

Company Registration No. 07233880

ELECTRICITY FIRST LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2022

Electricity First Limited

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ELECTRICITY FIRST LIMITED

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ELECTRICITY FIRST LIMITED

31 December 2022

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 2022, with comparatives for the year ended 31 December 2021 and the financial position as at 31 December 2022 and 31 December 2021. 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 £75,443,000 (2021: net assets of £87,083,000) as at 31 December 2022 and the decrease was due to dividend declared

The results for the Company show a profit before taxation of £7,971,000 (2021: profit before taxation of £17,790,000 following the reversal of impairment loss on investment cost of £19,384,000) and no revenue (2021: nil) for the year ended 31 December 2022, and the decrease was due to no reversal of impairment loss on investment cost provided during the year. The directors of the Company reviewed and the recoverable amount of joint venture against carrying value and conclude that there is no further write down or reversal of investment cost required for the year ended 31 December 2022 following the operating performance of the underlying asset and dividends received in the period. 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 KPIs of the Company are operating profit, net cash flow from operating activities and net asset value.

Liquidity, resources and capital expenditure

Net cash inflow from operations for the year ended 31 December 2022 amounted to £343,000 (2021: Net cash outflow from operations amounted to £18,000) and the increase was due to the receipt of higher tax credit sold.

Net cash inflow from investing activities amounted to £23,531,000 (2021: Net cash inflow from investing activities amounted to £6,000) and the increase was due to dividend received from Seabank Power Limited during the year. The net financing costs amounted to £5,500,000 (2021: £5,582,000).

Donations

There were no charitable or political donations made in the year (2021: nil).

ELECTRICITY FIRST LIMITED
31 December 2022

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 2022 £'000	Year Ended 31 December 2021 £'000
Financial performance		
Operating profit	£13,434	£23,283
Net cash inflow/(outflow) from operating activities	£343	(£18)
Net asset value	£75,443	£87,083

During the year, there is no reversal of impairment loss on investment cost provided. The decrease of operating profit for the Company was due to no reversal of impairment loss on investment cost provided during the year (2021: the reversal of impairment loss on investment cost of £19,384,000). The increase of net cash flow from operating activities was mainly due to the receipt of higher tax credit sold. The decrease of net assets value was mainly due to decrease in carrying value of investment in Seabank Power Limited.

ELECTRICITY FIRST LIMITED
31 December 2022

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The 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.


FUTURE DEVELOPMENTS

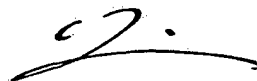
The UK's energy crisis deepened since the outbreak of the Russian invasion of Ukraine, and the UK is facing a rapid rise in energy prices and high inflation rate. The Company is currently monitoring the effects on the energy crisis and global energy prices. The Company's profit streams are expected to be stable after considering the operation of Seabank Power Limited in the future, because the revenue streams of Seabank Power Limited are considered secure and the cash flows are not expected to be negatively affected by the energy crisis and high inflation.

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:



 Director
Mr. Andrew John Hunter
29 September 2023



Director
Mr. Chao Chung Charles Tsai
29 September 2023

ELECTRICITY FIRST LIMITED
31 December 2022

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 2022.

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

An interim dividend of £10,000,000 (2021: £Nil) per ordinary share, totalling £20,000,000 was paid in full on 29 December 2022.

The Directors do not recommended the payment of a final dividend for the year ended 31 December 2022 (2021: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 (resigned on 1 July 2023)
Ms Yu Ka Man Jenny (appointed on 1 July 2023)

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 2022

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.

GOING CONCERN

The Company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out in the Strategic Report on pages 3 to 5. The Directors have made enquiries and reviewed the forecasts, including share of result of a joint venture and dividend income, as to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

AUDITOR


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

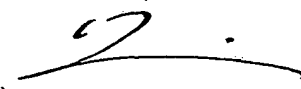
- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's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


AH^x Director
Mr. Andrew John Hunter
29 September 2023


Director
Mr. Chao Chung Charles Tsai
29 September 2023

ELECTRICITY FIRST LIMITED

31 December 2022

DIRECTORS' RESPONSIBILITIES STATEMENT


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

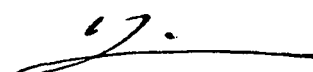
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the Directors 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:


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Director
Mr. Andrew John Hunter
29 September 2023


Director
Mr. Chao Chung Charles Tsai
29 September 2023

ELECTRICITY FIRST LIMITED
31 December 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 18 to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs.

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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none">• <i>Valuation of interest in joint venture</i>
Materiality	The materiality that we used in the current year was £1,124,000 which was determined on the basis of approximately 1.5% of net assets.

ELECTRICITY FIRST LIMITED
31 December 2022

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 terms of the interest-bearing intercompany loans held by the company;
- Obtaining an understanding of the going concern forecast prepared by management, as well as evaluating any plan for future actions;
- Challenging the key assumptions, including forecast revenue, 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;
- Assessing the level of headroom in the forecast, with regard to liquidity;
- 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.

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 interest in the joint venture

Key audit matter description	The company has an interest in Seabank Power Limited of £120.8m (2021: £131.2m), a 50% Joint Venture. As set out in Note 3, the interest in the joint venture is measured at cost adjusted for post-acquisition changes in the company's share of the net assets of the joint venture, less impairment. Due to the level of judgement required in the estimation of the future cash flows expected to be received by the company from the joint venture operations, and disclosure requirements under IAS 36 Impairment of Assets, we have identified the valuation of the interest in the joint venture to be a key audit matter.
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ELECTRICITY FIRST LIMITED
31 December 2022

	Further details are included within the strategic report on pages 3 to 5, principal accounting policies in note 3, critical accounting judgements and key sources of estimation uncertainty in note 4 and note 10 to the financial statements
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 the most recent audited financial information of the related joint venture to determine whether it supports the carrying value; • Obtained management's impairment model to assess indicators of potential impairment or reversals of impairment; • Assessed the accuracy of management's forecasts and considered appropriate sensitivities; • Tested the mechanical accuracy of management's impairment model; and • Assessed whether the appropriate accounting treatment and disclosure requirements in accordance with IAS 36 have been applied.
Key observations	The results of our procedures were satisfactory and on the basis of these, we concluded the valuation of the interest in the joint venture was not materially misstated.

6. OUR APPLICATION OF MATERIALITY

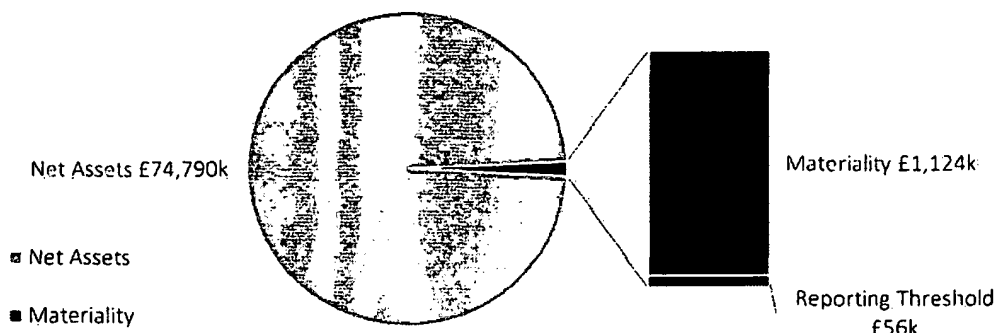
6.1. Materiality

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	£1,124,000 (2021: £1,306,245)
Basis for determining materiality	Approximately 1.5% of net assets (2021: approximately 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 net assets value movements.

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31 December 2022



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 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors: assessment of the company's control environment, the stability of the business, the outcome of our risk assessment process, the low level of errors identified in prior years, management's willingness to correct errors identified and the stability of the finance team.

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of £56,228 (2021: £65,312), 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.

7.2. Our consideration of the control environment

We obtained an understanding of the control environment, including an understanding of the key controls, the process for monitoring the system of internal control, the risk management process and an understanding of the IT environment. The key IT system used in the preparation of the financial statements is SAP.

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 contained 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.

ELECTRICITY FIRST LIMITED
31 December 2022

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 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, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:

ELECTRICITY FIRST LIMITED
31 December 2022

- 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. 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.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

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 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; 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

ELECTRICITY FIRST LIMITED
31 December 2022

- 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.

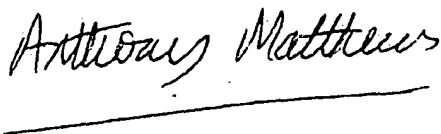
13.2. Directors' remuneration

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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Anthony Matthews, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
29 September 2023

ELECTRICITY FIRST LIMITED

STATEMENT OF COMPREHENSIVE INCOME **For the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
Share of result of a joint venture	6	13,483	3,953
Reversal of impairment loss on investment cost	10	-	19,384
Administrative expenses		(49)	(53)
Operating profit		13,434	23,284
Interest income		37	6
Finance cost	7	(5,500)	(5,500)
Profit before taxation	8	7,971	17,790
Tax on profit on ordinary activities	9	389	387
Profit and total comprehensive income for the year		8,360	18,177

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

STATEMENT OF FINANCIAL POSITION As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Interest in a joint venture	10	121,225	131,242
		<u>121,225</u>	<u>131,242</u>
Current assets			
Amount due from a joint venture		780	780
Other receivables		45	2
Bank balances and deposits		5,821	7,447
		<u>6,646</u>	<u>8,229</u>
Total assets		<u>127,871</u>	<u>139,471</u>
Current liabilities			
Other payable and accruals		(108)	(68)
Amounts due to intermediate holding companies	11	(2,320)	(2,320)
		<u>(2,428)</u>	<u>(2,388)</u>
Net current assets		<u>4,218</u>	<u>5,841</u>
Non-current liabilities			
Amounts due to intermediate holding companies	11	(50,000)	(50,000)
Total liabilities		<u>(52,428)</u>	<u>(52,388)</u>
Net assets		<u>75,443</u>	<u>87,083</u>
Representing:			
Share capital	12	1	1
Share premium	13	78,010	78,010
Retained (deficits)/profits		<u>(2,568)</u>	<u>9,072</u>
Capital and reserves		<u>75,443</u>	<u>87,083</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:

Alt

Director
Mr. Andrew John Hunter
29 September 2023

Director
Mr. Chao Chung Charles Tsai
29 September 2023

ELECTRICITY FIRST LIMITED

STATEMENT OF CHANGES IN EQUITY **For the year ended 31 December 2022**

	Share capital £'000	Share premium £'000	Retained profits/ (deficits) £'000	Total £'000
At 1 January 2021	1	78,010	(9,105)	68,906
Profit and total comprehensive income for the year	-	-	18,177	18,177
At 31 December 2021	1	78,010	9,072	87,083
Profit and total comprehensive income for the year	-	-	8,360	8,360
Interim dividend paid (note 14)	-	-	(20,000)	(20,000)
At 31 December 2022	1	78,010	(2,568)	75,443

All shares ranks pari passu in all respects.

ELECTRICITY FIRST LIMITED

STATEMENT OF CASH FLOWS **For the year ended 31 December 2022**

	Note	2022 £'000	2021 £'000
Operating activities			
Cash used in operations	15	(46)	(18)
Sale of tax credit		389	-
Cash inflow/(outflow) from operating activities		343	(18)
Investing activities			
Dividend received from a joint venture		23,500	-
Interest received		31	6
Cash inflow from investing activities		23,531	6
Financing activities			
Finance cost paid		(5,500)	(5,582)
Dividend paid		(20,000)	-
Cash outflow from financing activities		(25,500)	(5,582)
Net decrease in cash and cash equivalents		(1,626)	(5,594)
Cash and cash equivalents at 1 January		7,447	13,041
Cash and cash equivalents at 31 December		5,821	7,447
Representing:			
Bank balances and deposits at 31 December		5,821	7,447

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022, 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, the Company has adopted a number of amendments to International Financial Reporting Standards ("IFRSs"), that are effective to the Company for accounting periods beginning on or after 1st January 2022, 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 new and revised IFRSs and IASs that have been issued but are not yet effective:

Amendment to IAS 1	Classification of liabilities as Current or Non-current
Amendment to IAS 8	Definition of Accounting Estimate
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
IFRS 17	Insurance Contracts

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 2022**

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 2022, the Company had interest-bearing intercompany loans of £50,000k (2021: £50,000k) payable after more than one year. Based on the cash flow projection of the Company, the Company will be able to meet its financial obligations as they fall due. The Company has net current assets of £4,218k (2021: £5,841k), net assets of £75,443k (2021: £87,083k) and a gain of £8,360k (2021: £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.

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 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 2022

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 2022

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Current tax and Deferred tax (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. As of 31 December 2022, no further impairment or reversal was recognised in relation to the Company's interest in a joint venture following the operating performance of the underlying asset and dividends received in the period and based on the analysis of the future cash flows performed.

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.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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, 2022, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Company's profit and total other comprehensive income by £500,000. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Company's profit and total other comprehensive income for the year.

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 amount due from a joint venture. The Company's management considers that the credit risk to the above is low as the immediate holding companies will financially support its joint venture should the need arise.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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
2022						
Amounts due to intermediate holding companies	52,320	80,725	5,500	5,515	16,500	53,210
2021						
Amounts due to intermediate holding companies	52,320	86,225	5,500	5,500	16,515	58,710

Fair value

The carrying values of financial assets and financial liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 31 December 2022 and 2021.

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 BEFORE TAXATION

	2022 £'000	2021 £'000
Profit before taxation is arrived at after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	40	33

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 2022 (2021: none).

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2022 £'000	2021 £'000
Tax credit in respect of profit for the year	<u>(389)</u>	<u>(387)</u>
Reconciliation between tax credit and accounting profit at applicable tax rate:		
Profit before taxation	<u>7,971</u>	<u>18,177</u>
Tax rate at average rate 19% (2021: 19%)	1,514	3,454
Expenses not deductible for tax purpose	665	665
Non-taxable income	-	(3,683)
Non-taxable share of result of a joint venture	(2,561)	-
Others (note)	<u>(7)</u>	<u>(823)</u>
Tax credit	<u>(389)</u>	<u>(387)</u>

Note: The others include interest income during the year (2021: includes interest income and results of joint venture)

The current tax rate applied during the year was 19% (2021: 19%) based on the standard rate of corporate tax substantively enacted at the reporting date. A further change was announced in the March 2022 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

	2022 £'000	2021 £'000
Opening balance	131,242	107,905
Share of post-acquisition reserves, net of dividends received	(10,017)	3,953
Reversal of impairment loss on investment cost	<u>-</u>	<u>19,384</u>
	<u>121,225</u>	<u>131,242</u>

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2022**

10. INTEREST IN A JOINT VENTURE (continued)

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

	2022 £'000	2021 £'000
Current assets	234,816	256,440
Non-current assets	97,625	104,094
Total assets	332,441	360,534
Current liabilities	(59,017)	(106,370)
Non-current liabilities	(156,101)	(122,038)
Total liabilities	(215,118)	(228,408)
Equity	117,323	132,126
Cash and cash equivalents	54,354	102,403
Total revenue	418,638	310,495
Total profit and other comprehensive income for the year	32,197	14,082
Dividend received during the year	23,500	-
Included in the above profit:		
Depreciation and amortisation	6,853	6,797
Interest income	112	2
Interest expense	(927)	(135)
Income tax expense	(7,602)	(9,750)
Company's effective interest	50%	50%
Company's share of net assets of the joint venture	58,662	66,063
Company's share of result of the joint venture	16,099	7,041

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 2022

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

	2022 £	2021 £
Authorised:		
1,004 ordinary shares of £1 each		
(2021: 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		
(2021: 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

	2022 £'000	2021 £'000
Share premium	<u>78,010</u>	<u>78,010</u>

14. DIVIDEND

	2022 £'000	2021 £'000
Interim dividend of £10,000,000 per ordinary share	<u>20,000</u>	<u>-</u>

An interim dividend of £10,000,000 per ordinary shares, totalling £20,000,000 was paid in full on 29 December 2022.

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2022**

15. (a) RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

	2022 £'000	2021 £'000
Profit before taxation	7,971	17,790
Adjustments for:		
Share of result of a joint venture	(13,483)	(3,953)
Reversal of impairment loss on investment cost	-	(19,384)
Interest income from bank deposits	(37)	(6)
Finance cost	5,500	5,500
Operating cash outflow before movements in working capital	(49)	(53)
Increase in other receivables	(37)	(1)
Increase in other payable and accruals	40	36
Cash used in operations	(46)	(18)

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Company's cash flow statement as cash flows from financing activities.

	Amounts due to intermediate holding companies	
	2022 £'000	2021 £'000
As at 1 January	50,000	50,000
Changes from financing cash flows:		
Finance cost paid	(5,500)	(5,582)
Other changes:		
Interest expenses (note 7)	5,500	5,582
As at 31 December	50,000	50,000

16. RELATED PARTY TRANSACTIONS

There have been no transactions with directors in the year (2021: nil).

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

	2022 £'000	2021 £'000
Interest on bonds issued to intermediate holding companies	5,500	5,500
Tax credit sold to joint venture	389	387

ELECTRICITY FIRST LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

16. RELATED PARTY TRANSACTIONS (continued)

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

	Amounts owed by / (to) related parties	Amounts owed by / (to) related parties
	2022 £'000	2021 £'000
Joint venture	780	780
Intermediate holding companies	(52,320)	(52,320)

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

17. 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.

18. ULTIMATE CONTROLLING PARTY

The directors regard Sino Task Limited, a company incorporated in British Virgin Islands, as the immediate parent company but it is not required to prepare consolidated financial statements. No consolidation exemption has been applied in respect of these financial statements accordingly.

The shareholders of Sino Task Limited are a consortium comprising of:

<u>Shareholder</u>	<u>Ultimate parent undertaking</u>
Super Ace Enterprises Limited, British Virgin Islands (50%)	CK Infrastructure Holdings Limited
Superb Year Limited, British Virgin Islands (50%)	Power Assets Holdings Limited

The Company has no controlling party as it is immediately owned by the above consortium members.