



**Medecins Sans Frontieres (HK)
Limited**

無國界醫生組織 (香港) 有限公司

31 December 2020

Directors' report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

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 Médecins Sans Frontières (MSF)

Medecins Sans Frontieres (HK) Limited (MSF HK), established in 1994, is a private international association made up of doctors, health sector workers and other professions which help in achieving its aims. All of its members agree to honour the following principles, which constitute The Charter of MSF:

- 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.

Business Review (continued)

(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. We offer primary healthcare, perform surgery, fight epidemics, rehabilitate and run hospitals and clinics, carry out vaccination campaigns, operate nutrition centres and provide 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 organisation is providing assistance.

MSF HK's Human Resources Department recruits programme staff, both medical and non-medical for programme locations across the world. The vast majority of the financial resources (see (III)(c)) raised by our Fundraising Department goes to international operations. 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 Communications Department works to raise awareness and provides up to date public information about MSF's medical humanitarian work internationally, including in Hong Kong, Mainland China, Singapore and South East Asia through news media, official website and social media platforms, and public events.

(II) Achievements and Performance

(a) Overview of International Operations

At any one time, MSF's Operational Centres run health and humanitarian programmes in 400-460 locations, in around 70 countries worldwide.

(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. We are often one of the first international organisation to arrive on the scene of a disaster and our immediate objective will be the relief of suffering in the short term.

In 2020, MSF teams continued their work in areas of armed conflict, such as Afghanistan, Iraq, Nigeria, Yemen, Syria, the Democratic Republic of Congo (DRC) and South Sudan, where they provided care to vulnerable populations caught in the crossfire, and witnessed deplorable attacks on health structures, health staff and civilians.

The conflict in Northern Rakhine state in Myanmar in 2017 led to a huge displacement of Rohingya refugees who fled to join the already large numbers in neighboring Bangladesh. To date, Rohingya refugees in Bangladesh remain wholly reliant on humanitarian aid. MSF continues to treat tens of thousands of patients a month, many of the illnesses are a result of poor living conditions, poor access to clean latrines or water.

Business Review (continued)

The COVID-19 pandemic is an unprecedented health crisis of global scale. Since early January 2020, MSF scaled-up our global response to both developing dedicated COVID-19 projects and maintaining essential healthcare in its existing programmes. At the end of 2020, MSF was directly responding to the COVID-19 pandemic in over 40 countries worldwide. Across the projects, MSF has worked with the Ministry of Health and other actors to improve infection prevention and control measures, to protect patients and staff, and prevent further spread of the new coronavirus. Strikingly MSF responded on a scale in places which would have been unthinkable before the pandemic: nursing homes in Spain and the United States; hospitals in Brazil and Switzerland; refuges for vulnerable people in Belgium and France. While in the regular projects, COVID-19-related activities have been integrated in the routine operations.

In 2020, MSF emergency response teams responded to tropical storms in different part of the world.

In Asia, two strong typhoons – Goni and Vamco struck same area of Philippines within two weeks in November 2020, MSF distributed non-medical items including COVID 19 kits and ensured safe water and sanitation. MSF also provided training on infection prevention and control around COVID-19, together with donations of personal protective equipment for the staff in the evacuation centres. MSF also responded to the aftermath of tropical storm Amanda in El Salvador in May.

In Hong Kong, since the COVID-19 first broke out in late January 2020, MSF has been reaching out to vulnerable groups through collaborations with local NGOs, and has conducted 39 health education sessions and stress and anxiety management workshops, sharing medical information and answering questions that the outbreak has generated. We have also created a website for the general public, offering tips and tools to help cope with the stresses and worries coming from the prolonged exposure to uncertainty.

The MSF HK Activity Report 2020 to be published will provide details on the countries and programmes where donations raised by MSF HK were spent that year. The MSF International Activity Report gives even more information about the range of work undertaken by the whole movement.

(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, the majority of MSF's programmes have a longer term life span. These programmes are carefully researched and planned before they are initiated and reviewed constantly, in order to ensure that they will have a real impact on the health status of affected populations while taking into account the constraints of staff and financial resources which are available. Ultimately, MSF aims to complete or hand over each programme. It may be possible to close down 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.

Business Review (continued)

(iii) Campaigns and Research

The key focus of MSF's Access Campaign is to highlight the difficulties and break down the barriers people face in getting hold of adequate, effective and affordable diagnostic tests, drugs and vaccines for diseases that affect vulnerable 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 nobody is looking for a better cure. The Access Campaign has been advocating for the availability of better treatments for tuberculosis, affordability of pneumonia vaccines, availability of Ebola vaccine and treatments for people most in need, and highlighting the issue of antimicrobial resistance that teams on the ground are seeing. During the COVID-19 pandemic, the Access Campaign has been calling for no patents or profiteering on drugs, tests, or vaccines used for this novel coronavirus.

(b) MSF HK Office activities

(i) Key Financial Indicators

- Donations received from the public amounted to HK\$414.5 million in 2020 (2019: HK\$501.7 million), which was a decrease of 17.4% (2019: decrease of 3.2%) or decrease of HK\$87.2 million (2019: decrease of HK\$16.7 million) on the year before.
- We did not receive funds or grants from any public institution (including the Government of Hong Kong Special Administrative Region ("HKSAR")). Around 93.1% (2019: 95.2%) of the donations were from individual donors and the rest from trusts and corporations.
- We spent a total of HK\$366.7 million (2019: HK\$435.1 million) in supporting social mission, representing 88.1% of total income (2019: 86.4%).
- Fundraising costs were HK\$32.4 million (2019: HK\$50.6 million), representing 7.8% (2019: 10.0%) of total income.
- Management and administration costs were HK\$17.1 million (2019: HK\$17.4 million), representing 4.1% (2019: 3.5%) of total income.

(ii) Donation Income and Expenses

Due to COVID-19 and civil unrest, the donation income has decreased in 2020. Regular monthly donations represent approximately 70% of the total donations. Fundraising expenses was reduced by 35.9% resulting in a return on investment (ROI) of 12.8 times (2019: 9.9 times).

The total number of active donors for both regular and one-off is 154,849 while regular monthly donors dropped by 18.9%. Regular monthly donation has always helped MSF to stay proactive in response to disasters and emergencies. Given the economic uncertainty in Hong Kong and the new normal under COVID 19, raising funds from public is challenging. Recruitment and retention of regular monthly donors are the key priorities of the MSF HK, and thus require significant investment.

Business Review (continued)

(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, South Africa and Brazil to form Operational Centre Brussels (OCB), which is responsible for managing a large number of operational programmes.

MSF HK grants funds principally to OCB, and also to other MSF Operational Centres, which enable them to plan and implement programmes in areas of great need. Smaller grants are given to MSF International in Geneva, to the MSF Access Campaign (AC) and to the Drugs for Neglected Diseases *initiative* (DNDi).

In the 2020 financial year, MSF HK contributed a total of HK\$317.4 million (2019: HK\$375.6 million) to various emergency and medical humanitarian programmes in about 45 (2019: 50) countries around the world, representing 76.2% (2019: 74.6%) of total income.

Apart from these programme expenses, HK\$37.4 million (2019: HK\$46.7 million) was allocated for programme support and development, of which HK\$27.2 million (2019: HK\$36.0 million) was transferred to OCB to aid the indirect operational costs.

The remaining income of HK\$11.9 million (2019: HK\$12.9 million) was spent in awareness raising, advocacy activities and other humanitarian programmes (AC & DNDi) which are coordinated by MSF International.

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 social mission.

(iv) Our field workers

To support MSF missions worldwide, MSF HK recruits field workers not only in Hong Kong but also in the wider region, including Mainland China, Macau, Taiwan, Singapore, the Philippines, Malaysia, Indonesia, Thailand, Cambodia, Vietnam, Laos and Myanmar. These people are the embodiment of the 'volunteer' spirit that our Charter speaks of but they do receive some small remuneration or stipend when in the field. This year, the COVID-19 pandemic highly affected our field departures due to the sweeping travel restrictions imposed across the globe. Notwithstanding, 15 (2019: 35) new members were recruited to join our pool of field workers, resulting in a total of 94 (2019: 133) deployments, of which, 10 (2019: 24) were first missionaries. Around 55% of our deployments were to fill medical roles (e.g. specialists, doctors, nurses etc.) and the remaining 45% were non-medical positions in functions such as logistics, finance and human resources.

In 2020 the top destinations of our deployments were for MSF programmes in Iraq, Bangladesh, South Sudan and Sierra Leone.

Business Review (continued)

(v) *Regional Developments*

As mandated by MSF International Board in 2014 and 2017 International General Assembly, MSF HK continued to expand its regional reach in Asia Pacific including Mainland China, Taiwan, Singapore and Southeast Asia. Prime objective is to consolidate MSF's public identity, humanitarian medical engagement, enhance general awareness on MSF humanitarian works and diversify the stream of donation from private sources in these regions. A new "South East, East Asia and Pacific" regional development project was launched in November 2019 in collaboration with MSF Japan and MSF Australia. Coverage in terms of communications and advocacy was strengthened in the Philippines, Indonesia and Malaysia since then.

(vi) *Public Engagement Activities*

The COVID-19 pandemic has changed the way we were able to hold public engagement activities in the region. Our events held in various locations such as film festival, webinar panel discussions, press briefings, and public speaking engagements, were held virtually. While we managed to adapt some of our plan due to COVID-19 social distancing restrictions which vary from one location to another, the annual outdoor orienteering race of MSF HK was cancelled as well as the annual International Women's Day gathering and Open House in Singapore due to social distancing restrictions. On the other hand, MSF Day in 2020 was significantly scaled down.

In spite of these challenges, MSF provided speakers at regional conferences in Singapore and Hong Kong. Collaborations with medical schools in the Philippines, Singapore, Indonesia, Hong Kong and Malaysia were strengthened and opportunities were created for field workers to share their experiences. MSF online activities also took place in Mainland China.

For several years, MSF HK has been organising a series of Missing Map mapathons in Hong Kong, Singapore and Taipei. Volunteers from the general public, different organisations and schools helped to digitise satellite imagery and created maps of the most vulnerable places in the world, that significantly helped the operations of humanitarian organisations like MSF. This also became a new form of engagement.

(vii) *Diversity and Inclusion*

MSF HK recruits fieldworkers from 13 countries within the region bringing in talent as well as diversity into our mission projects. Within the MSF HK Office, a workshop on Managing Unconscious Bias was conducted for the staff to ensure that everyone is cognizant of various biases that may directly/indirectly affect the office environment and relationships.

Recent internal debates on racism and discrimination have increased the sense of urgency to address these topics across MSF. As a result, there is a renewed momentum in all MSF to define and progress on a vision on Diversity, Equity and Inclusion (DEI) and a multitude of initiatives are currently being implemented across the movement. MSF HK is actively participating in this initiative and is part of the DEI advisory group for the Brussels office. Its aim is to trigger a change in the way MSF is staffing its positions, develops its people, associates them in the decision-making and ensures the diversity of their voices is expressed and heard.

Business Review (continued)

(III) Resources and Governance

(a) International Organisation Structure

MSF is a worldwide movement of former and current field workers, employees and volunteers, who are members of associations at national, regional and international levels. MSF HK is one of the 25 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 nonprofit status in their home society. Each association elects its own board of directors and president. Many associations have an executive office, which is accountable to its board of directors.

The associations are linked in partnership with five operational directorates, which manage MSF's medical humanitarian assistance programmes. Other units, including supply centres and medical units, also support MSF's activities.

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.

MSF International's highest authority is the International General Assembly (IGA), which is responsible for safeguarding MSF's medical humanitarian social mission, and provides 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. The incumbent International President is Dr. Christos Christou.

MSF HK is also represented in the board of OCB (OCB Board). The overall mandate of the OCB Board is to build a shared operational vision for OCB, together with the executive, to ensure good governance and accountability of the operational centre. The OCB Board consists of one representative from each of the 9 member entities, including MSF HK and 6 persons directly elected by members of the MSF OCB association during the 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 board are to ensure the association's actions and operations are in line with MSF's social mission and principles, overseeing the activities of the executive and ensuring accountability. The responsibilities and functioning of the board of directors are bound by its Articles of Association.

The Finance, Audit and Risk Committee (FARC) was set up by the board of MSF HK as a standing committee in 2017. The FARC helps facilitate internal control enhancements and risk mitigation by scrutinizing and advising on budgets and relevant policies including an updated Gift Acceptance Policy for better governance.

Business Review (continued)

As of 31 December 2020, the board of MSF HK consists of 7 elected directors and 3 ex-officio members who are appointed by the board and do not have any voting rights at board meetings.

The MSF HK board appoints an Executive Director, who is accountable to the board, to manage MSF HK. The Executive Director and a Management Team of the heads of six departments (Fundraising, Finance & Administration, Communications, Human Resources, Operational Support and the China Team) are responsible for the management and support of operations.

(c) Fund & Programme Management

MSF has a funding strategy and policy in place which aims to ensure optimization of funding opportunities and resources. Relevant guidelines are set up to ensure transparency with respect to the resources allocated to each programme towards our stakeholders, in particular the donors.

MSF Operational Centres manage the health and humanitarian programmes in the field locations. Each individual programme will be assigned an annual budget according to the assessed needs and funds available. These are reviewed and monitored at regular intervals on the basis of 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. Evaluation of programmes is performed by an MSF unit which is separate and external to the operational management in order to continually adjust strategies and take account of possible weaknesses and lessons learnt.

(d) Risk Management

MSF HK maintains a detailed risk register which is 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 management team reports to the board on significant risks identified at regular intervals or will notify the board of any new potential risk as it arises.

One of the key operational risks is the unavoidable danger that the personnel recruited by MSF HK to work overseas are often exposed to. All possible safeguards are put in place in the field to avoid any security incidents, and the organisation places great emphasis on negotiating with all parties in a given location to get safety assurances.

As part of our management of risk and reputation in the field, we have been proactively reviewing and implementing our policies and procedures about staff behavior and sharing that with our supporters here in Hong Kong. In terms of financial risks, a potential downturn in the local economy or instability of the global political economy, and any wider economic crisis may impact our donation income. 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 targeting mainly private and individual regular donors also helps to mitigate such risk.

Business Review (continued)

The General Data Protection Regulation (GDPR) within the European Union raises obligations for MSF HK, as part of the MSF Movement. This risk is being mitigated in 2020 to ensure compliance beyond Hong Kong requirements but to match GDPR directives. Trainings have been conducted to raise awareness on data protection within organization at all levels. IT security and data protection have also been enhanced to prevent information leakage.

(e) Cost Control

MSF, both in Hong Kong and internationally, always strives to make the best possible use of the funds which are 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 in order to either reduce costs, or to increase effectiveness.

During 2020 MSF HK was able to commit 88.1% of our total expenditure to support social mission (2019: 86.5%), which is well above the MSF global benchmark of 80% (2019: 80%).

Management and administration costs accounted for 4.1% (2019: 3.5%) of MSF HK's total outgoings. These expenses were devoted to general management, administration, financial management, and human resources. 1.4% (2019: 1.5%) of the total outgoings was transferred to MSF International for their management and general administration purposes.

(IV) Sustainable Development

(a) Relationship with Key Stakeholders

(i) Donors

MSF prioritises private funding over institutional funds to ensure that the organisation's actions are financially and operationally independent and impartial. MSF HK has strict internal protocol, which will be reviewed periodically, to ensure monetary contributions from sources that conflict with MSF's missions are not accepted. As such, monetary contributions from donors are arguably the backbone that not only pays for all MSF operations, but allows MSF to maintain its core philosophies. MSF HK fundraising programmes are aimed at not only generating income, but maintaining and cultivating relationships with our donors. We aim to ensure that there is sustainable income contributing to MSF's operational viability in the long term.

MSF HK Donor Cultivation teams use a variety of methods to increase donors' understanding of MSF's work and enhance their level of support to the organisation. These include engagement events ranging from field worker sharing sessions and film screenings, to large-scale campaigns such as MSF Day and the MSF Orienteering Competition and regular mailed correspondence including the Activity Report and donor magazine.

With the evolution of technology, new channels including a Whatsapp platform were implemented to increase effectiveness of our communication with donors.

Business Review (continued)

(ii) Staff

We provide a friendly, collaborative and team-based working environment and encourage open communication, where each staff member is free to speak out. The relationship with our staff goes beyond the normal employer-employee one because staff members are invited to become a member of the MSF HK Association upon completion of one year's service. As associative members, they will also engage in the collective direction of MSF HK.

(iii) Field Workers

At the end of 2020, MSF HK had 307 (2019:324) active field workers in our pool, recruited from a range of different countries across the region. As with our office staff, all field workers are invited to become an associative member of MSF HK and to continue to play a vital role in our development. The active pool of field workers is either serving in missions or waiting to be dispatched. They bring with them professional skills and add to the diversity of our operational teams around the world, while often making significant sacrifices in their family life, home employment and personal comforts. We are grateful for their contributions.

(iv) Association Members

MSF was founded as an association. The associative identity is reiterated in the MSF Charter and the Chantilly Agreement. The association engages field workers, volunteers and staff from all the MSF entities in a shared commitment to humanitarian medical action. Being an association member, he/she can engage in the collective ownership of MSF and oversight of its leadership. The association functions in a participatory way. Association members are able to voice their concerns and bring about changes to MSF's actions within the framework of the MSF Charter and Principles. During the General Assembly, members elect the board of directors to represent their voices. As of 31 December 2020, MSF HK has 525 (2019: 508) association members.

(v) Volunteers

MSF HK is fortunate to have a good number of active volunteers who give their time to help in our Hong Kong office as well as on our various events held in Hong Kong, Singapore, Guanzhou, Beijing and in the Southeast Asia region. We are grateful for their contributions and consider them an integral part of our family. However, in 2020, due to the pandemic, less volunteers have been invited to come into the office or support events due to the public health concern and safety measures implemented.

(vi) Public

MSF's actions are first and foremost medical. And it is of utmost importance to draw attention to what our field teams see and experience in the places where we do the emergency medical work to our home society through extensive media exposure, events, public talks, publications, and digital means such as website, e-newsletters, webinars and social media. In 2020, MSF HK has devoted capacity to communicate about COVID-19 project activities in Hong Kong, including health promotion messages and mental health tips to support the Hong Kong community to get through the pandemic.

Business Review (continued)

(vii) Local community

MSF's medical work is aimed at responding to crises of suffering, where local capacities have been overwhelmed. These are emergency interventions that are intended to be as short as possible and designed so that they do not displace or substitute for those local health resources. During COVID-19 response in Hong Kong, MSF has directly supported vulnerable groups of people as well as worked in collaboration with various local community organisations that serve the marginalized population. We aim to pass on skills to enhance local capabilities.

Therefore, although MSF works on emergencies, our contribution to building capacity in the community, including health sector in many of the places where we have medical projects, can be significant. Furthermore, after an internal evaluation, the Board and MSFHK management team have identified ways of which MSF HK can further improve its future response in times of civil unrest in local urban settings; in particular on how to adapt its current operational model, public positioning, and to have a more networked way of working with the local civil society.

(b) Environmental Measures

MSF HK commits to contribute to the improvement of the environment for the welfare and enjoyment of our staff and the wider community. We have assumed our responsibility to work towards the achievement of sustainable development. We need to be aware of the impact of our activities on the environment and on communities and to continue to minimise the negative impacts of MSF's operations on the environment. Management routines are set up to be sustainable with the principles of reduce, reuse, repair and recycle including energy savings for electricity usage.

(V) Future Outlook

In line with our key priorities, MSF HK will continue to strive to provide high quality support to all MSF's missions around the world, tapping into the strength of our diversity to provide quality medical care to people most in need of humanitarian action.

We recognise that 2021 will not be an easy year for all of us. We are living through fundamental changes in our society because of heightened geopolitical uncertainty, the COVID-19 infections continuing to spike in the region and different parts of world, and uncertainty on the economic outlook. These are external challenges that our teams are resiliently navigating in 2021 and the years to come. Thus our aim is to build a dynamic, agile, robust and efficient regional MSF entity with a digital-first mind set and holistic engagement with our people – staff, supporters, and patients.

Our commitment is to increase our focus on areas where we are strongest, continue progressively our transformation to maximise the value we bring as a regional office hub, and advance people-centric approach in each and every action.

Business Review (continued)

The Hong Kong regional head office is on the way to reinforcing core priorities: to leverage on our Asian voice and regional presence, maximise our strength in mobilising resources to provide impactful medical humanitarian action, facilitate vital operations work in a complex and changing humanitarian landscape in our region. The key drivers to support these undertakings are strategic engagements with our communities; strong awareness and relevant public positioning; enhancement of our medical and humanitarian identity; and consolidation of our community base of staff, association members, and supporters across Hong Kong, Guangzhou, Beijing, Taiwan, Singapore and other countries in Southeast Asia.

As a medical humanitarian organisation, we remain alert on the ebb and flow of COVID-19 in the countries where we have projects and offices and stay focused on how we could make a difference during difficult circumstances to support communities bearing the brunt of the pandemic and other underreported crises.

We will continue to strengthen our commitment on quality of care to our patients; duty of care to our staff; and emphasis on transparency for our supporters. People – our staff, supporters, patients – makes MSF and are at the heart of what we do during these challenging times.

Directors

The directors who held office during the year and up to the date of this report were as follows:

LIU Chen Kun	
CHAN Shut Wah	
TEO Alvin Kuo Jing	
COPPENS Catherina Philomena Henrica LI Wilson	
CHAN Shannon Melissa	(appointed on 29 August 2020)
MOORHOUSE Karin Purthany	(appointed on 29 August 2020)
TAN Day Seng	(resigned on 29 August 2020)
LEE Marlene	(resigned on 29 August 2020)
SAMAN Sartini	(resigned on 29 August 2020)
ALIPON Sweet C Barangan	(resigned on 29 August 2020)

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.

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.

Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the organisation may be proposed at the forthcoming Annual General Meeting.

By order of the board



CHAN Shut Wah

Director

Hong Kong,

28 MAY 2021



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 17 to 38, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in accumulated funds and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the organisation as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSA") 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 annual report, 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 to the members of Medecins Sans Frontieres (HK) Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

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 HKSAAs 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 HKSAAs, 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.



Independent auditor's report to the members of Medecins Sans Frontieres (HK) Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

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

- 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.

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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 MAY 2021

Statement of comprehensive income
for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 \$	2019 \$
Donations income	3	414,491,304	501,651,480
Other income	4	1,883,882	1,646,483
		<u>416,375,186</u>	<u>503,297,963</u>
Less: Expenditures			
Emergency and medical programmes	6	317,425,210	375,577,732
Programme support and development	7	37,410,312	46,686,521
Public awareness and other campaigns		9,097,748	9,550,919
Other humanitarian activities	8	2,792,078	3,314,803
		<u>366,725,348</u>	<u>435,129,975</u>
Social mission			
Management and general administration	9	17,108,626	17,420,688
Fundraising		32,420,127	50,550,654
Finance cost		165,576	90,573
		<u>49,694,329</u>	<u>68,061,915</u>
		<u>416,419,677</u>	<u>503,191,890</u>
(Deficit)/Surplus from operating activities		<u>(44,491)</u>	<u>106,073</u>
Net exchange gain/(loss)		<u>44,491</u>	<u>(112,542)</u>
Designated deficit and total comprehensive income for the year	5	<u>-</u>	<u>(6,469)</u>

The notes on pages 23 to 38 form part of these financial statements.

Statement of financial position at 31 December 2020

(Expressed in Hong Kong dollars)

	Note	2020 \$	2019 \$
Non-current assets			
Property, plant and equipment	12	7,083,272	8,511,774
Intangible assets	13	2,471,403	3,052,047
		<u>9,554,675</u>	<u>11,563,821</u>
Current assets			
Debtors	14	169,968	135,408
Deposits and prepayments	14	3,889,290	3,882,530
Amount due from MSF International	15	2,042,704	52,877
Amount due from MSF Belgium	15	279,710	214,210
Amount due from MSF Holland	15	48,158	87,410
Amount due from MSF Japan	15	161,385	55,260
Amount due from MSF Spain	15	3,833	8,029
Amount due from MSF Australia	15	99,155	55,260
Amount due from MSF France	15	-	30,685
Amount due from MSF Switzerland	15	-	6,190
Amount due from MSF TW Foundation	15	4,436,368	5,075,564
Cash and cash equivalents		50,050,809	36,395,576
		<u>61,181,380</u>	<u>45,998,999</u>
Current liabilities			
Creditors and accrued expenses	16	6,819,831	4,817,341
Lease liabilities	17	2,484,510	2,081,622
Amount due to MSF Belgium	15	56,706,336	44,510,238
Amount due to MSF International	15	629,029	345,848
Amount due to MSF USA	15	29,152	-
Amount due to MSF Australia	15	240,045	-
Amount due to MSF Japan	15	36,792	-
Amount due to MSF South Africa	15	58,765	57,122
Amount due to MSF Austria	15	-	20,994
Amount due to MSF TW Foundation	15	-	4,433
		<u>67,004,460</u>	<u>51,837,598</u>

Statement of financial position at 31 December 2020 (continued)

(Expressed in Hong Kong dollars)

	Note	2020 \$	2019 \$
Net current liabilities		<u>(5,823,080)</u>	<u>(5,838,599)</u>
Total assets less current liabilities		<u>3,731,595</u>	<u>5,725,222</u>
Non-current liabilities			
Lease liabilities	17	<u>3,731,595</u>	<u>5,725,222</u>
Net assets		<u>-</u>	<u>-</u>
Represented by:			
Fund balances			
Accumulated funds		<u>-</u>	<u>-</u>

Approved and authorised for issue by the board of directors on **28 MAY 2021**

CHAN Shut Wah



)
) Directors

LI Wilson

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The notes on pages 23 to 38 form part of these financial statements.

**Statement of changes in accumulated funds
 for the year ended 31 December 2020**
 (Expressed in Hong Kong dollars)

	<i>Accumulated funds</i> \$	<i>Total</i> \$
As at 1 January 2019	6,469	6,469
Designated deficit and total comprehensive income for the year	(6,469)	(6,469)
As at 31 December 2019 and 1 January 2020	-	-
Designated deficit and total comprehensive income for the year	-	-
As at 31 December 2020	-	-

The notes on pages 23 to 38 form part of these financial statements.

Cash flow statement for the year ended 31 December 2020 (Expressed in Hong Kong dollars)

	Note	2020 \$	2019 \$
Operating activities			
Designated deficit for the year		-	(6,469)
Adjustments for:			
Interest income	4	(615,113)	(1,569,542)
Depreciation	12	3,277,081	2,619,325
Amortisation of intangible assets	13	1,550,303	1,360,294
Write-off of interest in a subsidiary		-	6,469
Finance cost		165,576	90,573
		<u>4,377,847</u>	<u>2,500,650</u>
Operating surplus before changes in working capital			
(Increase)/decrease in debtors		(34,560)	47,537
Increase in deposits and prepayments		(6,760)	(1,204,723)
Increase/(decrease) in creditors and accrued expenses		960,297	(2,785,497)
Increase/(decrease) in net amounts due to MSF entities		11,275,656	(28,635,342)
		<u>16,572,480</u>	<u>(30,077,375)</u>
Net cash generated from/(used in) operating activities			
Investing activities			
Payment for the purchase of property, plant and equipment	12	(154,000)	(149,905)
Payment for the purchase of intangible assets	13	(969,659)	(945,900)
Interest received		615,113	1,569,542
		<u>(508,546)</u>	<u>473,737</u>
Net cash (used in)/generated from investing activities			

Cash flow statement
for the year ended 31 December 2020 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	2020 \$	2019 \$
Financing activities			
Capital element of lease rental paid	18	(2,243,125)	(1,880,047)
Interest element of lease rental paid	18	(165,576)	(90,573)
Net cash used in financing activities		<u>(2,408,701)</u>	<u>(1,970,620)</u>
Net increase/(decrease) in cash and cash equivalents		13,655,233	(31,574,258)
Cash and cash equivalents at 1 January		<u>36,395,576</u>	<u>67,969,834</u>
Cash and cash equivalents at 31 December		<u>50,050,809</u>	<u>36,395,576</u>

Cash and cash equivalents represent cash at bank and on hand.

The notes on pages 23 to 38 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Status of the organisation

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 \$100 each. As at 31 December 2020, the organisation has 525 (2019: 508) members.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the organisation are disclosed below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 2020, 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.

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the organisation.

None of the developments have had a material effect on how the organisation's results and financial position for the current or prior periods have been prepared or presented. The organisation has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements	Over the remaining lease term
- Furniture and fixtures	5 years
- Office equipment	5 years
- Computer equipment	31/3 years
- Right-of-use assets	Over the remaining lease term

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in surplus or deficit if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and 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. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in surplus or deficit on the date of retirement or disposal.

2 Significant accounting policies (continued)

(e) Intangible assets

Intangible assets that are acquired by the organisation are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 2(d)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight line basis over the assets' estimated useful lives. Computer software are amortised from the date they are available for use and their estimated useful lives are 3.3 years.

Both the period and method of amortisation are reviewed annually.

(f) Leased assets

At inception of a contract, the organisation assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the organisation recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the organisation, are primarily office equipment. When the organisation enters into a lease in respect of a low-value asset, the organisation decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(d)).

2 Significant accounting policies (continued)

(f) Leased assets (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the organisation's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the organisation will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the statement of financial position, the organisation presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(g) Receivables

A receivable is recognized when the organisation has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

The organisation recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The loss allowance is estimated using a provision matrix based on the organisation's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The organisation recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the organisation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(h) Creditors

Creditors are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) Employee benefits

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) Provisions and contingent liabilities

Provisions are recognised when the organisation has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Revenue recognition

(i) Donation income

General donation represents cash received from various fund raising 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.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(m) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in surplus or deficit.

2 Significant accounting policies (continued)

(n) Related parties

- (1) A person, or a close member of that person's family, is related to the organisation if 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's parent.
- (2) An entity is related to the organisation if any of the following conditions applies:
 - (i) The entity and the organisation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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 (1).
 - (vii) A person identified in (1)(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).
 - (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 organisation's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Donations income

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

4 Other income

	2020	2019
	\$	\$
Associate membership fee	7,550	8,050
Grant income from MSF International	1,259,670	-
Bank interest income	615,113	1,569,542
Tickets and book sales	-	64,510
Others	1,549	4,381
	<u>1,883,882</u>	<u>1,646,483</u>

5 Designated deficit for the year

Designated deficit for the year is arrived at after charging:

	2020	2019
	\$	\$
Salaries, wages and other benefits (including contributions to defined contribution retirement plan of \$1,755,018 (2019: \$1,835,015))	34,877,629	34,244,143
Auditors' remuneration	190,000	150,000
Depreciation (note 12)		
- owned plant and equipment	450,812	622,567
- right-of-use assets	2,826,269	1,996,758
Amortisation (note 13)	1,550,303	1,360,294
Interest on lease liabilities	165,576	90,573
Rental for short-term leases	95,665	452,975
	<u>95,665</u>	<u>452,975</u>

6 Emergency and medical programmes

The organisation has recognised the following amounts to aid emergency and medical programmes co-ordinated by other Medecins Sans Frontieres entities:

<i>Missions</i>	<i>2020</i>	<i>2019</i>
	\$	\$
Afghanistan	18,255,392	21,955,563
Bangladesh	18,352,925	17,940,661
Belgium	700,530	1,318,482
Bolivia	2,272,330	2,030,378
Brazil	955,150	1,753,828
Burundi	9,754,057	13,138,333
Cambodia	-	737,235
Cameroon	2,089,429	4,189,808
Central African Republic	10,095,942	12,769,561
Côte d'Ivoire	381,089	165,029
Democratic Republic of Congo	22,839,025	38,035,463
Egypt	4,170,689	4,798,065
Eritrea	73,790	79,417
Ethiopia	5,044,674	9,000,000
Greece	-	7,074
Guinea	4,533,564	3,326,878
Guinea Bissau	-	2,683,536
Haiti	9,398,020	7,821,969
Honduras	5,622	-
Hong Kong	1,861,235	620
India	11,789,548	11,618,638
Indonesia	1,139,004	1,324,385
Iraq	8,585,596	18,562,198
Italy	1,294,755	3,562,048
Kenya	5,536,535	5,860,377
Lebanon	18,072,685	24,489,822
Libya	-	3,000,000
Madagascar	43,001	23,673
Malawi	8,221,022	2,685,813
Malaysia	8,000,000	10,000,000
Mali	8,417,926	10,392,791
Mauritania	-	30,472
Mexico	529,799	-
Mozambique	1,472,118	6,158,091
Myanmar	11,000,000	6,000,000
Nauru	154,089	409,874
Nicaragua	-	239
Niger	-	9,886,712
Nigeria	16,782,602	18,935,968
Pakistan	10,813,165	18,236,450
Palestine	2,750,254	701,406
Russia	-	39,030

6 Emergency and medical programmes (continued)

	2020 \$	2019 \$
Sierra Leone	5,676,589	11,170,960
South Africa	2,776,628	3,024,366
South Sudan	18,445,485	20,133,859
Sudan	47,941	6,371,783
Syria	10,321,635	10,418,137
Tunisia	1,000,000	-
Ukraine	4,333,590	5,617,633
Venezuela	7,436,413	8,965,913
Yemen	18,106,213	6,371,348
Zimbabwe	2,686,118	3,210,536
Migrant Support Balkan Route	848,964	6,134,744
MSF Academic Field projects	923,846	488,566
Fund allocated for unforeseeable emergencies and HIV/AIDS programmes	19,436,226	-
	<u>317,425,210</u>	<u>375,577,732</u>

\$219,425,210 (2019:257,377,732) was granted to operational centre in MSF Belgium and \$98,000,000 (2019: \$118,200,000) was granted to operational centre in MSF Holland.

7 Programme support and development

Included in expenditures for programme support and development is an amount of \$27,212,220 (2019: \$35,990,956) transferred to operational centre in MSF Belgium and \$1,096,331 (2019: \$105,667) transferred to MSF International office to aid indirect operational costs.

8 Other humanitarian activities

The organisation has transferred the following amounts to aid other humanitarian activities co-ordinated by other Medecins Sans Frontieres entities:

	2020 \$	2019 \$
Drugs for Neglected Disease initiative (DNDi)	1,299,094	1,352,028
Access Campaign	1,492,984	1,962,775
	<u>2,792,078</u>	<u>3,314,803</u>

9 Management and general administration

Included in expenditures for management and general administration is an amount of \$6,012,119 (2019: \$7,678,278) transferred to MSF International for management and general administration expenditure purposes.

10 Directors' emolument

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

	2020	2019
	\$	\$
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u> </u>	<u> </u>

11 Taxation

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.

12 Property, plant and equipment

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Right-of-use assets</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$
Cost:						
At 1 January 2019	954,531	441,786	442,416	1,882,471	2,931,845	6,653,049
Additions	-	-	12,460	137,445	632,353	782,258
Disposals	-	-	(11,645)	(12,800)	-	(24,445)
Adjustments	-	-	-	-	6,319,660	6,319,660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	<u>954,531</u>	<u>441,786</u>	<u>443,231</u>	<u>2,007,116</u>	<u>9,883,858</u>	<u>13,730,522</u>
Accumulated depreciation:						
At 1 January 2019	582,373	336,343	319,472	1,385,680	-	2,623,868
Charge for the year	229,469	66,966	58,780	267,352	1,996,758	2,619,325
Written off on disposal	-	-	(11,645)	(12,800)	-	(24,445)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	<u>811,842</u>	<u>403,309</u>	<u>366,607</u>	<u>1,640,232</u>	<u>1,996,758</u>	<u>5,218,748</u>
Net book value:						
At 31 December 2019	<u>142,689</u>	<u>38,477</u>	<u>76,624</u>	<u>366,884</u>	<u>7,887,100</u>	<u>8,511,774</u>

12 Property, plant and equipment (continued)

	Leasehold improvements \$	Furniture and fixtures \$	Office equipment \$	Computer equipment \$	Right-of-use assets \$	Total \$
Cost:						
At 1 January 2020	954,531	441,786	443,231	2,007,116	9,883,858	13,730,522
Additions	-	-	6,680	147,320	1,042,193	1,196,193
Disposals	-	-	-	(176,880)	-	(176,880)
Adjustments (Note)	-	-	-	-	652,386	652,386
At 31 December 2020	<u>954,531</u>	<u>441,786</u>	<u>449,911</u>	<u>1,977,556</u>	<u>11,578,437</u>	<u>15,402,221</u>
Accumulated depreciation:						
At 1 January 2020	811,842	403,309	366,607	1,640,232	1,996,758	5,218,748
Charge for the year	142,689	38,477	48,366	221,280	2,826,269	3,277,081
Written off on disposal	-	-	-	(176,880)	-	(176,880)
At 31 December 2020	<u>954,531</u>	<u>441,786</u>	<u>414,973</u>	<u>1,684,632</u>	<u>4,823,027</u>	<u>8,318,949</u>
Net book value:						
At 31 December 2020	<u>-</u>	<u>-</u>	<u>34,938</u>	<u>292,924</u>	<u>6,755,410</u>	<u>7,083,272</u>

Right-of-use assets relate to several office premises leased for own use. In 2020, the organisation has entered into one new lease for existing office premises which run for two years without an extension option. This resulted in an adjustment of \$652,386 to the right-of-use assets.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 \$	2019 \$
Depreciation (note 5)	2,826,269	1,996,758
Interest on lease liabilities (note 5)	165,576	90,573
Rental for short-term leases (note 5)	<u>95,665</u>	<u>452,975</u>

13 Intangible assets

	<i>Computer software</i>
	\$
Cost:	
At 1 January 2019	4,087,442
Addition	945,900
	<hr/>
At 31 December 2019 and 1 January 2020	5,033,342
Addition	969,659
Disposal	(11,478)
	<hr/>
At 31 December 2020	5,991,523
	<hr style="border-top: 1px dashed black;"/>
Accumulated amortisation:	
At 1 January 2019	621,001
Charge for the year ^(*)	1,360,294
	<hr/>
At 31 December 2019 and 1 January 2020	1,981,295
Charge for the year ^(*)	1,550,303
Written off on disposal	(11,478)
	<hr/>
At 31 December 2020	3,520,120
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
At 31 December 2020	2,471,403
	<hr style="border-top: 1px dashed black;"/>
At 31 December 2019	3,052,047
	<hr style="border-top: 1px dashed black;"/>

^(*) The amount is included in "Programme support and development", "Management and general administration" and "Fundraising" in the statement of comprehensive income.

14 Debtors, deposits and prepayments

Included in deposits and prepayments are deposits of \$1,056,151 (2019: \$1,334,787) which are expected to be recovered after one year. All of the other debtors, deposits and prepayments are expected to be recovered or recognised as expense within one year.

15 Amounts due from/(to) other Medecins Sans Frontieres entities

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

16 Creditors and accrued expenses

Except for \$3,171,334 (2019: \$1,580,706) which is not expected to be settled within one year, the remaining balance of creditors and accrued expenses are expected to be settled within one year.

17 Lease liabilities

The following table shows the remaining contractual maturities of the organisation's lease liabilities at the end of the current and previous reporting period:

	31 December 2020		31 December 2019	
	Present value of the lease payments \$	Total lease payments \$	Present value of the lease payments \$	Total lease payments \$
Within 1 year	2,484,510	2,609,542	2,081,622	2,243,486
After 1 year but within 2 years	2,262,662	2,325,534	2,162,275	2,269,633
After 2 years but within 5 years	1,468,933	1,481,606	3,562,947	3,635,483
	<u>3,731,595</u>	<u>3,807,140</u>	<u>5,725,222</u>	<u>5,905,116</u>
	<u>6,216,105</u>		<u>7,806,844</u>	<u>8,148,602</u>
Less: total future interest expenses		(200,577)		(341,758)
Present value of lease liabilities		<u>6,216,105</u>		<u>7,806,844</u>

18 Reconciliation of liabilities arising from financing activities

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

	<i>Lease liabilities</i>
	\$
	(Note 17)
At 1 January 2019	2,734,878
Changes from financing cash flows:	
Capital element of lease rentals paid	(1,880,047)
Interest element of lease rentals paid	(90,573)
Total changes from financing cash flows	<u>(1,970,620)</u>
Other changes:	
Increase in lease liabilities from entering into new leases during the period	632,353
Increase in lease liabilities due to modification of leases	6,319,660
Finance cost	90,573
Total other changes	<u>7,042,586</u>
At 31 December 2019	<u>7,806,844</u>
Changes from financing cash flows:	
Capital element of lease rentals paid	(2,243,125)
Interest element of lease rentals paid	(165,576)
Total changes from financing cash flows	<u>(2,408,701)</u>
Other changes:	
Increase in lease liabilities due to modification of leases	652,386
Finance cost	165,576
	<u>817,962</u>
At 31 December 2020	<u>6,216,105</u>

19 Financial risk management and fair values

Exposure to credit and liquidity risks arises in the normal course of the organisation's activities. The organisation's exposure to these risks and the financial risk management policies and practices used by the organisation to manage these risks are described below:

(a) Credit risk

The organisation's credit risk is primarily attributable to amounts due from other Medecins Sans Frontieres entities and cash at bank. The organisation manages this risk as follows:

Amounts due from other Medecins Sans Frontieres 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.

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.

(b) Liquidity risk

Apart from the going concern consideration mentioned in note 2(b), 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.

(c) Fair values

All financial instruments were carried at amounts not materially different from their fair values as at 31 December 2020 and 2019.

20 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 \$100 per member.

21 Material related party transactions

(a) Key management personnel remuneration

Key management personnel of the organisation are all the directors of the organisation, whose remuneration is disclosed in note 10.

(b) Transactions with related parties

Apart from the grant income from MSF International, amounts transferred to other Medecins Sans Frontieres 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, 6, 7, 8 and 9 and the balances disclosed elsewhere in these financial statements, there were no other material related party transactions.

22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

The organisation is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.