

Report of the Directors and Audited Financial Statements

MEDECINS SANS FRONTIERES (HK) LIMITED

31 December 2024



MEDECINS SANS FRONTIERES (HK) LIMITED

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MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2024.

Principal place of business

Medecins Sans Frontieres (HK) Limited (“the Organisation”) is an organisation incorporated and domiciled in Hong Kong under section 88 of the Inland Revenue Ordinance. The Organisation has its registered office and principal place of business at 22/F, Pacific Plaza, 410-418 Des Voeux Road West, Western District, Hong Kong.

Principal activities

The Organisation has the humanitarian goal of delivering medical aid to people where the level of need and suffering has overwhelmed the local capacity to respond. In support of those primary objectives, the Organisation conducts fundraising and recruits medical and non-medical staff to work in those relief programmes. It also actively communicates to the general public to raise awareness of the needs of its patients and the challenges involved in its humanitarian mission.

Business review

(I) Objectives & our work

(a) The Charter of Medecins Sans Frontieres (“MSF”)

Medecins Sans Frontieres (HK) Limited (“MSF HK”), was established in 1994 as part of a private international association made up of doctors, health sector workers and other professions which help in achieving its aims.

All of MSF’s members agree to honour the following principles:

- MSF provides assistance to populations in distress, to victims of natural or man-made disasters and to victims of armed conflict. They do so irrespective of race, religion, creed or political convictions.
- MSF observes neutrality and impartiality in the name of universal medical ethics and the right to humanitarian assistance and claims full and unhindered freedom in the exercise of its functions.
- Members undertake to respect their professional code of ethics and maintain complete independence from all political, economic or religious powers.
- As volunteers, members understand the risks and dangers of the missions they carry out and make no claim for themselves or their assigns for any form of compensation other than that which the association might be able to afford them.

(b) Main areas of work

At its core, the purpose of humanitarian action is to save the lives and ease the suffering of people caught in acute crises, thereby restoring their ability to rebuild their lives and communities. MSF does this through its global operations across more than 900 projects spread across more 70 countries, treating millions of patients by: offering primary healthcare, performing surgery, fighting epidemics, rehabilitating and running hospitals and clinics, carrying out vaccination campaigns, operating nutrition centres and providing mental healthcare.

We are constantly seeking to improve the quality, relevance and extent of our assistance, and we are dedicated to the pursuit of innovation. When we witness serious acts of violence, neglected crises, or obstructions to our activities, MSF may speak out.

The work is carried out by thousands of health professionals, logistical, finance, human resources and administrative staff, some of whom are recruited internationally but the majority are from the countries where the MSF is providing assistance. MSF HK’s Human Resources Department recruits programme staff, both medical and non-medical, to work in programme locations across the world.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(I) Objectives & our work (continued)

(b) Main areas of work (continued)

MSF allocates the bulk of its financial resources to fulfilling our social mission: our direct humanitarian programmes, support services to our projects and programmes, awareness-raising about the realities and needs of the people who are our patients. There are also specific initiatives such as the Access Campaign (restructured as MSF Access to Products for Healthcare (“APH”) in 2024) and the Drugs for Neglected Diseases initiative (“DNDi”).

The vast majority of the income raised by MSF HK’s Fundraising Department (see (III)(c)) goes to these international operations serving our social mission.

MSF HK’s Communications Department works to raise awareness about MSF’s medical humanitarian actions by providing up-to-date public information in Hong Kong, Mainland China, Singapore and the Southeast Asia region.

MSF HK provides specialised support to MSF’s operational management via our Operations Support Unit, which conducts emergency monitoring and surveillance, as well as research on operationally relevant dossiers. MSF HK’s Analysis Department, together with the China representative, helps to engage with Chinese stakeholders in the countries where MSF runs operations in support of MSF’s medical objectives. The Analysis Department also produces more general assessment of issues in the Asia Pacific to support MSF activities, including medical operations in different locations.

(II) Achievements and performance

(a) Overview of international operations

(i) Rapid response to disasters, epidemics and conflict

For disaster relief, MSF acts fast to gauge the needs by mobilising MSF staff already in the area or by sending in an emergency team. Our immediate objective will be the relief of suffering in the short term. In 2024, MSF continued its commitment to delivering medical humanitarian assistance in various conflict zones and regions experiencing severe health crises. Overall, MSF teams faced the consequences of deplorable attacks on health structures, health staff and civilians, impacting our ability to treat the most acute needs and to scale up our reach. Notable examples included:

Sudan: Operating during the country’s civil war has seen the parties to the fighting attack healthcare facilities and block relief supplies, constraining MSF teams’ ability to respond to the massive scale of needs. Despite these difficulties, MSF medical teams responded to ongoing influxes of war wounded, alarming rates of maternal and neonatal deaths, and focussed on treating high levels of malnutrition. Additionally, MSF launched medical interventions in neighbouring countries, like Chad and South Sudan to support refugees.

Gaza: Since the start of Israel’s war on Gaza following deadly attacks by Hamas in October 2023, more than 48,000 people have been killed. Months of intense violence has dismantled the healthcare system, only 18 among Gaza’s 36 remain partially functional and at least 384 humanitarian personnel, including nine MSF staff, have been killed. Despite severe limitations, MSF teams offer surgical support, wound care, physiotherapy, maternity and paediatric care, primary health care, vaccination, and mental health services, as well as water distribution.

Haiti: Due to escalating gang violence in Port-au-Prince, MSF’s emergency centres treated gunshot victims, survivors of sexual violence and thousands of people forced to flee their homes. Direct threats to MSF staff by police officers and an attack on an MSF ambulance that resulted in the execution of at least two patients and physical harm to our staff, forced a two-months-long suspension of our activities in late 2024.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(II) Achievements and performance (continued)

(a) Overview of international operations (continued)

(i) Rapid response to disasters, epidemics and conflict (continued)

Democratic Republic of Congo (“DRC”): In North Kivu, between January and May 2024, MSF assisted 17,363 victims of sexual violence, primarily attacked by armed men, highlighting the urgent need for comprehensive support. In December 2024, a new wave of violence surged when opposition group forces, the M23, fought to take control of several areas in Eastern DRC, displacing tens of thousands of people.

Myanmar: MSF teams managed to offer healthcare in some areas despite facing significant challenges due to escalating conflict and restrictions on humanitarian access, with destruction of MSF facilities and temporary suspension of medical activities during 2024.

(ii) Long term programmes

MSF programmes usually start as an emergency response to humanitarian and medical crises. Due to protracted situations that continue for years and affect people’s access to lifesaving medical care, most MSF’s programmes have a longer-term life span. These programmes are carefully planned before they are initiated and reviewed constantly to ensure that they will have a real impact on the health status of affected populations, while considering the constraints of the staff and the financial resources which are available. Ultimately, MSF aims to complete or hand over each programme to health authorities, partners or other organisations. It may be possible to close a programme when the services that we offer are no longer necessary; for example, when an epidemic has abated. Another possibility is that we may be able to hand over a programme to the local authorities, a local or other international organisation, which is able to take over and sustain the operation.

(iii) Improving healthcare through research and advocacy

The key focus of MSF’s work to improve access to products for healthcare is to highlight the difficulties and overcome the barriers people face in getting adequate, effective and affordable diagnostic tests, drugs and vaccines for diseases that affect vulnerable or neglected populations. Too often, we cannot treat patients because the medicines are too expensive or they are no longer produced. Sometimes, the only drugs we have are highly toxic or ineffective, and pharmaceutical corporations are not looking for a better cure. MSF has been advocating for the availability of better treatments for tuberculosis, affordability of pneumonia vaccines, the availability of Ebola vaccines and treatments and highlighting the issue of antimicrobial resistance that our medical teams witness where they work.

Every three minutes, a child dies from tuberculosis (“TB”), and more than half of all children with TB are never diagnosed. Suboptimal TB tests and challenging prevention and treatment regimens underlie these grim statistics, making paediatric TB a persistent problem for governments and healthcare providers.

MSF’s Test, Avoid, Cure TB in Children (“TACTiC”) project, aims to implement new WHO recommendations in 12 countries in Africa and Asia. In addition to implementation, the project also includes an advocacy and operational research components. The initial data from this research, presented at the world’s largest tuberculosis congress, The Union World Conference on Lung Health (12-16 November 2024) reveals successes and areas for improvement in the implementation of TB treatment algorithms, good acceptability by healthcare professionals, as well as a positive impact on the number of children identified with presumptive TB and being put on treatment.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(II) Achievements and performance (continued)

(b) MSF HK office activities

(i) Key financial indicators

- Donations received from the public amounted to HK\$385.4 million in 2024 (2023: HK\$419.5 million), which was a decrease of 8.1% (2023: increase of 12.4%) or HK\$34.1 million (2023: increase of HK\$46.2 million) on the year before.
- In 2024, a total of 92.1% (2023: 94%) of the funds we raised in Hong Kong were donations from private individual donors and the remaining 7.9%, originated from trusts and corporations. We did not receive or accept any funds or grants from any public institution (including the Government of Hong Kong Special Administrative Region (“HKSAR”)). This high ratio of private individual donation income ensures MSF’s international medical humanitarian options can be conducted independent of political or economic agendas and supports our ability to provide impartial medical care.
- We spent a total of HK\$324.6 million (2023: HK\$362.4 million) in supporting MSF’s social mission activities, representing 83.8% of total income (2023: 85.9%).
- Fundraising costs were HK\$38.6 million (2023: HK\$35.4 million), representing 10% (2023: 8.4%) of total income.
- Management and administration costs were HK\$24.1 million (2023: HK\$24 million), representing 6.2% (2023: 5.7%) of total income.

(ii) Donation income and expenses

In 2024, our donation income totalled HK\$385,422,138, reflecting an 8.1% decrease due to the absence of significant one-off legacy donations (when MSF is listed as a beneficiary in a will) as compared with 2023 when such unexpected contributions were significant. However, the relaunch of street fundraising in Q4 of 2024 helped increase the number of new regular donors, mitigating the impacts of donor attrition. Additionally, we saw a surge in new one-off donors through the MSF Day campaign and the successive digital campaigns in the latter half of the year.

MSF’s life-saving work in Gaza and the West Bank continued to garner exceptional support from a diverse range of donors.

The Return on Investment (“ROI”) for 2024 was 10.0 (2023: 11.8), slightly lower than the year before. Our effort is to optimize ROI since it is a measure of efficiency of our fundraising programmes (income over programme costs). Compared to the average MSF global ROI of 6.8 in 2023, MSF HK’s ROI is relatively high, indicating good cost efficiency allowing greater allocation of resources to our medical humanitarian operations.

(iii) Fund allocation and reserves

MSF HK does not directly manage medical humanitarian programmes. We are a member entity of MSF International, and we actively participate with other MSF member entities in Belgium, Italy, Luxembourg, Denmark, Norway, Sweden, Southern Africa and Brazil to form the Operational Centre Brussels (“OCB”), which is responsible for managing hundreds of operational programmes.

MSF HK grants funds principally to OCB, and to other MSF Operational Centres, that enable the overall planning and implementation of programmes across the world, addressing medical needs. Smaller grants are given to MSF International in Geneva, to MSF APH and to the DNDi.

In the 2024 financial year, MSF HK contributed a total of HK\$256.8 million (2023: HK\$294.6 million) to various emergency and medical humanitarian programmes in about 43 (2023: 38) countries around the world, representing 66.3 % (2023: 69.8%) of total income.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(II) Achievements and performance (continued)

(b) MSF HK office activities (continued)

(iii) Fund allocation and reserves (continued)

Apart from these programme expenses, HK\$52.9 million (2023: HK\$54.3 million) was allocated for programme support and development, of which HK\$22.5 million (2023: HK\$23 million) was transferred to OCB to aid the indirect operational costs.

The remaining income of HK\$14.9 million (2023: HK\$13.5 million) was spent in awareness raising advocacy activities and other humanitarian programmes coordinated by MSF International (APH & DNDi). MSF HK has maintained a “zero reserve” policy, meaning that all donations received after the fundraising, management and administration expenses, are fully dispensed to support the social mission.

(iv) Our fieldworkers

To support MSF’s medical humanitarian programmes worldwide, MSF HK recruits fieldworkers in Hong Kong and the wider region, including Cambodia, Mainland China, Indonesia, Macau, Malaysia, Myanmar, Philippines, Singapore, and Taiwan. They embody the “volunteering” spirit that our Charter speaks of, and as a matter of principle we provide a modest remuneration or stipend.

During 2024, we recruited 24 (2023: 75) new members to join our pool of fieldworkers, resulting in a total of 158 (2023: 134) deployments for the year, of which, 30 (2023: 19) departed for their first assignment. Around 57% of our deployments were to fill medical roles (e.g., specialists, doctors, nurses) and the remaining 43% were non-medical positions in functions such as logistics, finance, and human resources. The top countries of deployment for 2024 were: Yemen, South Sudan, Bangladesh, Nigeria and Sudan.

(v) Regional remit

MSF HK continued its general management role in overseeing a regional strategy with touchpoints across different locations: Hong Kong, Mainland China, and Singapore.

In Mainland China, MSF continued to share its experience and exchange ideas with various Chinese organisations and individuals on the practical deployment of humanitarian aid and on important global health topics and governance. We enhance the communication and experience-sharing between MSF and relevant professional communities on various health topics, such as TB and hepatitis. For example, we presented the latest development in clinical and public health research at major TB and hepatitis conferences and symposia, as well as talks and discussions with academics from Chinese research institutes. In addition to broadening MSF’s global supply base by sourcing medical products in China and improving our supply chain security, we also expand our networks to monitor innovations and technologies in the health industry that could benefit global MSF operations.

MSF HK also supports our field operations teams to engage with Chinese stakeholders in countries where MSF is present. This work is ongoing in Afghanistan, Ethiopia and Myanmar, with clear interest expressed from MSF projects elsewhere in Africa, Latin America, the Middle East and in the Pacific Islands. We continue to refine this service with the aim ultimately of making it available to MSF projects around the world.

In 2024, we remained committed to drawing public attention to people affected by crises, including those in Gaza, Afghanistan and Sudan. We published a book written by MSF fieldworkers and participated in invitations to share the book in 13 cities, thereby raising awareness of MSF’s worldwide humanitarian work.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(II) Achievements and performance (continued)

(b) MSF HK office activities (continued)

(v) Regional remit (continued)

In Singapore, MSF HK cultivates supporters and partnerships as well as working on awareness raising through news media interactions as well as engaging audiences through social media and public events.

Additionally, MSF HK collaborates with MSF Japan and MSF Australia in an ongoing regional development project launched in 2019, named “Southeast, East Asia and Pacific” (“SEEAP”). The core objectives of the project are to increasing MSF public awareness about MSF’s medical humanitarian work, diversifying private donor income and to expand fieldworker recruitment in Malaysia, Philippines and Thailand. In 2024, MSF Korea joined the partnership and it was renamed APAC, “Asia-Pacific”.

(vi) Public communication and engagement activities

In 2024, we remained committed to raising awareness of the health needs of people affected by conflicts, crises, disasters and epidemics, with emphasis on the impacts of conflicts in Sudan, Gaza, Ukraine, Haiti and the ongoing plight of the Rohingya in Myanmar, Bangladesh and Southeast Asia, via news media reports, field trips and our social media platforms.

In 2024, MSF HK implemented two signature events: The “Crossing Frontlines, Together” campaign and exhibition highlighted 30 years of MSF HK’s work to support lifesaving efforts. It demonstrates the spirit of overcoming challenges, just as our team use four-wheel drive vehicles and ambulances to tackle rough terrain, and to reach patients and communities in acute need.

Hosted for the first time as a running competition, “On Track to Save 2024” drew over 1,100 participants promoting sports-for-charity and helping to raising awareness of MSF’s medical humanitarian work.

MSF HK launched a new website in August 2024 with enhanced features that are designed to provide a more convenient and engaging experience to our digital audiences and donors. The new website continues to offer the latest information, including news about crisis and our medical humanitarian responses, sharing updates from fieldworkers and offering more information about local events. It is also an essential portal supporting our fundraising activities through secure and data regulation compliant online donation functionalities.

In Mainland China, we published a book capturing the experiences of over 30 fieldworkers, and hosted 13 sharing sessions in 12 cities, to increase the public’s understanding of humanitarian work and the value of supporting independent and impartial medical humanitarian action.

(III) Governance and resources

(a) International organisational structure

MSF is a worldwide movement of former and current staff who are members of associations at national, regional, and international levels. MSF HK is one of the 27 associations in the MSF movement which is united by a shared commitment to the MSF Charter and Principles. Each association is an independent legal entity having charitable or non-profit status in their society. Each association elects its own board of directors and president who hold an executive office accountable.

The associations are linked in partnership with six operational directorates, which manage MSF’s medical humanitarian assistance programmes. National and regional MSF associations, individuals and the International President are all members of MSF International, the association that safeguards the identity of the MSF movement globally.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(III) Governance and resources (continued)

(a) International organisational structure (continued)

MSF International's highest authority is the International General Assembly ("IGA"), which is responsible for safeguarding MSF's medical humanitarian social mission and providing strategic direction to the MSF Movement. It delegates duties to the International Board and holds it accountable for those tasks. The IGA meets annually and consists of two representatives from each association, two representatives elected by the individual members of MSF International, and the International President, who is elected by the representatives.

MSF HK is also represented in the board of Operational Centre Brussels ("OCB"). The overall mandate of the OCB Board is to build a shared operational vision for OCB, together with the executive, and to ensure good governance and accountability of the Operational Centre. The OCB Board consists of one representative from each of the nine member entities, including MSF HK, and six persons directly elected by members of the MSF OCB association during the annual OCB Gathering. Members of MSF HK association are also members of the MSF OCB association.

(b) MSF HK organisation and governance structure

The board of directors of MSF HK is elected by the members of MSF HK association during the Annual General Meeting. The key responsibilities of the MSF HK Board are to ensure the association's actions and operations conform with MSF's social mission and principles; to oversee the activities of the executive and to ensure accountability from the Regional Management Team. The responsibilities and functioning of the board of directors are bound by its Articles of Association.

As of 31 December 2024, the MSF HK Board consists of 10 elected directors and four ex-officio members, who are appointed by the board and do not have any voting rights at board meetings.

The Finance Audit and Risk Committee ("FARC") was set up by the MSF HK Board in 2017 as a standing committee regularly reporting to the board. The FARC supports risk mitigation, facilitates internal control enhancement, scrutinizes and advises on the annual budget and any relevant policies.

(c) Fund & programme management

MSF has an international funding strategy and policy in place which aims to ensure optimization of funding opportunities and resource management. MSF HK adheres to a strict internal policy, reviewed periodically, to ensure that monetary contributions from sources contradicting MSF's social mission are not accepted. Relevant guidelines are set up with respect to the resources allocated to each programme to ensure transparency towards our stakeholders, particular the donors.

MSF Operational Centres manage the health and humanitarian programmes in the field locations. Each individual programme is assigned an annual budget according to the assessed needs and funds available. These are reviewed and monitored at regular intervals based on MSF's risk management and internal control processes, notably to ensure that the programme progresses towards its targets in the most effective way possible in compliance with the internal policies, procedures and available resources.

Evaluations of programmes are performed by MSF units that are separate and external to the operational management line, to continually adjust strategies and rectify possible weaknesses and compile lessons learnt.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(III) Governance and resources (continued)

(d) Risk and compliance

As a humanitarian organisation, maintaining the highest standards of integrity is a responsibility and a requirement to preserve the trust of our donors who make our work possible, as well as the people who we serve and their communities, and the staff who work for us.

Our strategic plan commits us to strengthen risk monitoring, compliance and internal control that ensure we have robust policies, procedures, culture and organisational structures supporting all matters of integrity and compliance. MSF HK is adopting the Enterprise Risk Management (ERM) framework for identifying and monitoring risks, prioritising strategies, actions and enhancements that establish a robust control environment.

That framework entails that a detailed risk register be maintained, regularly reviewed, revised and updated by the Management Team. Policies and strategies are adopted which should mitigate the risks that are considered most potent. The MSF HK Regional Management Team reports to the MSF HK Board on significant risks identified, the required mitigation strategies at regular intervals and will notify the board of any new potential risk as and when it arises.

Examples of risks that we are potentially more susceptible to and that MSF HK must ensure sufficient mitigation actions for, include data privacy protection, financial crimes and economic downturn.

Our mitigation actions include adopting the wider MSF movement's data privacy assessment and monitoring process to ensure we comply with the European Union (EU) regulation General Data Protection Regulation (GDPR), as well as complying with the Hong Kong regulation Personal Data (Privacy) Ordinance ("PDPO"). Cybersecurity is assessed and enhanced to prevent data breaches/leakage. In addition, we are accredited to the Payment Card Industry (PCI) certification, mandated by credit card companies every year to ensure that the security of donors' credit card transactions fulfil the security requirements established by the PCI Security Standard Council (SSC).

To prevent financial crime, we implement a gift acceptance policy and due diligence processes that ensure we comply with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong.

For mitigating the risk of a downturn in the economy, we perform periodic reviews to monitor income as well as expenditure and will tune our investment to maximise the donations from each of the fundraising channels. Our fundraising strategy of diversifying income sources and fundraising channels also helps to mitigate such risk.

Furthermore, MSF HK has set up systems to monitor key geopolitical risks with the potential to affect operations. These systems allow MSF HK to take timely risk mitigation measures, when it is required.

(e) Cost control

MSF HK and MSF International strives to make the best possible use of the funds donated to us. We ensure that our programmes are focused effectively on populations which are most vulnerable, and we continually review our support, logistics, and medical protocols to either reduce costs or to increase effectiveness.

During 2024, MSF HK was able to commit 83.8% of our total expenditure to support the social mission (2023: 85.9%), which is well above the average MSF global social mission contribution ratio of 80.2% in 2023.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(III) Governance and resources (continued)

(e) Cost control (continued)

Management and administration costs accounted for 6.2% (2023: 5.7%) of MSF HK's total outgoings. These costs were devoted to general management, administration, financial management, and human resources. 1.8% (2023: 1.5%) of the total outgoings was transferred to MSF International for their management and general administration purposes.

(IV) Social, economic and environmental sustainability

(a) Relationship with key stakeholders

(i) Donors

MSF prioritises securing private funding income rather than institutional funds to ensure that the organisation's actions are financially and operationally independent and impartial.

Private funding guarantees MSF's independence to provide free medical care based on need alone, putting patients first regardless of nationality, race, gender, religion, political or economic interests. This approach enables MSF to prioritise those in the most serious and immediate danger, enabling quick and efficient delivery of lifesaving medical care to those most in need based on the support from private donors.

MSF HK fundraising programmes aim not only to generate income but also to maintain transparent communication of MSF's work, fostering relationships with our donors and supporters. We strive to ensure our resources are sustainable and resilient, supporting MSF's operational viability in the long term.

In 2024, MSF HK enhanced its donors communication by increasing the number of interactions and developing new ways of engagement through new channels and tools.

(ii) Staff & fieldworkers

MSF HK recruits people (fieldworkers and office staff) from the multicultural regions of Southeast Asia and Greater China, contributing talent, skills, experience and diversity to our pursuit of the social mission and its support.

MSF HK is actively participating in the Diversity, Equity and Inclusion ("DEI") initiatives and platforms of the wider MSF movement and is part of the Diversity, Equity and Inclusion ("DEI") advisory group for the OCB. Our collective aim is to trigger a change in the way MSF is staffing its positions, developing its people and associating them in decision-making, thereby ensuring that the diversity of their voices is expressed, heard and considered.

We provide a collaborative and team-based working environment. Colleagues are encouraged to express their opinions and share their suggestions to improve our efficacy and impact.

As with our office staff, all fieldworkers are encouraged to become MSF HK association members to play a vital role in our development and discussions on how to best carry out MSF's social mission and keep the patients' needs at the core of what we do through governance.

(iii) Association members

MSF was founded as an association in 1971. The associative identity is reiterated in the MSF Charter and the Chantilly Agreement. The association engages fieldworkers, volunteers, and staff from all the MSF entities in a shared commitment to humanitarian medical action. As an association member, everyone can engage in the collective ownership of MSF and oversight of its leadership.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(IV) Social, economic and environmental sustainability (continued)

(a) Relationship with key stakeholders (continued)

(iii) Association members (continued)

The association functions in a participatory way. Association members can voice their contributions and concerns to bring about changes to MSF's actions within the framework of the MSF Charter and Principles. During the annual General Assembly, members elect the board of directors to represent their voices.

As of 31 December 2024, MSF HK has 616 (2023: 580) association members across 14 different locations: Brunei, Cambodia, Mainland China, Hong Kong, Indonesia, Laos, Macau, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Thailand and Vietnam.

(iv) Local community

In Hong Kong, an MSF Operations Project Team worked alongside local partners, to support people facing the difficulties in getting healthcare due to homelessness. Our medical and psychosocial teams delivered general health screenings, health talks and mental health supports. These activities were concluded at the end of 2024 with the closure of the project and a hand-over to local partners.

MSF HK hosted a regional mental health conference that served as an experience exchange platform for MSF staff from different project locations within the Southeast Asia region.

(b) Environmental measures

In many MSF project locations, our teams respond to health needs linked to the climate emergency, including increased prevalence of infectious diseases such as malaria, dengue fever and cholera, because of changing rainfall and temperature patterns.

MSF International recognises the global problem of carbon emissions and human-caused environmental disruption, and as a movement we have pledged to reduce carbon emissions by at least 50% compared to 2019 levels by 2030.

To achieve this goal, our organisation will have to keep finding better ways to transport people and supplies, and improved construction, energy and waste management to reduce our collective carbon footprint. Within the MSF HK office, we work with the principles of "reduce, reuse, repair and recycle" and focus on energy savings in electricity usage.

(V) Future outlook

During the 30 years of MSF HK's existence, we have built significant strengths, as evidenced by our 2024 results – but we recognise that the future will bring many new and different challenges, as well as opportunities.

The Asia-Pacific region offers immense potential for MSF's growth and impact internationally. A rapidly expanding middle-class presents opportunities to diversify income streams and broaden our donor base. World-class research institutions provide avenues for knowledge exchange and innovation. The region's increasing global influence as a strategic power, offers opportunities for us to play a critical role engaging influential decision-makers on behalf of MSF and, most of all, to the benefit of our patients.

By seizing these opportunities, we can strengthen MSF's financial sustainability, expand networks, and bring fresh perspectives to the movement. Through these efforts, we can help increase MSF's operational resilience and enhance capacity to address complex humanitarian challenges.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Business review (continued)

(V) Future outlook (continued)

However, there are also significant headwinds coming. We are in a phase of intense reconfiguring globally and regionally. Very recent and significant changes within the international aid architecture, driven by the US government's dramatic change in foreign assistance policy and deep cuts to global health programmes, is radically reshaping the global humanitarian landscape. These uncertainties compound existing challenges in our operating environment due to rising geopolitical tensions, sluggish economies, social change, rapidly advancing technologies and the climate emergency.

In 2024 we established our 2025-2027 Strategic Plan identifying six priority areas that align MSF HK's resources and capacity to support escalating humanitarian needs:

- Supporting financial resilience, fostering connections with societies, and building robust human resources. From Hong Kong, Mainland China, Singapore and Southeast Asia, we will continue to provide these fundamental resources and expertise that support MSF's social mission.
- Leading MSF International's engagement in China by leveraging our strategic position and expertise.
- Investing in responses and adaptation capacity to the health impacts of the climate emergency for communities and responders.
- Enhancing our organisational capacity to anticipate risks, navigate uncertainties, and sustain our operations in fast-evolving environment. Seeking to improve efficiency and organisational agility.
- Cultivating a strong culture of trust and collaboration within and between offices and teams.
- Equipping our people with the skills and mindset they need to succeed in service of MSF's social mission.

Directors

The directors of the Organisation during the year and up to the date of the report were:

LIM Suet Fong	
LI Kandice Ellen	
ZAINAL Husni Mubarak	
CHU King Hei	
TONG Wing Sze Jennifer	
CHIU Cheuk Pong	
CHUA Sern Wei Stephen	(appointed on 24 August 2024)
CHAN Wai Chi Gigi	(appointed on 24 August 2024)
LI Wilson	(appointed on 24 August 2024)
RESISTIA Betarani	(appointed on 24 August 2024)
WONG Poh Fei	(resigned on 24 August 2024)
LOW Hwee Ling, Sally	(resigned on 24 August 2024)
BACCHETTA Adrio Serafino	(resigned on 24 August 2024)
KOERNIAWAN Heru Sutanto	(resigned on 24 August 2024)

In accordance with article 75 of the Organisation's articles of association, all remaining directors retire at the forthcoming Annual General Meeting and are eligible for re-election.

At no time during the year was the Organisation or its affiliates a party to any arrangement to enable the directors of the Organisation to acquire benefits by means of the acquisition of equity interests in or debentures of organisation or any other body corporate.

MEDECINS SANS FRONTIERES (HK) LIMITED

REPORT OF THE DIRECTORS (continued)

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Organisation is currently in force and was in force throughout the year.

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the Organisation or affiliates was a party, and in which a director of the Organisation had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Organisation will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD


.....
CHIU Cheuk Pong

Hong Kong

30 MAY 2025

Independent auditor's report
To the members of Medecins Sans Frontieres (HK) Limited
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Medecins Sans Frontieres (HK) Limited ("the Organisation") set out on pages 16 to 44, which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Organisation in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Independent auditor's report (continued)
To the members of Medecins Sans Frontieres (HK) Limited
(Incorporated in Hong Kong and limited by guarantee)

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

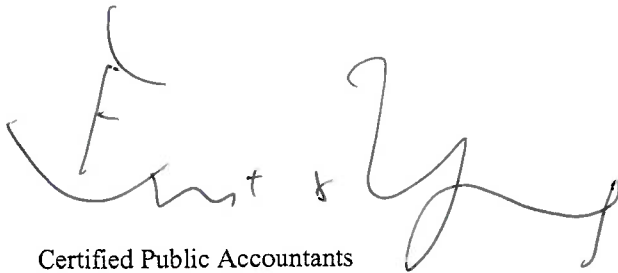
As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Medecins Sans Frontieres (HK) Limited
(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants
Hong Kong

30 MAY 2025

MEDECINS SANS FRONTIERES (HK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
Donations income	3	385,422,138	419,489,902
Other income	4	<u>1,992,062</u>	<u>2,583,659</u>
Total income		387,414,200	422,073,561
Less: Expenditures			
Emergency and medical programmes	7	(256,787,710)	(294,612,693)
Programme support and development	8	(52,924,127)	(54,259,342)
Public awareness and other campaigns		(13,109,165)	(11,517,731)
Other humanitarian activities	9	<u>(1,789,637)</u>	<u>(1,993,422)</u>
Social mission		(324,610,639)	(362,383,188)
Management and general administration	10	(24,072,384)	(23,977,153)
Fundraising		(38,608,726)	(35,421,248)
Finance cost	6	<u>(239,807)</u>	<u>(101,054)</u>
Total expenditures		(387,531,556)	(421,882,643)
(Deficit)/surplus from operating activities		(117,356)	190,918
Net exchange gain/(loss)		<u>117,356</u>	<u>(190,918)</u>
DESIGNATED SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5	<u><u>-</u></u>	<u><u>-</u></u>

MEDECINS SANS FRONTIERES (HK) LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	13	5,353,870	5,369,067
Intangible assets	14	1,816,421	615,126
Deposit	15	738,563	667,044
Total non-current assets		<u>7,908,854</u>	<u>6,651,237</u>
CURRENT ASSETS			
Debtors	15	201,586	118,349
Prepayment and deposits	15	1,974,747	2,407,520
Amount due from MSF International	16	786,244	503,024
Amount due from MSF Belgium	16	218,904	607,007
Amount due from MSF Holland	16	9,431	24,977
Amount due from MSF Japan	16	662,519	477,015
Amount due from MSF Spain	16	-	9,960
Amount due from MSF Australia	16	829,439	587,066
Amount due from MSF France	16	30,742	634,219
Amount due from MSF Switzerland	16	11,846	1,691
Amount due from MSF TW Foundation	16	16,280	15,296
Amount due from MSF USA	16	97,885	124,436
Amount due from MSF Korea	16	1,173,300	308
Cash and cash equivalents	17	<u>41,568,887</u>	<u>44,972,634</u>
Total current assets		<u>47,581,810</u>	<u>50,483,502</u>
CURRENT LIABILITIES			
Creditors, other payables and accruals	18	10,465,444	7,500,108
Lease liabilities	13	2,256,679	1,982,080
Amount due to MSF Belgium	16	32,562,768	36,349,044
Amount due to MSF International	16	3,805,977	3,437,911
Amount due to MSF Australia	16	1,409,483	864,694
Amount due to MSF Japan	16	292,309	538,836
Amount due to MSF France	16	2,207	477,542
Amount due to MSF Korea	16	857,641	377,581
Amount due to MSF Spain	16	-	61,499
Amount due to MSF Holland	16	-	577
Amount due to MSF TW Foundation	16	10,962	19,629
Total current liabilities		<u>51,663,470</u>	<u>51,609,501</u>
NET CURRENT LIABILITIES		(4,081,660)	(1,125,999)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,827,194</u>	<u>5,525,238</u>


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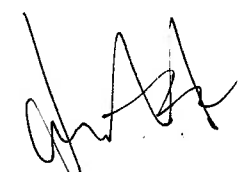
MEDECINS SANS FRONTIERES (HK) LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	Notes	2024 HK\$	2023 HK\$
NON-CURRENT LIABILITIES			
Lease liabilities	13	1,519,224	3,210,210
Creditors, other payables and accruals	18	<u>2,307,970</u>	<u>2,315,028</u>
Total non-current liabilities		<u>3,827,194</u>	<u>5,525,238</u>
Net assets		<u>-</u>	<u>-</u>
Represented by:			
Fund balances			
Accumulated funds		<u>-</u>	<u>-</u>


.....
CHIU Cheuk Pong
Director


.....
TONG Wing Sze Jennifer
Director

MEDECINS SANS FRONTIERES (HK) LIMITED

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

Year ended 31 December 2024

	Accumulated funds HK\$
At 1 January 2023	-
Designated surplus and total comprehensive income for the year	<u>-</u>
At 31 December 2023 and at 1 January 2024	-
Designated surplus and total comprehensive income for the year	<u>-</u>
At 31 December 2024	<u><u>-</u></u>

MEDECINS SANS FRONTIERES (HK) LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Designated surplus for the year		-	-
Adjustments for:			
Bank interest income	4	(1,140,249)	(1,330,109)
Depreciation	5	2,721,431	2,661,661
Amortisation of intangible asset	5	494,122	359,731
Finance cost	6	239,807	101,054
(Reversal of provision)/provision for long service payment		(7,058)	599,742
Loss on disposal of items of intangible asset	5	180,417	-
		2,488,470	2,392,079
(Increase)/decrease in debtors		(83,237)	1,434,660
Decrease/(increase) in prepayment and deposits		361,254	(1,050,527)
Increase in creditors, other payables and accruals		2,965,336	2,492,783
Movements in balances with MSF entities		(4,037,557)	9,103,936
Net cash flows from operating activities		1,694,266	14,372,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4	1,140,249	1,330,109
Purchases of items of property, plant and equipment	13	(1,962,675)	(359,027)
Purchases of items of intangible assets	14	(1,875,834)	(85,000)
Net cash flows (used in)/from investing activities		(2,698,260)	886,082
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	19	(2,159,946)	(1,765,044)
Interest element on lease liabilities	19	(239,807)	(101,054)
Net cash flows used in financing activities		(2,399,753)	(1,866,098)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,403,747)	13,392,915
Cash and cash equivalents at beginning of year		44,972,634	31,579,719
CASH AND CASH EQUIVALENTS AT END OF YEAR		41,568,887	44,972,634
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	41,568,887	44,972,634

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. ORGANISATION INFORMATION

Medecins Sans Frontieres (HK) Limited (“the Organisation”) is an organisation incorporated and domiciled in Hong Kong under section 88 of the Inland Revenue Ordinance. The Organisation has its registered office and principal place of business at 22/F, Pacific Plaza, 410-418 Des Voeux Road West, Western District, Hong Kong.

The Organisation’s principal activities have not changed during the year and comprised fundraising and recruits medical and non-medical staff to work in those relief programmes. It also actively communicates to the general public to raise awareness of the needs of its patients and the challenges involved in its humanitarian mission.

The Organisation is limited by guarantee, such that under the provisions of the Organisation’s articles of association, every member shall, in the event of the Organisation being wound up, contribute such amount as may be required to meet the liabilities of the Organisation, but not exceeding HK\$100 each. As at 31 December 2024, the Organisation has 616 (2023: 580) members.

2. ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars, which is also the Organisation’s functional currency.

The Organisation has maintained a policy of “zero reserve”. That is, all funds raised, net of operating expenses, would be transferred to MSF operational centres. Despite the Organisation’s net current liabilities at 31 December 2024, the directors are of the opinion that, having taken into account the expected cash inflows from public donations and the nature of major current liabilities being transfers to MSF operational centres, the scale of which is driven by the donation income, the Organisation has sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from the end of the reporting period. Accordingly, the directors have prepared the financial statements on a going concern basis.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Organisation has adopted the following new and revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised HKFRS Accounting Standards has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Organisation has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Organisation intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Organisation is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a significant impact on the Organisation's results of operations and financial position.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Organisation if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Organisation;
 - (ii) has significant influence over the Organisation; or
 - (iii) is a member of the key management personnel of the Organisation or a parent of the Organisation;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Organisation are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Organisation are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Organisation or an entity related to the Organisation;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Organisation or to the parent of the Organisation.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Organisation recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets:

Leasehold improvements	Over the lease term
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	30%

Right-of-use assets

Buildings	Over the lease terms
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The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Intangible assets

Intangible assets include purchased computer software. Purchased computer software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3.3 to 5 years.

Impairment of non-financial assets

The Organisation assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Organisation makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Leases

Lessee

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

Financial assets

Trade receivables that do not contain a significant financing component or for which the Organisation has applied the practical expedient of not adjusting the effect of a significant financing component are measured at the transaction price determined under HKFRS 15. All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Organisation commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

The Organisation applies the expected credit loss model on all the financial assets that are subject to impairment. For trade receivables without a significant financing component, the Organisation applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Organisation is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Organisation considers a default has occurred when a financial asset is more than 90 days past due unless the Organisation has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Organisation has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities include amounts due to MSF entities, creditors, other payables and accruals. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand.

Revenue recognition

General donation represents cash received from various fundraising projects and is recognised upon receipt.

Designated donation which are earmarked for specific purposes are initially recognised as deferred income and then recognised in surplus or deficit over the period necessary to match with the related costs which they are intended to compensate.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme

The Organisation operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the participating employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Organisation in an independently administered fund. The Organisation’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Organisation’s employer voluntary contributions, which are refunded to the Organisation when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Defined benefit plan

The Organisation’s statutory obligation to pay long service payment is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method. The liability recognised in the statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Organisation and subsidies from the subsidy scheme for the Abolition of MPF Offsetting Arrangement.

Remeasurements, comprising actuarial gains and losses, and investment returns associated with the MPF employer contributions and other experience adjustments (excluding amounts included in net interest on the net defined benefit liability), are debited or credited to equity in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Organisation recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the defined benefit liability. The Organisation recognises the following changes in the defined benefit obligation under “employee benefit expenses” in the statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency transactions

These financial statements are presented in Hong Kong dollars, which is the Organisation's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency of the Organisation using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. DONATIONS INCOME

Donations income represents donations received from public, private trusts and foundations.

4. OTHER INCOME

Other income includes the following:

	2024 HK\$	2023 HK\$
Associate membership fee	8,300	8,350
Grant income from MSF International	609,124	-
Grant income from MSF Australia	228,389	1,132,626
Bank interest income	1,140,249	1,330,109
Tickets and book sales	-	39,091
Others	6,000	73,483
Total	<u>1,992,062</u>	<u>2,583,659</u>

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. DESIGNATED SURPLUS

The Organisation's designated surplus is arrived at after charging/(crediting):

	2024 HK\$	2023 HK\$
Depreciation (note 13)	2,721,431	2,661,661
Amortisation (note 14)	494,122	359,731
Loss on disposal of items of intangible asset	180,417	-
Lease payments not included in the measurement of lease liabilities (note 13)	-	42,979
Auditor's remuneration	175,000	162,000
Staff costs (excluding directors' remuneration (note 11)):		
Salaries, allowances and benefits in kind	46,295,392	43,642,281
Pension scheme contributions	2,555,794	2,604,919
Total	<u>48,851,186</u>	<u>46,247,200</u>
Foreign exchange differences, net	<u>117,356</u>	<u>(190,918)</u>

6. FINANCE COST

	2024 HK\$	2023 HK\$
Interest on lease liabilities	<u>239,807</u>	<u>101,054</u>

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

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7. EMERGENCY AND MEDICAL PROGRAMMES

The Organisation has recognised the following amounts to aid emergency and medical programmes co-ordinated by other MSF entities:

<i>Missions</i>	2024 HK\$	2023 HK\$
Afghanistan	12,271,987	19,215,757
Bangladesh	11,267,796	11,459,430
Belgium	1,988,732	2,419,635
Benin	3,061,173	3,559,076
Bolivia	-	154,163
Brazil	2,595,758	3,849,680
Burundi	2,819,211	1,181,574
Cameroon	26,048	-
Central African Republic	8,139,882	9,871,268
Cote d'Ivoire	213,140	27,318
Democratic Republic of Congo	27,647,956	39,650,690
Egypt	2,425,394	2,697,773
Ethiopia	8,473,359	9,114,782
Greece	2,359,026	2,774,225
Guinea	3,793,301	1,598,927
Haiti	10,132,853	6,852,393
Hong Kong	335,668	3,287,185
India	5,963,269	5,052,741
Indonesia	729,560	5,663,010
Iraq	7,480,818	17,236,574
Italy	2,117,600	2,438,554
Kenya	2,799,732	1,461,160
Lebanon	7,320,584	9,485,132
Malaysia	17,970,000	5,000,000
Mali	6,776,412	8,274,406
Mexico	312,079	-
Mozambique	988,083	706,923
Myanmar	5,000,000	10,000,000
Nigeria	6,972,108	14,824,498
Pakistan	9,656,494	7,683,066
Palestine	29,526,101	2,471,506
Philippines	2,207	-
Poland	737,127	-
Rwanda	22,083	-

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

7. EMERGENCY AND MEDICAL PROGRAMMES (continued)

The Organisation has recognised the following amounts to aid emergency and medical programmes co-ordinated by other MSF entities: (continued)

<i>Missions</i> (continued)	2024 HK\$	2023 HK\$
Sierra Leone	2,436,009	1,681,400
South Africa	467,407	133,190
South Sudan	18,563,223	14,018,716
Sudan	8,249,637	3,959,688
Syria	7,308,391	18,223,195
Tunisia	31,071	-
Ukraine	145,744	27,106
Venezuela	5,909,393	-
Yemen	10,266,277	15,827,240
Zimbabwe	825,213	235,870
Migrant Support Balkan Route	628,841	755,977
MSF Academic Field projects	30,963	443,700
Fund allocated for unforeseeable emergencies programmes	-	31,295,165
Total	<u>256,787,710*</u>	<u>294,612,693*</u>

* HK\$181,815,503 (2023: HK\$207,122,693) was granted to operational centre in MSF Belgium, HK\$74,970,000 (2023: HK\$87,390,000) was granted to operational centre in MSF Holland and HK\$2,207 (2023: HK\$100,000) was granted to operational centre in MSF France.

8. PROGRAMME SUPPORT AND DEVELOPMENT

Included in expenditures for programme support and development are HK\$22,471,579 (2023: HK\$23,013,634) and HK\$8,330,000 (2023: HK\$9,710,000) transferred to operational centre in MSF Belgium and MSF Holland, respectively, HK\$731,590 (2023: HK\$901,592), HK\$731,590 (2023: HK\$901,592), HK\$731,590 (2023: HK\$377,581) and nil (2023: HK\$377,542) transferred to MSF Australia, MSF Japan, MSF Korea and MSF France, respectively for Asia-Pacific ("APAC") regional development project (formerly known as South-east and East Asia-Pacific Project ("SEEAP")), and HK\$3,165,941 (2023: HK\$2,789,401) transferred to MSF International office to aid indirect operational costs.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

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9. OTHER HUMANITARIAN ACTIVITIES

The Organisation has transferred the following amounts to aid other humanitarian activities co-ordinated by other MSF entities:

	2024 HK\$	2023 HK\$
Drugs for Neglected Disease initiative ("DNDi")	445,233	845,730
MSF Access to Products for Healthcare ("APH") (formerly known as Access Campaign)	<u>1,344,404</u>	<u>1,147,692</u>
Total	<u><u>1,789,637</u></u>	<u><u>1,993,422</u></u>

10. MANAGEMENT AND GENERAL ADMINISTRATION

Included in expenditures for management and general administration is an amount of HK\$7,057,675 (2023: HK\$6,237,925) transferred to MSF International for management and general administration expenditure purposes.

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2024 HK\$	2023 HK\$
Fees	-	-
Other emoluments:		
Salaries, allowances and benefits in kind	-	-
Pension scheme contributions	<u>-</u>	<u>-</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>

12. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Organisation is an approved charitable organisation which is exempted from tax under Section 88 of the Inland Revenue Ordinance.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES

	Right-of-use assets	Owned assets				Total HK\$
		Buildings HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	
31 December 2024						
At 1 January 2024:						
Cost	16,610,391	954,531	417,199	466,202	2,611,391	21,059,714
Accumulated depreciation	(11,807,491)	(954,531)	(389,180)	(439,947)	(2,099,498)	(15,690,647)
Net carrying amount	4,802,900	-	28,019	26,255	511,893	5,369,067
At 1 January 2024, net of accumulated depreciation	4,802,900	-	28,019	26,255	511,893	5,369,067
Additions	-	1,211,770	-	286,470	464,435	1,962,675
Modification	743,559	-	-	-	-	743,559
Depreciation provided during the year	(2,011,709)	(330,817)	(7,154)	(42,309)	(329,442)	(2,721,431)
At 31 December 2024, net of accumulated depreciation	3,534,750	880,953	20,865	270,416	646,886	5,353,870
At 31 December 2024:						
Cost	17,353,950	2,166,301	403,904	549,126	2,636,519	23,109,800
Accumulated depreciation	(13,819,200)	(1,285,348)	(383,039)	(278,710)	(1,989,633)	(17,755,930)
Net carrying amount	3,534,750	880,953	20,865	270,416	646,886	5,353,870

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

	Right-of-use assets	Owned assets					Total HK\$
		Buildings HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	
31 December 2023							
At 1 January 2023:							
Cost	11,681,723	954,531	417,199	449,911	2,529,393	4,351,034	16,032,757
Accumulated depreciation	(9,389,786)	(954,531)	(382,027)	(438,456)	(2,124,924)	(3,899,938)	(13,289,724)
Net carrying amount	2,291,937	-	35,172	11,455	404,469	451,096	2,743,033
At 1 January 2023, net of accumulated depreciation	2,291,937	-	35,172	11,455	404,469	451,096	2,743,033
Additions	-	-	-	23,119	335,908	359,027	359,027
Modification	4,928,668	-	-	-	-	-	4,928,668
Depreciation provided during the year	(2,417,705)	-	(7,153)	(8,319)	(228,484)	(243,956)	(2,661,661)
At 31 December 2023, net of accumulated depreciation	4,802,900	-	28,019	26,255	511,893	566,167	5,369,067
At 31 December 2023:							
Cost	16,610,391	954,531	417,199	466,202	2,611,391	4,449,323	21,059,714
Accumulated depreciation	(11,807,491)	(954,531)	(389,180)	(439,947)	(2,099,498)	(3,883,156)	(15,690,647)
Net carrying amount	4,802,900	-	28,019	26,255	511,893	566,167	5,369,067

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

The Organisation leases certain of its offices used in its operation. Leases for these assets are negotiated for terms ranging from 2 to 3 years with no extension or termination options and all the lease payments are fixed.

Maturity profile of lease liabilities

	2024 HK\$	2023 HK\$
Within one year	2,402,840	2,216,222
After one year but within five years	<u>1,549,715</u>	<u>3,367,423</u>
Lease liabilities (undiscounted)	3,952,555	5,583,645
Discount amount	<u>(176,652)</u>	<u>(391,355)</u>
Lease liabilities (discounted)	<u>3,775,903</u>	<u>5,192,290</u>
Current	<u>2,256,679</u>	<u>1,982,080</u>
Non-current	<u>1,519,224</u>	<u>3,210,210</u>

The incremental borrowing rate applied to the lease liabilities recognised at 31 December 2024 was 5.26% (2023: 5.48%).

Movements of carrying amounts of lease liabilities during the year are as follows:

	HK\$
Carrying amount at 1 January 2023	2,028,666
Modification	4,928,668
Accretion of interest	101,054
Payments	<u>(1,866,098)</u>
Carrying amount at 31 December 2023 and 1 January 2024	5,192,290
Modification	743,559
Accretion of interest	239,807
Payments	<u>(2,399,753)</u>
Carrying amount at 31 December 2024	<u>3,775,903</u>

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT AND LEASE LIABILITIES (continued)

Amounts recognised in the statement of profit or loss for the years ended 31 December 2024 and 2023

	2024 HK\$	2023 HK\$
Depreciation expense of right-of-use assets	2,011,709	2,417,705
Interest expense on lease liabilities	239,807	101,054
Expense relating to short-term leases (include in programme support and development, public awareness and other campaigns, management and general administration expenditures and fundraising expenditures)	-	42,979
Total amount recognised in profit or loss	<u>2,251,516</u>	<u>2,561,738</u>

The Organisation had total cash outflows for leases of HK\$2,399,753 in 2024 (2023: HK\$1,909,077).

14. INTANGIBLE ASSETS

	Computer software HK\$
31 December 2024	
At 1 January 2024	
Cost	4,094,470
Accumulated amortisation	<u>(3,479,344)</u>
Net carrying amount	<u>615,126</u>
At 1 January 2024, net of accumulated amortisation	615,126
Additions	1,875,834
Amortisation provided during the year*	(494,122)
Disposal	<u>(180,417)</u>
At 31 December 2024, net of accumulated amortisation	<u>1,816,421</u>
At 31 December 2024	
Cost	5,082,504
Accumulated amortisation	<u>(3,266,083)</u>
Net carrying amount	<u>1,816,421</u>

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. INTANGIBLE ASSETS (continued)

	Computer software HK\$
31 December 2023	
At 1 January 2023	
Cost	4,009,470
Accumulated amortisation	<u>(3,119,613)</u>
Net carrying amount	<u>889,857</u>
At 1 January 2023, net of accumulated amortisation	889,857
Additions	85,000
Amortisation provided during the year*	<u>(359,731)</u>
At 31 December 2023, net of accumulated amortisation	<u>615,126</u>
At 31 December 2023	
Cost	4,094,470
Accumulated amortisation	<u>(3,479,344)</u>
Net carrying amount	<u>615,126</u>

* The amount is included in “Programme support and development”, “Public awareness and other campaigns”, “Management and general administration” and “Fundraising” in the statement of comprehensive income.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

15. DEBTORS, PREPAYMENT AND DEPOSITS

	2024 HK\$	2023 HK\$
Deposits and debtors	1,304,215	1,101,038
Prepayments	<u>1,610,681</u>	<u>2,091,875</u>
Total	2,914,896	3,192,913
Portion classified as current assets	<u>(2,176,333)</u>	<u>(2,525,869)</u>
Non-current portion	<u>738,563</u>	<u>667,044</u>

Impairment of debtors, prepayment and deposits

The carrying amount of other receivables approximated to their fair value as at 31 December 2024 and 2023. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 December 2024 and 2023 were considered to be minimal.

16. AMOUNTS DUE FROM/(TO) OTHER MSF ENTITIES

The amounts due from/(to) other MSF entities are unsecured, interest- free and recoverable/ (repayable) on demand.

17. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Cash and bank balances	<u>41,568,887</u>	<u>44,972,634</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

18. CREDITORS, OTHER PAYABLES AND ACCRUALS

	Note	2024 HK\$	2023 HK\$
Creditors		4,001,919	1,761,609
Other payables and accrued expenses		6,463,525	5,738,499
Provision for long service payment	(a)	<u>2,307,970</u>	<u>2,315,028</u>
Total		12,773,414	9,815,136
Portion classified as current liabilities		<u>(10,465,444)</u>	<u>(7,500,108)</u>
Non-current portion		<u>2,307,970</u>	<u>2,315,028</u>

Note

- (a) The Organisation is obligated to pay long service payment to qualifying employees in Hong Kong with a minimum of 5 years employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the "Employment Ordinance"). Long service payment is calculated based on the last monthly salary of the employees and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees' long service payment against the accrued benefits attributable to employer's contributions to the MPF Scheme. In 2022, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Amendment Bill") was enacted, such that the Organisation can no longer use accrued benefits arising from MPF mandatory employer contributions to offset employees' long service payment accrued as from the transition date (i.e, 1 May 2025). On 22 November 2024, the Finance Committee of the Legislative Council approved the creation of a commitment for implementing the subsidy scheme for the Abolition of MPF Offsetting Arrangement to subsidise the post-transition portion of long service payment payable by employers ("Subsidy Scheme"). From 1 May 2025, the Organisation, after settling the long service payment to employees in accordance with the Employment Ordinance, may apply for subsidies under the Subsidy Scheme. The impact of Subsidy Scheme is accounted for as a remeasurement change of the net defined benefit obligations. Except for the statutory right to offset as described above, the long service payment benefits are unfunded.

The net long service payment obligations are exposed to interest rate risk, the risk of changes in the longevity at retirement or termination of employment for the Organisation's employees, expected rate of future salary increase and market risk associated with investment returns of employees' MPF Scheme.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

18. CREDITORS, OTHER PAYABLES AND ACCRUALS (continued)

Note (continued)

(a) (continued)

The most recent actuarial valuation of the present value of the defined benefit obligations was carried out for the year ended 31 December 2024 by Towers Watson Hong Kong Limited, an independent qualified professional valuer, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used at the end of the reporting period are as follows:

	2024 %	2023 %
Discount rate	4.1	3.8
Rate of increase of maximum MPF Relevant Income	2.5	2.5
Return on MPF Scheme balances	<u>4.5</u>	<u>4.5</u>

There are no explicit assets held in respect of the long service payment obligations.

19. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK\$
At 1 January 2023	2,028,666
Changes from financing cash flows	(1,765,044)
Modification	4,928,668
Finance charges on lease liabilities	101,054
Interest element of lease liabilities	<u>(101,054)</u>
At 31 December 2023 and 1 January 2024	5,192,290
Changes from financing cash flows	(2,159,946)
Modification	743,559
Finance charges on lease liabilities	239,807
Interest element of lease liabilities	<u>(239,807)</u>
At 31 December 2024	<u>3,775,903</u>

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

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20. RELATED PARTY TRANSACTIONS

(a) Apart from the grant income from MSF Australia and MSF International, amounts transferred from/(to) other MSF entities to aid emergency and medical programmes, indirect operational costs, other humanitarian activities and for management and general administration expenditure purposes as disclosed in notes 4, 7, 8, 9 and 10 and the balances disclosed elsewhere in these financial statements, there were no other material related party transactions.

(b) Compensation of key management personnel of the Organisation:

All members of key management personnel are directors of the Organisation and their emoluments are included in note 11 to the financial statements.

21. MEMBERS' LIABILITY

The Organisation is not authorised to issue share capital and is limited by guarantee. The liability of members is limited, in the event of the Organisation being wound up, to HK\$100 per member.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost	
	2024	2023
	HK\$	HK\$
Financial assets included in debtors, prepayment and deposits (note 15)	1,304,215	1,101,038
Amounts due from MSF entities	3,836,590	2,984,999
Cash and cash equivalents	41,568,887	44,972,634
Total	46,709,692	49,058,671

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

22. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	Financial liabilities at amortised cost	
	2024	2023
	HK\$	HK\$
Amounts due to MSF entities	38,941,347	42,127,313
Financial liabilities included in creditors, other payables and accruals	<u>8,573,413</u>	<u>5,740,461</u>
Total	<u>47,514,760</u>	<u>47,867,774</u>

23. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The directors have assessed that the fair values of cash and cash equivalents, balances with MSF entities, financial assets included in debtors, prepayment and deposits, lease liabilities and financial liabilities included in creditors, other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial liabilities included in non-current creditors, other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximate their carrying amounts.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organisation's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Organisation's operations. The Organisation has various other financial assets and liabilities such as debtors, prepayment and deposits, balances with MSF entities, financial liabilities included in creditors, other payables and accruals, which arise directly from its operations.

The main risks arising from the Organisation's financial instruments are credit risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Organisation's credit risk is primarily attributable to amounts due from MSF entities and cash at bank. The Organisation manages this risk as follows:

Amounts due from other MSF entities are current in nature and recoverable on demand. Any credit risk associated with these balances is expected to be low, taking into account their financial positions, past dealings with them and other factors.

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Organisation's cash at bank is placed with major financial institutions with sound credit ratings for which the Organisation considers to have low credit risk.

The Organisation does not provide any guarantees which would expose the Organisation to credit risk.

Further qualitative data in respect of the Organisation's exposure to credit risk arising from debtors, prepayment and deposits are disclosed in note 15 to the financial statements.

Liquidity risk

The Organisation's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and cash equivalents and funding from MSF entities. The Organisation's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity profile of the Organisation's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:

31 December 2024	On demand HK\$	Less than one year HK\$	More than one year HK\$	Total HK\$
Amounts due to MSF entities	38,941,347	-	-	38,941,347
Financial liabilities included in creditors, other payables and accruals	-	8,573,413	-	8,573,413
Lease liabilities (note 13)	-	2,402,840	1,549,715	3,952,555
Total	38,941,347	10,976,253	1,549,715	51,467,315
31 December 2023	On demand HK\$	Less than one year HK\$	More than one year HK\$	Total HK\$
Amounts due to MSF entities	42,127,313	-	-	42,127,313
Financial liabilities included in creditors, other payables and accruals	-	5,740,461	-	5,740,461
Lease liabilities (note 13)	-	2,216,222	3,367,423	5,583,645
Total	42,127,313	7,956,683	3,367,423	53,451,419

MEDECINS SANS FRONTIERES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2024

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Organisation has no significant foreign currency risk because its business is principally conducted in Hong Kong and most of the transactions are denominated in the Organisation's functional currency.

Capital management

The primary objective of the Organisation's capital management is to safeguard the Organisation's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Organisation manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Organisation may adjust and manage all the funds and properties of the Organisation. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 MAY 2025