Trust and its subsidiaries ("ZJHT Group"), Vena Energy Holdings Ltd and its subsidiaries ("VEHL Group") has been determined as related parties in accordance with IAS 24 *Related Parties*. Accordingly, all mention of related parties in the financial statements, except as otherwise defined refer to entities within ZJHT Group and VEHL Group.

During the year, other than those disclosed elsewhere in the financial statements, there were no other significant transactions with related parties.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the financial year:

	Group	
	2022	**2021**
	US$'000	US$'000
Asset management fees	4,172	4,200
Operations and maintenance costs	7,416	5,932
Outsourced accounting fees	240	240

Sale and leaseback

During the financial year, the Group entered into sale and leaseback transactions with a related party of the Group, NRE Land Management GK, in respect of several freehold land parcels in Japan to transfer ownership and associated obligations relating to the land parcels to its related party. The freehold land parcels were sold at fair value and leased back over 20 to 35 years at market rentals.

The total consideration for the sale of the land parcels amounted to US$1,738,000 (2021: US$3,411,000). Right-of-use assets and lease liabilities relating to sale and leaseback transactions with related party amounted to US$3,703,000 (2021: US$4,536,000) and US$3,593,000 (2021: US$4,342,000) respectively.

As at 31 December 2022, the carrying amount of lease liabilities (Note 23) included US$16,113,000 (2021: US$12,096,000) arising from sales and leaseback transactions with related parties.

30. Non-controlling interests

Non-controlling interests denotes Nippon Renewable Energy K.K, Nippon Wind Energy K.K and Zeini Solar (S) Pte Ltd's economic interest in fully paid up equity shares of all group entities domiciled in Japan.

31. Subsequent events

On 31 March 2023, the Group entered into an agreement to invest in an interest of 38% in NRE Hikari Investment Limited Partnership. The transaction closed in April 2023.

On 11 May 2023, the Group entered into an agreement to transfer an interest of 49% in GK Hayabusa to NRE Hayabusa Investment Limited Partnership. The transaction is subject to certain conditions precedent and is expected to close in 2023.

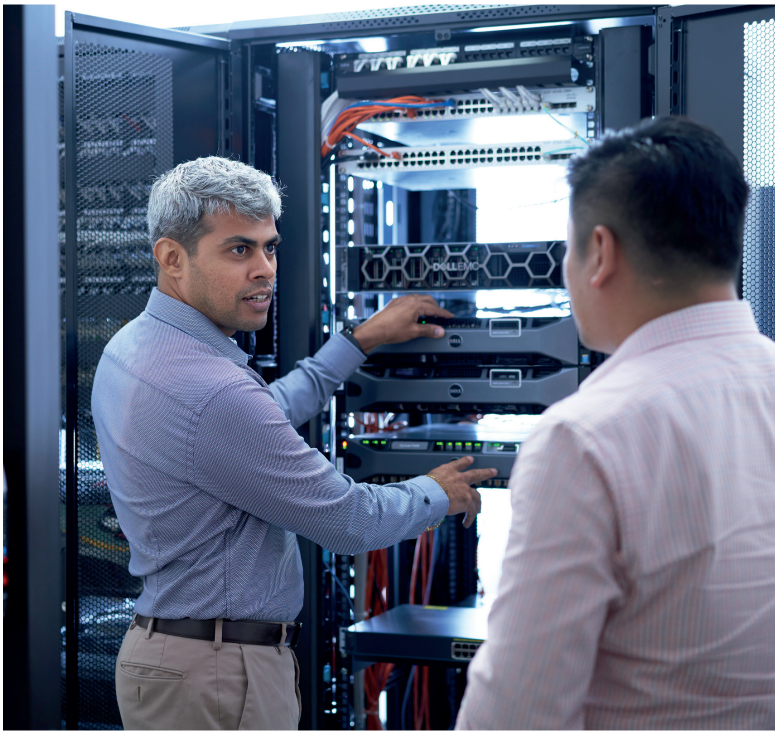
In April 2023, the Trust redeemed 107,103,392 of its units at a price of US$1.03 per unit for an aggregate consideration of US$110.3 million.

32. Comparative figures

The financial statements for the year ended 31 December 2021 were audited by another auditor.

33. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 18 May 2023.



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vena-energy   venaenergy   vena_energy

For Investor Relations
ir@venaenergy.com

For Media Relations
daniel.lee@venaenergy.com

Singapore (Corporate HQ)
+65 6950 0530
enquiries@venaenergy.com
1 George Street #14-07
One George Street Singapore 049145

Brisbane, Australia
+61 7 3708 1420
au-enquiries@venaenergy.com
Suite 2, Level 10, 200 Mary Street,
Brisbane QLD 4000 Australia

New Delhi, India
+91 1149 131500
in-enquiries@venaenergy.com
Office 201, 2nd floor, East Wing,
Worldmark 1 Asset 11, Aerocity, NH-8
New Delhi 110037 India

Bangalore, India
+91 80 6645 4000
in-enquiries@venaenergy.com
1st Floor, Embassy Icon Annexe,
2/1 Infantry Road
Bangalore 560001 India

Jakarta, Indonesia
+62 21 5084 7830
id-enquiries@venaenergy.com
Pacific Century Place 36th Fl SCBD Lot 10,
Jl Jend. Sudirman Kav 52-53
South Jakarta 12190 Indonesia

Tokyo, Japan
+81 3 6452 9777
jp-enquiries@venaenergy.com
Okura Prestige Tower 17F
2-10-4 Toranomon, Minato-ku,
Tokyo 105-0001 Japan

Manila, Philippines
+632 8683 4444
ph-enquiries@venaenergy.com
21F Tower 6789 Ayala Avenue
Makati City, Metro Manila
Philippines

Seoul, South Korea
+82 2 6941 1610
kr-enquiries@venaenergy.com
17F, Tower 1, Gran Seoul 33 Jong-ro,
Jongno-gu Seoul, 03159
South Korea

Taipei, Taiwan
+886 2 8789 6898
tw-enquiries@venaenergy.com
Level 20 (A-1) No. 68,
Sec 5 ZhongXiao E. Rd
XinYi Dist, Taipei

Bangkok, Thailand
+66 2 654 3771
th-enquiries@venaenergy.com
87/2 CRC Tower, All Seasons Place 9th Floor,
Unit 4-5 Wireless Road Lumpini, Pathumwan
Bangkok, Thailand 10330