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HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
(incorporated in Bahamas with limited liability)
Company Number: 159518B

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Registered as a UK Establishment
UK Establishment Number: BR018145
Company Number of UK Establishment: FC033062

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HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
(incorporated in Bahamas with limited liability)

Financial statements
For the year ended 31 December 2020

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HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
(incorporated in Bahamas with limited liability)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020 US\$	2019 US\$
Research and development fees	(2,067)	(315,082)
Professional fees	(125,118)	(483,991)
Administrative expenses	(4,189)	(3,048)
Foreign Exchange gain / (loss)	1,034	(834)
Loss before income tax	(130,340)	(802,955)
Income tax expense	-	-
Loss after income tax	(130,340)	(802,955)
Other comprehensive income	-	-
Total comprehensive loss for the year attributable to the shareholders	(130,340)	(802,955)

HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
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STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2020

	Note	2020 US\$	2019 US\$
Current assets			
Other receivables		5	5
Cash at bank and in hand		74,496	312,832
Input VAT		437	14,264
Total Current Assets		74,938	327,101
Current liabilities			
Amount due to group companies			
- Hutchison Biofilm Medical Solutions Inc	4	(106,888)	(106,417)
- Hutchison Water Israel Ltd	4	-	(65,319)
Accruals and other payables		-	(56,975)
Total Current Liabilities		(106,888)	(228,711)
Net (Liabilities) / Assets		(31,950)	98,390
Capital and reserves			
Share capital	5	104	104
Reserves		(32,054)	98,286
Total shareholder (deficit) / funds		(31,950)	98,390

The financial statements on pages 3 to 9 were approved by the board of directors on 6 October 2021 and signed on its behalf by

Director
Jason CHOW



Director
Marco LEUNG



HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share capital US\$	Share premium US\$	Capital reserves US\$	Accumulated losses US\$	Total shareholder (deficit) / funds US\$
At 1 January 2019	104	7,563,035	4,381,274	(11,043,068)	901,345
Loss for the financial year	-	-	-	(802,955)	(802,955)
At 31 December 2019	104	7,563,035	4,381,274	(11,846,023)	98,390
Loss for the financial year	-	-	-	(130,340)	(130,340)
At 31 December 2020	104	7,563,035	4,381,274	(11,976,363)	(31,950)

HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
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STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	2020 US\$	2019 US\$
Cash flows from operating activities		
Loss for the year	(130,340)	(802,955)
Increase / (decrease) in amount due to a group company - Hutchison Biofilm Medical Solutions Inc	471	(1,677)
(Decrease) / increase in net amount due from a group company - Hutchison Water Israel Ltd	(65,319)	262,655
Decrease in accruals and other payables	(43,148)	(41,523)
Net cash flows used in operating activities	(238,336)	(583,500)
Cash and cash equivalents at 1 January	312,832	896,332
Cash and cash equivalents at 31 December	74,496	312,832
 Analysis of cash and cash equivalents		
Cash and bank balances	74,496	312,832

HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of the Company is biofilm research and development and commercialization.

The Company is a private company, limited by shares, incorporated in the Bahamas.

Address of UK Establishment: Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN, United Kingdom.

The Company domiciles in the United Kingdom.

UK Establishment Number: BR018145

Company Number of UK Establishment: FC033062

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention. The ultimate holding company has confirmed its current intention to provide sufficient financial support to enable the Company to meet its financial obligations as and when they fall due. Consequently, the directors have prepared the financial statements on a going concern basis.

b) Foreign currency translation

The financial statements are presented in US Dollars, which is the Company's functional and presentational currency. Transactions denominated in foreign currencies are translated at the rate prevailing at the time of the transaction. Monetary assets or liabilities denominated in foreign currencies, which are held at the end of the year, are translated at the year-end rate of exchange. Exchange differences on monetary items are taken to the Statement of Comprehensive Income.

c) Critical accounting estimates and judgements

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Company bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions. There is nothing material in the financial statements that has been estimated.

d) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

e) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities may expose it to certain financial risks, including foreign currency risk, credit risk and liquidity risk. Financial risk management is carried out by the treasury function of the ultimate holding company in accordance with policies and procedures approved by its Directors, which are also subject to periodic review by the internal audit function of the ultimate holding company. The treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the financial risks. The treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost efficient funding to individual entities.

(i) Foreign currency risk

The Company has minimal exposure to foreign currency risk as transactions are mainly denominated in US dollars which is the functional currency of the Company. The Company does not consider its foreign currency risk exposure to be significant.

(ii) Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Credit risk arising from amount due from a group company and other receivable is not significant to the Company.

(iii) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient liquid financial assets to meet those requirements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Undiscounted cashflows of less than 1 year US\$
At 31 December 2020	
Amount due to a group company	
- Hutchison Biofilm Medical Solutions Inc	(106,888)
	<u>(106,888)</u>
At 31 December 2019	
Amount due to group companies	
- Hutchison Biofilm Medical Solutions Inc	(106,417)
- Hutchison Water Israel Ltd	(65,319)
	<u>(171,736)</u>
Accruals and other payables	<u>(56,975)</u>

(b) Capital risk management

The Company regards its total equity as capital. The Company regularly reviews and manages its capital balance to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders.

HUTCHISON BIOFILM MEDICAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. AMOUNT DUE TO A GROUP COMPANY

The amounts due are unsecured, interest free and has no fixed terms of repayment. The carrying values of these financial liabilities approximate their fair values.

5. SHARE CAPITAL

	2020 US\$	2019 US\$
<i>Authorised:</i>		
4,990,480 Ordinary Shares of US\$0.01 each (2019: 4,990,480 Ordinary shares of US\$0.01 each)	49,905	49,905
2,375 Preferred A Shares of US\$0.01 each (2019: 2,375 Preferred A shares of US\$0.01 each)	24	24
7,145 Preferred A-1 Shares of US\$0.01 each (2019: 7,145 Preferred A-1 Shares of US\$0.01 each)	71	71
	<u>50,000</u>	<u>50,000</u>
<i>Issued and fully paid:</i>		
925 Ordinary Shares of US\$0.01 each (2019: 925 Ordinary Shares of US\$0.01 each)	9	9
2,375 Preferred A Shares of US\$0.01 each (2019: 2,375 Preferred A Shares of US\$0.01 each)	24	24
7,128 Preferred A-1 Shares of US\$0.01 each (2019: 7,128 Preferred A-1 Shares of US\$0.01 each)	71	71
	<u>104</u>	<u>104</u>

6. INCOME TAX EXPENSE

There was no tax payable or receivable for the year ended 31 December 2020 (2019: nil).

	2020 US\$	2019 US\$
Loss for the year	<u>(130,340)</u>	<u>(802,955)</u>
Corporation tax on loss before taxation at 19.00% (2019: 19.00%)	(24,765)	(152,561)
Effect of: Carried forward for use in future years	<u>24,765</u>	<u>152,561</u>
Total income tax	<u>-</u>	<u>-</u>

The Company made a loss for the year ended 31 December 2020 and no tax was payable.

7. DIRECTORS' EMOLUMENTS

	2020 US\$	2019 US\$
Aggregate emoluments	<u>8,000</u>	<u>24,000</u>

8. HOLDING COMPANIES

The immediate holding company is Hutchison Water International Holdings (BVI) Limited, a company incorporated in the British Virgin Islands. The ultimate holding and controlling company is Hutchison Water Holdings Limited, a company incorporated in the Cayman Islands with registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.