

Company Registration No. 07233880

ELECTRICITY FIRST LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021

Electricity First Limited

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ELECTRICITY FIRST LIMITED

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ELECTRICITY FIRST LIMITED

31 December 2021

STRATEGIC REPORT

PRINCIPAL ACTIVITY

Electricity First Limited ("the Company") is an investment holding company and its principal activity is loan financing.

The Company holds a 50% joint venture investment in Seabank Power Limited, a UK company which owns and operates a power station, and equity accounts for its share of the results of Seabank Power Limited.

FINANCIAL REVIEW

Basis of accounting

The financial statements present the Company's result for the year ended 31 December 2021, with comparatives for the year ended 31 December 2020 and the financial position as at 31 December 2021 and 31 December 2020. They have been prepared based on the accounting policies shown on pages 21 and 22, in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom.

The net assets of the Company show £87,083,000 (2020: net assets of £68,906,000) for the year ended 31 December 2021.

The results for the Company show a profit before taxation of £17,790,000 following the reversal of impairment loss on investment cost of £19,384,000 (2020: loss before taxation of £27,239,000 following the write down of investment cost of £22,500,000) and no revenue (2020: nil) for the year ended 31 December 2021. In 2021, the reversal of impairment loss on investment cost of £19,384,000 is associated with a 50% joint venture investment with Seabank Power Limited and was made due to the performance of the joint venture during the year and the extension of useful life of major fixed assets.

The KPI of the Company are operating results, net cash flow from operating activities and net asset value.

Liquidity, resources and capital expenditure

Net cash outflow from operations for the year ended 31 December 2021 amounted to £18,000 (2020 Net cash inflow from operations: £702,000) and the decrease was due to no consortium relief being received during the year.

Net cash inflow from investing activities amounted to £6,000 (2020 Net cash inflow from investing activities: £17,007,000). The net financing costs amounted to £5,582,000 (2020: £5,515,000).

Donations

There were no charitable or political donations made in the year (2020: nil).

ELECTRICITY FIRST LIMITED

31 December 2021

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

The Company uses a number of key measures of operational and financial performance to plan and monitor its business activities.

The key financial performance indicators used by the Board of Directors in their monitoring of the Company as below:

	Year Ended 31 December 2021 (£'000)	Year Ended 31 December 2020 (£'000)
Financial performance		
Operating results	£23,283	(£21,650)
Net cash inflow from operating activities	£368	£332
Net asset value	£87,083	£68,906

SECTION 172(1) STATEMENT

The Board's approach to section 172(1) and decision-making

The primary purpose of the Company, as outline above, is to holding investment, whilst maximizing shareholder value and prioritising care for health, care and the environment.

Collective the Board, appointed by the Company's Shareholders is responsible for the effective oversight of the Company and has implemented a governance structure to support the long-term success of the Company.

ELECTRICITY FIRST LIMITED
31 December 2021

STRATEGIC REPORT
PRINCIPAL RISKS AND UNCERTAINTIES

Company is financed by listed bonds issued to intermediate holding companies which will be due for repayment in July 2028. The risks and uncertainties of the Company reflect those associated with the liquidity and refinancing risks of bonds and the recoverability of the interest of joint ventures. The liquidity risk of the bonds will be mitigated by agreeing alternative payment dates with intermediate holding companies if required. The refinancing risk of the bonds will be mitigated by arranging replacement facilities before the current facilities expire. The recoverability of the interest of joint venture will be mitigated by reviewing the recoverable amount periodically and recognising a write down of investment cost if required.

The Company is closely monitoring developments caused by the Covid-19 pandemic. Company's results and cash flows are not expected to be negatively affected by the pandemic.

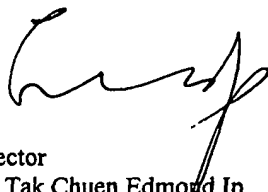
FUTURE DEVELOPMENTS

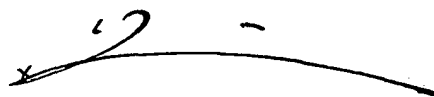
The UK's energy crisis deepened since the outbreak of the Russian invasion of Ukraine, and the UK is facing a rapid rise in energy prices and high inflation rate. The Company is currently monitoring the effects on the energy crisis and global energy prices. However, the Company's profit streams are considered secure after considering the operation of Seabank Power in the future. The Directors expect the energy crisis and high inflation rate impact the business of Seabank Power to be temporary without materially effecting on the long term financial position and prospects of the Company.

They Company also expects that Covid-19 pandemic and mini budget announced by the UK government do not have significant impact on their operation.

The Company does not envisage any change in the activity of the Company for the foreseeable future. Other than those matters referred to above, there were no significant developments within the Company that occurred during the financial year under review.

Approved by the Board and signed on its behalf by:


XET
Director
Mr. Tak Chuen Edmond Ip
29 December 2022


Director
Mr. Chao Chung Charles Tsai
29 December 2022

ELECTRICITY FIRST LIMITED

31 December 2021

DIRECTORS' REPORT

The Directors present to the shareholder their annual report together with the audited financial statements of the Company for the year ended 31 December 2021.

RESULTS AND FUTURE DEVELOPMENTS

The Directors consider the results for the year as disclosed in the Strategic Report on page 3 and the future developments of the Company to be satisfactory.

There are no further matters to report under section 417 of the Companies Act 2006.

DIVIDEND

The Directors do not recommended the payment of dividend for the year ended 31 December 2021 (2020:nil).

DIRECTORS

The Directors of the Company throughout the year and up to the date of this report were:

Mr Hing Lam Kam
Mr Tak Chuen Edmond Ip
Mr Andrew John Hunter
Mr Chao Chung Charles Tsai
Mr Mark John Horsley
Mr Loi Shun Chan
Mr Chi Tin Wan

In accordance with the Company's Articles of Association, all Directors shall continue to remain in office.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Please refer to the Principal risks and uncertainties section in the Strategic Report and the Financial Risk Management Objectives and Policies contained in Note 5 of these Financial Statements.

DIRECTORS' INTEREST

No contract of significance, to which the Company or any of its holding companies or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ELECTRICITY FIRST LIMITED
31 December 2021

DIRECTORS' REPORT

DIRECTOR INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

COMPANY SECRETARY

Norose Company Secretarial Services Ltd.

AUDITOR

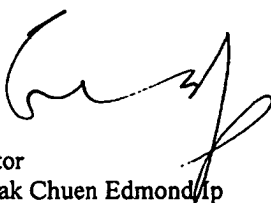
Each of the persons who is a director at the date of approval of this report confirms that:

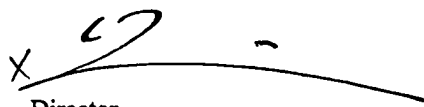
- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor.

Approved by the Board and signed on its behalf by:


X E1
Director
Mr. Tak Chuen Edmond Ip
29 December 2022


X
Director
Mr. Chao Chung Charles Tsai
29 December 2022

ELECTRICITY FIRST LIMITED
31 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT


The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.


Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable financial information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:


X
Director
Mr. Tak Chuen Edmond Ip
29 December 2022


Director
Mr. Chao Chung Charles Tsai
29 December 2022

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED**

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Electricity First Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the notes 1 to 17 to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the United Kingdom.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is the valuation of investment in joint venture.
Materiality	The materiality that we used in the current year was £1,306,245 (2020: £1,033,600) which was determined on the basis of approximately 1.5% (2020: 1.5%) of net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	Our approach is consistent with the previous year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the financing facilities available to the company, including the associated covenants;
- Assessing all bank covenants and facility expiry dates, and recalculating current and forecast covenant compliance;
- Obtaining an understanding of the going concern forecast prepared by Management, including the downside scenarios as well as evaluating any plan for future actions;
- Challenging the key assumptions, including forecast revenue and capital expenditure cash flows, on which the assessment is based and evaluating the consistency of assumptions with other assumptions within the going concern assessment as well as related assumptions used in other areas;
- Evaluating Management's assessment of the impact of Covid-19 within the forecast;
- Assessing the level of headroom in the forecast, with regard to both liquidity and debt covenant tests; and
- Evaluating the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of the investment in the joint venture

Key audit matter description	<p>The company has an investment in Seabank Power Limited of £131.2m (2020: £107.9m), a 50% Joint Venture. Due to the estimates in the discount rate, and assumptions pertaining to the growth rate and forecasted cash flows of the impairment model along with the associated reliance on the Management's expert, and disclosure requirements under IAS 36 Impairment of Assets, we have identified the impairment or reversal of impairment of the investment to be a key audit matter as well as a potential fraud risk.</p> <p>Further details are included within the strategic report on pages 3 to 4, critical accounting estimates and judgements in note 4 and note 10 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the relevant controls; • Obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value; • Obtained management's impairment model to assess indicators of potential impairment or reversals of impairment; • Assessed the discount rate and growth rate used for the forecasted cash flows when determining the carrying value and challenged these by performing external industry benchmarking and evaluating the competence, capabilities and objectivity of management's own expert; • Assessed accuracy of management's forecasts; • Tested the mechanical accuracy of Managements impairment model; and • Assessed whether the appropriate accounting treatment and disclosure requirements in accordance with IAS 36 have been applied.
Key observations	<p>The results of our procedures were satisfactory and on the basis of these, we concluded a reversal of impairment and the resultant valuation of the investment in the joint venture was not materially misstated.</p>

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31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

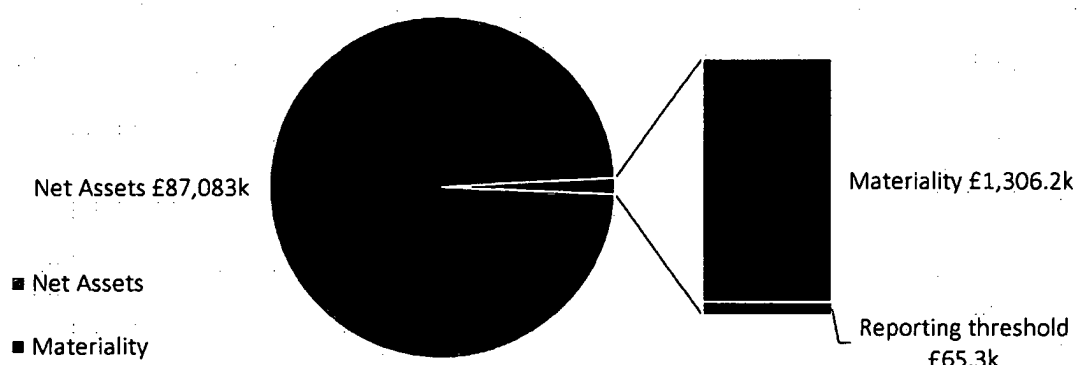
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£1,306,245 (2020: £1,033,600)
Basis for determining materiality	Approximately 1.5% of net assets (2020: 1.5% of net assets)
Rationale for the benchmark applied	We determined materiality based on net assets as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by total assets value movements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors: our ability to rely on internal controls across a number of areas of the audit, assessment of the company's control environment, the stability of the business, the outcome of our risk assessment process, the level of errors identified in prior years, management's willingness to correct errors identified and the stability of the finance team.

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of £65,312 (2020: £51,680), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the investment in the joint venture. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of the investment in the joint venture as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

ELECTRICITY FIRST LIMITED
31 December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ELECTRICITY FIRST LIMITED (continued)**


13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



Makhan Chahal, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 December 2022

ELECTRICITY FIRST LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **For the year ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Share of result of a joint venture	6	3,953	918
Reversal of impairment loss on/(write down of) investment cost	10	19,384	(22,500)
Administrative expenses		<u>(53)</u>	<u>(68)</u>
Operating results		23,284	(21,650)
Interest income		6	7
Finance cost	7	<u>(5,500)</u>	<u>(5,596)</u>
Profit/(loss) before taxation	8	17,790	(27,239)
Tax on loss	9	<u>387</u>	<u>407</u>
Profit/(loss) and total comprehensive income/(loss) for the year		<u>18,177</u>	<u>(26,832)</u>

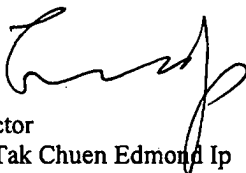
There are no other items therefore no separate statement of other comprehensive income is presented. All components of other comprehensive income may be recycled through the income statement. All operations are from continuing operations.


ELECTRICITY FIRST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Interest in a joint venture	10	<u>131,242</u>	<u>107,905</u>
		<u>131,242</u>	<u>107,905</u>
Current assets			
Amount due from a joint venture		780	393
Other receivables		2	1
Bank balances and deposits		<u>7,447</u>	<u>13,041</u>
		<u>8,229</u>	<u>13,435</u>
Total assets		<u>139,471</u>	<u>121,340</u>
Current liabilities			
Other payable and accruals		68	32
Amounts due to intermediate holding companies	11	<u>2,320</u>	<u>2,402</u>
		<u>2,388</u>	<u>2,434</u>
Net current assets		<u>5,841</u>	<u>11,001</u>
Non-current liabilities			
Amounts due to intermediate holding companies	11	<u>50,000</u>	<u>50,000</u>
Total liabilities		<u>52,388</u>	<u>52,434</u>
Net assets		<u>87,083</u>	<u>68,906</u>
Representing:			
Share capital	12	1	1
Share premium	13	78,010	78,010
Retained profits/(deficits)		<u>9,072</u>	<u>(9,105)</u>
Capital and reserves		<u>87,083</u>	<u>68,906</u>

The financial statements of Electricity First Limited, registration number 07233880, were approved by the Board of Directors and signed on behalf of the Board of Directors.


 x EI
 Director
 Mr. Tak Chuen Edmond Ip
 29 December 2022


 Director
 Mr. Chao Chung Charles Tsai
 29 December 2022

ELECTRICITY FIRST LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **For the year ended 31 December 2021**

	Share capital £'000	Share premium £'000	Retained profits/ (deficits) £'000	Total £'000
At 1 January 2020	1	78,010	17,727	95,738
Loss and total comprehensive loss for the year	-	-	(26,832)	(26,832)
At 31 December 2020	1	78,010	(9,105)	68,906
Profit and total comprehensive income for the year	-	-	18,177	18,177
At 31 December 2021	<u>1</u>	<u>78,010</u>	<u>9,072</u>	<u>87,083</u>

All shares ranks pari passu in all respects.

ELECTRICITY FIRST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS **For the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Operating activities			
Cash outflow from operating activities	14	(18)	(75)
Consortium relief received		<u>-</u>	<u>777</u>
Cash (outflow)/inflow from operating activities		<u>(18)</u>	<u>702</u>
Investing activities			
Dividend received from a joint venture		-	17,000
Interest received		<u>6</u>	<u>7</u>
Cash inflow from investing activities		<u>6</u>	<u>17,007</u>
Financing activities			
Finance cost paid		<u>(5,582)</u>	<u>(5,515)</u>
Cash outflow from financing activities		<u>(5,582)</u>	<u>(5,515)</u>
Net (decrease)/increase in cash and cash equivalents		(5,594)	12,194
Cash and cash equivalents at 1 January		<u>13,041</u>	<u>847</u>
Cash and cash equivalents at 31 December		<u><u>7,447</u></u>	<u><u>13,041</u></u>
Representing:			
Bank balances and deposits at 31 December		<u><u>7,447</u></u>	<u><u>13,041</u></u>

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. At 31 December 2021, the Company was indirectly owned by CK Infrastructure Holdings Limited ("CKI"), a company incorporated in Bermuda, and Power Assets Holdings Limited ("Power Assets"), a company incorporated in Hong Kong. Both of these companies indirectly owned 50% of the issued share capital of the Company and exercised joint control over the Company. Both CKI and Power Assets are public companies with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited.

The address of the registered office and principal place of business of the Company is 3 More London Riverside, London SE1 2AQ.

The Company is an investment holding company and its principal activity is loan financing.

The financial statements are presented in Pounds, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, there are a number of amendments to various International Financial Reporting Standards ("IFRS"), including the new IFRS 17 Insurance Contracts, however these are not yet effective. Except as described below, the adoption of those IFRSs and IASs has no material impact on the Company's results and financial position for the current year or prior years and does not result in any significant change in accounting policies of the Company.

The Company has not early adopted the following revised IFRSs and IASs that have been issued but are not yet effective:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018 – 2020	Amendments to IFRS First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with IFRSs as adopted by United Kingdom.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going concern

At 31 December 2021, the Company had interest-bearing intercompany loans of £50,000k (2020: £50,000k) payable after more than one year. As the UK capacity market was reinstated in October 2020 and considered the cash flow projections from Seabank Power Limited, which include dividends and interest income receivable, show that the Company will be able to meet its financial obligations as they fall due. The company has net current assets of £5,841k, net assets of £87,083k and a gain of £18,177k.

Whilst there are uncertainties inherent in any projections, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. The cash flow projections from the joint venture investment, Seabank Power Limited, including the dividend income received, show that the Company will be able to meet its financial obligations as they fall due.

The COVID-19 pandemic that has caused widespread humanitarian and economic disruption across the globe, the possibility of operational disruption has heightened for the Company and investment in the joint venture. COVID-19 will cause widespread economic disruption however its impact should be temporary.

With the uncertainty that COVID-19 poses for the Company, the investment in the joint venture and potentially the UK Capacity Market, the Directors have applied downside sensitivities to the Company's cash flow forecasts, with those downside sensitivities focusing on the dividend income received based upon the forecast performance of the investment in the joint venture. The Directors do not expect COVID-19 to have a material impact upon the Company, the operations of the investment in the joint venture. Despite this, under the downside scenario that forecasts no dividends to be received from the investment in the joint venture, the bonds agreement with the intermediary holding companies allows the deferral of interest payments on the bonds.

Accordingly, the Company continue to adopt the going concern basis in preparing the financial statements.

Joint arrangements

A joint venture is a contractual arrangement whereby the venturers agree to share control of the arrangement which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control, and have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the Company's financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the joint ventures, less impairment in the values of individual investments.

Losses of joint venture in excess of the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's investment in the joint venture) are not recognised.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Revenue recognition

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

Current tax and Deferred tax

The tax expenses for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is provided for all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit of the corresponding year. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of the interest in a joint venture

The key source of estimation uncertainty is the recoverability of the Company's interest in a joint venture. The Company's interest in a joint venture is accounted for using the equity method of accounting. The carrying value of the Company's investment is reviewed at each balance sheet date. This review requires estimation of the future cash flows expected to be received by the Company from the joint venture operations.

Significant estimates and assumptions concerning the future may be required in selecting and applying the appropriate accounting methods and policies in the financial statements. The company bases its estimates and judgments on historical experience and various other assumptions that it believes are reasonable under various circumstances. Actual results differ from these estimates and judgments under different assumptions and conditions. Changes to the estimates and assumptions on factors such as regulation and legislation changes, discount rates, growth rates and other inputs on cash flow forecast could impact the assessed recoverable value of joint venture and consequently impact the statement of financial position and statement of comprehensive income. At 31 December 2021, it is estimated that a general increase of 10 basis points in discount rate, with all other variables held constant, would have decreased the recoverable amount of the joint venture by approximately £510,000, which exceeds its carrying value and reversal of impairment loss being recognised. A change in the other key estimates would not result in a material impairment in the interest in the joint venture.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's major financial instruments include bank balances and deposits, amount due from a joint venture and other receivables, classified as financial assets at amortised cost and amounts due to intermediate holding companies, classified as financial liabilities at amortised cost. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Company is exposed to interest rate risk in relation to fixed-rate bonds to intermediate holding companies (see note 11 for details). The Company will take action to hedge against any exposure of the interest rate risk, if necessary.

At 31 December, 2021, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Company's loss and total other comprehensive expense by £500,000. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Company's loss and total other comprehensive expense for the period.

Credit risk

The Company performs impairment assessment under expected credit loss model upon application of IFRS 9 based on individual assessment on each debt at the end of the reporting period to ensure that adequate impairment losses are made.

The Company measures the loss allowance equal to 12-month expected credit loss. Unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime expected credit loss.

The estimated loss rates are estimated based on historically observed default rates over the expected life of the financial assets and are adjusted for forward-looking information that is available without undue cost or effort.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparty is the loan to a subsidiary, amount due from immediate holding company and amount due from a subsidiary. The Company's management considers that the credit risk to the above is low as the immediate holding companies will financially support its subsidiaries should the need arise.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Company is exposed to liquidity risk. In order to minimise the liquidity risk, the Company has obtained the financial support from the immediate holding companies.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Company can be required to pay:

	Carrying amount £'000	Total contractual undiscounted cash flows £'000	Within 1 year or on demand £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	More than 5 years £'000
2021						
Amounts due to intermediate holding companies	<u>52,320</u>	<u>86,225</u>	<u>5,500</u>	<u>5,500</u>	<u>16,515</u>	<u>58,710</u>
2020						
Amounts due to intermediate holding companies	<u>52,402</u>	<u>91,725</u>	<u>5,500</u>	<u>5,500</u>	<u>16,515</u>	<u>64,210</u>

Fair value

The carrying values of financial assets and financial liabilities at the end of the reporting year approximate their fair values.

6. REVENUE

Revenue represents interest received and receivable on loans provided to a joint venture.

7. FINANCE COST

Finance cost represents interest expense on loans from intermediate holding companies.

8. Profit/(LOSS) BEFORE TAXATION

	2021 £'000	2020 £'000
Profit/(loss) before taxation is arrived at after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>33</u>	<u>59</u>

No staff costs have been incurred as there are no employees employed by the Company during the current or preceding years. No director received emoluments in respect of services provided to the Company in 2021 (2020: none).

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

9. TAX ON LOSS

	2021 £'000	2020 £'000
Tax credit in respect of profit/(loss) for the year	<u>(387)</u>	<u>(407)</u>
Reconciliation between tax credit and accounting profit/(loss) at applicable tax rate:		
Profit/(loss) before taxation	<u>18,177</u>	<u>(27,239)</u>
Tax rate at average rate 19% (2020: 19%)	3,454	(5,175)
Expenses not deductible for tax purpose	665	4,958
Non-taxable income	(3,683)	-
Others	<u>(823)</u>	<u>(190)</u>
Tax credit	<u>(387)</u>	<u>(407)</u>

The current tax rate applied during the year was 19% (2020: 19%) based on the standard rate of corporate tax substantively enacted at the reporting date. A further change was announced in the March 2021 Budget to increase the Corporation Tax rate to 25% from 1 April 2023 (this has been substantively enacted). The directors do not expect that the increase of tax rate will have a material impact on the financial statements.

10. INTEREST IN A JOINT VENTURE

	2021 £'000	2020 £'000
Opening balance	107,905	146,486
Share of post-acquisition reserves, net of dividends received	3,953	(16,081)
Reversal of impairment loss on/(write down of) investment cost	<u>19,384</u>	<u>(22,500)</u>
	<u>131,242</u>	<u>107,905</u>

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information in respect of the Company's joint venture is set out below:

	2021	2020
	£'000	£'000
Current assets	256,440	81,651
Non-current assets	104,094	110,347
Total assets	360,534	191,998
Current liabilities	(106,370)	(16,601)
Non-current liabilities	(122,038)	(57,353)
Total liabilities	(228,408)	(73,954)
Equity	132,126	118,044
Total revenue	310,495	171,832
Total profit and other comprehensive income for the year	14,082	9,015
Dividend received during the year	-	17,000
Company's effective interest	50%	50%
Company's share of net assets of the joint venture	66,063	59,022
Company's share of result of the joint venture	7,041	4,508

Particulars of the joint venture are set out below:

Name of joint venture	Place of incorporation	Percentage of issued ordinary share capital held	Principal activity
Seabank Power Limited	United Kingdom	50%	Owns and operates power station

Seabank Power Limited is incorporated in the United Kingdom. The address of its registered office is: Severn Road, Hallen, Bristol, BS10 7SP.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. AMOUNTS DUE TO INTERMEDIATE HOLDING COMPANIES

The amounts grouped under non-current liabilities are unsecured, bearing interest at 11% per annum and repayable on 31 July 2028. The amounts grouped under current liabilities represent the accrued interest of the listed bond; and are unsecured, interest-free and repayable within one year after the end of the reporting period. The bond is listed on The International Stock Exchange.

12. SHARE CAPITAL

	2021 £	2020 £
Authorised:		
1,004 ordinary shares of £1 each		
(2020: 1,004 ordinary shares of £1 each)	<u>1,004</u>	<u>1,004</u>
Issued and fully paid:		
1,004 ordinary shares of £1 each		
(2020: 1,004 ordinary shares of £1 each)	<u>1,004</u>	<u>1,004</u>

All ordinary shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

13. SHARE PREMIUM

	2021 £'000	2020 £'000
At 1 January,	78,010	78,010
Ordinary shares issued	<u>-</u>	<u>-</u>
At 31 December	<u>78,010</u>	<u>78,010</u>

14. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Profit/(loss) before taxation	17,790	(27,239)
Adjustments for:		
Share of result of a joint venture	(3,953)	(918)
(Reversal of impairment loss on)/write down of investment cost	(19,384)	22,500
Interest income from bank deposits	(6)	(7)
Finance cost	<u>5,500</u>	<u>5,596</u>
Operating cash outflow before movements in working capital	(53)	(68)
Increase in other receivables	(1)	-
Increase/(decrease) in other payable and accruals	<u>36</u>	<u>(7)</u>
Cash outflow from operating activities	<u>(18)</u>	<u>(75)</u>

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. RELATED PARTY TRANSACTIONS

There have been no transactions with directors in the year (2020: nil).

During the year, the Company entered into the following transactions with related parties:

	2021 £'000	2020 £'000
Interest on bonds issued to intermediate holding companies	5,500	5,596
Consortium relief to joint venture	387	407

The following amounts were outstanding at the end of the reporting period:

	Amounts owed by / (to) related parties	Amounts owed by / (to) related parties
	2021 £'000	2020 £'000
Joint venture	780	393
Intermediate holding companies	(52,320)	(52,402)

The terms and conditions for outstanding balances are disclosed in note 11.

16. CAPITAL MANAGEMENT

The capital structure of the Company consists of the bank balances and deposits, issued share capital, share premium and the financing from intermediate holding companies. The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern.

17. ULTIMATE CONTROLLING PARTY

The Company is directly owned by Sino Task Limited. Sino Task Limited is jointly owned by Super Ace Enterprises Limited and Superb Year Limited at interest of 50% each. In the directors' opinion, the Company has no ultimate controlling party.