

REGISTERED CHARITY NUMBER: 1180013

Report of the Trustees and Financial Statements for the
Year Ended 31 December 2021

Hong Kong Watch
(A Charitable Incorporated Organisation)



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Year Ended 31 December 2021**

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**Company Information for the
Year Ended 31 December 2021**

**Report of the Trustees
for the Period 1 January 2021 to 31 December 2021**

The trustees present their report with the financial statements of the charity for the period 1 January 2021 to 31 December 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in October 2019.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number: 1180013

Principal address

Office 7
35-37 Ludgate Hill
London
EC4M 7JN

Trustees

Gray Sergeant (Chairman)
Dr Malte Kaeding
Aileen Yi Wan Lam

UK Patrons

Alistair Carmichael MP
Lord Alton of Liverpool
Catherine West MP
Fiona Bruce MP
Sir Geoffrey Nice QC
Sir Malcolm Rifkind QC
Lord Patten of Barnes
Sarah Champion MP

International Patrons

Hon. David Kilgour JD (Canada) (Until April 2022 when he passed away)
Garnett Genuis MP (Canada)
Jung-Hoon Lee (South Korea)
Ambassador Derek Mitchell (US)
Ambassador Sam Brownback (US)
Hon. Irwin Cotler (Canada)
Senator Jim Munson (Canada)
Senator Leo Housakos (Canada)
James Bezan MP (Canada)

Independent examiner

Samuel Troy ACA
Connected Accounting Limited,
2 Victoria Square, St Albans, AL1 3TF

**Trustees' Report for the
Year Ended 31 December 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity was formed on 20 September 2018 as a Charitable Incorporated Organisation, controlled by its governing document and which constitutes an incorporated charity. The charity registration number is 1180013.

Trustee Selection and Training

Hong Kong Watch is governed by a board of Trustees whose members are elected as the need arises. The Trustees who have served during the year are set out above. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. The charity trustees will make available to each new charity trustee, on or before his or her first appointment: a) a copy of the current version of this constitution; and b) a copy of the CIO's latest Trustees' Annual Report and statement of accounts.

Organisational Structure

The Board of Trustees administers the charity and meets regularly. Responsibility for day-to-day management of the charity has been delegated to the Chief Executive appointed by the Trustees.

Hong Kong Watch has grown significantly during the reporting period; we recruited four new staff members during the reporting period.

Our team have been working from home mainly through the reporting period due to the COVID pandemic. We have made the most of opportunities to expand our global contact base and increase international collaboration through web-platforms. As the COVID situation eased, we resumed in-person meetings with politicians and key stakeholders wherever possible.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

Hong Kong Watch's charitable objects are to promote human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations) in Hong Kong by all or any of the following means:

- Monitoring abuses of human rights;
- Raising worldwide awareness of human rights issues in Hong Kong;
- Promoting respect for human rights among individuals and corporations;
- Publishing authoritative research reports which provide an in-depth examination of potential violations of human rights;
- Providing technical advice to the British government and governments worldwide on human rights issues in Hong Kong;
- Commenting on proposed human rights legislation affecting Hong Kong;

**Trustees' Report for the
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- Commenting on the causes of human rights abuses in Hong Kong, including violations of judicial independence and freedom of speech in academia;
- Carrying out international advocacy of human rights, making recommendations to the British government and the wider international community when violations of human rights in Hong Kong take place;
- Facilitating discussion and engagement with human rights in Hong Kong among key stakeholders in government, parliament, media, academia and Hong Kong civil society.

The Board of Trustees review the aims, objectives and activities of the organisation each year. This report looks at what the organisation has achieved and the outcomes of its work in the reporting period. The Board of Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Board of Trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The Board of Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Board of Trustees consider how planned activities will contribute to the aims and objectives that have been set.

PUBLIC BENEFIT

In carrying out its work Hong Kong Watch pays due regard to Charity Commission guidance concerning public benefit. The trustees are satisfied that all Hong Kong Watch's activities for the financial year that ended 31 December 2021 were of public benefit and that the organisation's funds were spent so as to achieve public benefit.

ACHIEVEMENTS AND PERFORMANCE

Throughout the year 2021, we were able to strengthen and expand our work in the UK as well as internationally to continue engaging with politicians from around the world and driving tangible policy changes that benefited Hong Kongers in need. In the prereporting year, the Hong Kong authorities intensified their crackdown on Hong Kong's freedoms, most notably with the ongoing implementation of the Hong Kong National Security Law. Key trends during the reporting year included:

- An ongoing crackdown on pro-democracy activists through arrests and imprisonment;
- Conviction of activists under the National Security Law, most notably in the cases of Tong Ying-kit who was sentenced to nine years in prison for "incitement to secession" and "committing acts of terror" in July 2021, Ma Chun-man who was sentenced to five years and nine months in prison for "inciting succession", and Tony Chung who was sentenced to three years and seven months in jail for "secession" and "money-laundering" and became the youngest person to be jailed under the National Security Law at the age of just twenty years old;

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- Press freedom has been further dismantled as more journalists were arrested and more independent media outlets were forced to close, most notably Apple Daily, the most influential Chinese pro-democracy newspaper in Hong Kong following the arrest of its founder and senior executives under the National Security Law in June 2021, and Stand News, a pro-democracy Chinese news media following the arrests of its editorial team members and board members;
- The deconstruction of Hong Kong's political system as evidenced by the disqualification of pro-democracy lawmakers and district councillors as well as the "patriots-only" Legislative Council elections in December 2021;
- Beijing expanding its presence in Hong Kong with new departments for national security and propaganda;
- The banning of peaceful assemblies, including the annual June 4 vigil marking the Tiananmen Square Massacre and the July 1 annual march marking the handover;
- The disbanding of more civil society organizations, including the Civil Human Rights Front, one of the largest civil society groups in Hong Kong responsible for organising some of the city's largest pro-democracy protests in 2019, the Professional Teachers' Union, Hong Kong's biggest teaching union, and the 612 Humanitarian Relief Fund, which is a fund that was set up to provide legal fees and financial assistance to protesters arrested during the 2019 pro-democracy demonstrations;
- Further assault on academic freedoms, as evidenced by the removal of a statue commemorating protesters killed in China's 1989 Tiananmen Square crackdown, the introduction of mandatory national security courses, and the disbanding of student unions at universities;
- The overhaul of Hong Kong's education sector, with 'patriotic education' at the heart.

The National Security Law has been used by authorities to further crack down on Hong Kong's freedoms, leading to the most significant deterioration in the human rights situation in Hong Kong. As such, during the reporting year, we focused on driving policy changes among Western governments to offer a lifeline to Hong Kongers in need. We also worked closely with politicians, Parliamentarians, and the media to shed the international spotlight on the human rights situation in Hong Kong. We also undertook cutting-edge research on ESG reporting and ethical investments to highlight the problematic aspects of Western investments in Chinese companies. With our ongoing engagement with civil society groups and Hong Kong activists as well as media outreach work, we remain the most influential international NGO on human rights issues in Hong Kong.

Campaigns

Briefings with Parliamentarians, foreign offices, government departments, embassies, and UN Missions

In 2021, Hong Kong Watch briefed 198 parliamentarians around the world and 45 foreign offices, embassies, government departments, and UN missions. These calls focused on updating them about the situation in Hong Kong and providing recommendations on the full range of our campaigns. In follow-up we secured signatories to a range of joint letters and other actions promoting human rights in Hong Kong.

We also spoke with and regularly briefed over 10 foreign ministries from a range of countries.

**Trustees' Report for the
Year Ended 31 December 2021**

International Lifeboat Campaign

Following the launch of the BNO visa scheme in January 2021, we closely monitored the implementation of the scheme and engaged with the UK Home Office on an ongoing basis to propose measures to fill out the gaps in the BNO policy. According to the UK Home Office, as of the end of 2021, there were a total of 103,900 applications for the BNO visa scheme. Our research revealed that 93% of defendants who had faced charges related to the anti-extradition law protests (as of 31 July 2021) were born in or after 1997. However, the original BNO policy did not allow Hong Kongers under 25 years old to apply directly for the scheme, meaning that youngsters who were most in need of a lifeline out of the city could not access the scheme. As such, we had been working with Parliamentarians and politicians to advocate for the expansion of the scheme. In December 2021, we drafted an amendment to the scheme and Damian Green MP tabled that amendment, supported by leading Conservatives and cross-party MPs, which would be a stand-alone clause that would require the Secretary of State for the Home Department to make provision to allow Hong Kongers with one parent who has BNO status to register for the BNO Visa Scheme, and allow 18-25s to access the scheme. The amendment was subsequently adopted in February 2022.

As the number of Hong Kongers arriving in the UK increased, we focused on ensuring that the British government put aside resources to facilitate integration. We convened a letter from 11 civil society groups to call for integration to be prioritised, which was covered in international media. Partly as a result of our advocacy, the government appointed a co-ordinating minister responsible for the 'welcome and integration' plan, Lord Greenhalgh, and we met with him together with other relevant civil society organisations. We also helped catalyse and spearhead the establishment of a "Welcoming Committee", a coalition of civil society organisations involved in assisting with integration for Hong Kongers upon arrival in the UK. In early April 2021, the UK government announced major funding (£43 million) would be put aside for welcome and integration.

In Canada, the Young Talent Scheme was launched in February, through which eligible Hong Kong graduates and their dependents could apply for a three-year work visa in Canada, providing them a pathway to citizenship. As of the end of 2021, there were 10,143 applications for Canada's Young Talent Scheme.

Sanctions Campaign

Throughout the reporting year, we called for international sanctions on the officials responsible for the deterioration in Hong Kong. Such calls were routinely raised in the UK Parliament, Canadian Parliament, and European Parliament as a direct result of our briefings and advocacy. In the UK, in 2021, we secured 100 Parliamentary signatories to a letter led by Lord Patten calling for sanctions on Hong Kong officials. In the EU, in January 2021, we sent out Magnitsky list to 10 EU Permanent Representatives who forwarded them to their foreign ministries. In July 2021, the European Parliament passed a Joint-Resolution in July 2021, which included our recommendations on ensuring that Hong Kong Watch's list of Hong Kong officials who should be sanctioned for their involvement in the dismantling of the city's autonomy, calls for lifeboat schemes for frontline defenders, journalists, and religious leaders, and calls for the review of Hong Kong's autonomous status.

**Trustees' Report for the
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Political Prisoners Campaign

As of January 2022, there were 721 political prisoners in Hong Kong, 555 of them given custodial sentences and 166 were detained pending trial. Throughout the reporting year, we kept our political prisoners database up to date with the latest news on the key court dates, arrests and sentencing of pro-democracy activists, and updates related to prominent political prisoners. Using the data from our political prisoners database, we campaigned for freeing political prisoners during our advocacy tours and on our social media platforms. In December 2021, we worked non-stop for 3 days to help free Denise Ho, activist and former board member of Stand News who was arrested for conspiracy to produce seditious publications.

Strengthening our advocacy work in North America, Australia, and the EU

Throughout the reporting year, we strengthened our community outreach and advocacy work in Canada and the US.

In Canada, we testified to the Standing Committee on Citizenship and Immigration in February 2021 and urged the Canadian Government to improve the Young Talent Scheme to assist at-risk youths from Hong Kong. We also testified to the House of Commons Standing Committee Foreign Affairs and International Development Subcommittee on International Human Rights in May 2021 and further urged the Canadian Government to adopt measures in response to the worsening human rights situation in Hong Kong. We spoke at a panel discussion hosted by Garnett Genius MP to discuss how Canada can improve its lifeboat scheme for Hong Kongers and supported the launch of a parliamentary petition led by Garnett Genius MP to encourage the Government to remove the requirement for Hong Kongers to get a police background certificate to apply for Canada's lifeboat scheme.

In autumn 2021, as the COVID situation eased, we visited several cities in Canada and reached out to Hong Kong communities, met with prominent Hong Kongers groups, activists, and former district councillors. We collaborated with the Hong Konger Station to host a seminar in Toronto and supported the formation of the "Yellow" economy - pro-democracy businesses circle - in Canada. We connected with diaspora groups from Toronto, Vancouver, Edmonton, Calgary and Ottawa and built a volunteering group in Canada. Six parliamentarians and former Ministers became our patrons and prepared for the launch of Hong Kong Watch Canada.

In the US, we built strong relationships with Hong Kong diaspora groups in Washington D.C., New York City, Boston, Los Angeles, San Francisco, San Diego, Las Vegas, Seattle, Chicago and Houston. Town hall events were held to brief the groups on various issues including on our congressional advocacy efforts, the Hong Kong Safe Harbor Act, our #ReleaseMyCandidate campaign and our ESG report. To help the Hong Kong communities grow and to amplify their voices, we made connections between the groups with INGOs and other human rights organizations.

To strengthen the community's bonding, we have also supported the organizing of a large gathering hosted by HKSAM Boston in October 2021, which more than 90 Hong Kongers from nearby areas attended. In November 2021, we assisted another one held in the Washington D.C. area where more than 100 Hong Kongers attended.

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In Australia, we engaged with Australian government officials about ways they might strengthen their policies and to assist Hong Kongers. In November 2021, Australia adopted a student visa scheme which offers a 5-year pathway to citizenship for Hong Kong students. In a subsequent meeting, a senior figure at the Australian High Commission mentioned that our briefing had directly shaped the scheme.

In the EU, we worked closely with other human rights NGOs to draft a joint-appeal calling for any EU-China Investment Partnership to include strong human rights provisions and a specific timetable for China to ratify the core ILO conventions on forced labour. The appeal was launched in January 2021, signed by 49 civil society organizations, and received substantial coverage in European press. We also drafted a letter signed by over 100 China experts on the dangers of CAI and convened a group of Hong Kong activists to raise reservations about the CAI.

Advocacy work at the United Nations

Throughout the reporting year, we engaged regularly with the Office of the High Commissioner for Human Rights and with Special Procedures to keep the international community informed about the human rights situation in Hong Kong. In February 2021 we held a webinar on options for the international community's response, with the former UN Special Rapporteur on human rights in Myanmar Yanghee Lee together with the former UK Foreign Secretary Lord Owen, the former European Parliament's Special Rapporteur for Hong Kong John Cushman and the Director of the International Bar Association's Human Rights Institute Baroness Helena Kennedy.

Research and briefings

One of Hong Kong Watch's main objectives is to provide independent, comprehensive analysis and thought leadership on freedom and human rights in Hong Kong. We regularly monitor developments in Hong Kong legislation related to human rights, compliance of the Hong Kong government with domestic and international human rights standards, violations or abuse of human rights and insufficiency of protections or inconsistency under existing legal frameworks with international standards.

Since April 2021, we have published a monthly human rights briefing on the latest human rights developments in Hong Kong and disseminated the briefing to politicians, parliamentarians, and other key stakeholders to keep them informed on the latest updates in Hong Kong. Throughout the reporting year, we published 5 in-depth research reports and briefings on Chinese investments in Hong Kong, Western investments in Chinese companies, the USA's Strategic Competition Act, and UK's lifeboat and integration policies. All research reports and briefings were available to the public for free via our website. The reports were also shared widely with policymakers around the world, academia and media to maximise the educational effects of these reports and raise worldwide awareness on Hong Kong's human rights situation.

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In February 2021, we published a major research report entitled: 'Red Capital in Hong Kong: The Invisible Hand transforming the city's politics', highlighting the role of the Chinese Communist Party in the city's economy, arguing that Hong Kong was a canary in the coalmine for the rest of the world. The report was launched with a high-level panel discussion online, and subsequently the report was referenced by Parliamentarians and featured by leading media outlets. The findings provided the basis for the promotion of a parliamentary amendment on ethical investment and genocide. This received the backing of more than 40 members of parliament and will provide the basis for a future campaign on China and ethical investments. We have also started to have conversations with senior figures in the business sector about these issues.

In September 2021, we published another major report entitled "ESG, China and Human Rights", revealing that despite lip-service to the importance of responsible investing and ESG priorities, major international pension funds are heavily invested in Chinese companies with problematic human rights records. We hosted two packed fringe events at the Labour Party Conference and Conservative Party Conference, which were standing room only. The launch of our report and the two fringe events were widely covered in major international news outlets around the world. Following the launch of our report, 135 UK Parliamentarians called for the Parliamentary Pension Fund to divest from problematic Chinese companies. The New Zealand Foreign Affairs Committee summoned the state pension fund's directors to quiz them on their China holdings. Australian MPs also called out their Super Funds.

Public awareness and education – Media and social media

Advocacy via media and our social media channels is an essential tool for Hong Kong Watch to raise public awareness of Hong Kong's human rights issues and to disseminate educational information with regards to human rights standards to a wide audience.

Hong Kong Watch has broadened its extensive network in international and Hong Kong media, both print and online. During the reporting period, a total of 53 op-eds written by our Patrons and staff members were published in leading media outlets across the world, including The Telegraph, City AM, Wall Street Journal, Benefits Canada, The Tablet, The Spectator, and The Diplomat.

We continued to build on our reputation of expertise on Hong Kong by giving interviews and commenting on TV and radio channels. During the reporting period, we secured extensive media coverage, including in top media outlets such as BBC, The Guardian, Bloomberg, The Telegraph, Washington Post, CBC News, Al Jazeera, and Financial Times. Hong Kong Watch was mentioned 205 times in various English-language and Chinese-language outlets, including:

- 133 times in English-language media outlets in the UK, Hong Kong, Taiwan, Japan, Canada, and the US;
- 72 times in Chinese-language media outlets in Hong Kong, the US, France, Taiwan, and Germany.

Hong Kong Watch makes an impact through online presence as well, on social media platforms and our website by:

- raising awareness and reaching new audiences

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- publicising our research and views
- offering ways for our supporters and Hong Kong people to communicate with us
- allowing us opportunities to establish relationships with civil society actors, policymakers and media globally
- promoting our fundraising campaigns

On YouTube, our interview series 'In Conversation with Benedict Rogers' attracted 14,722 views during the reporting year. In addition, the YouTube clip of Lord Patten's message to Hong Kongers had been watched almost 17,000 times.

Our other main social media platforms are Facebook and Twitter. Both have grown significantly over the reporting period. Our impact data shows that on Facebook:

- We achieved an increase in the engagement rate of almost 400% compared to last reporting year, with the total number of engagement of 1,349,130;
- With the increase in the frequency of posts and more strategic social media efforts in 2021, our number of page likes increased by almost 12% to 60,139;
- Our page reached significantly more people than just those who have liked our page. We achieved a page reach (the number of people who had any content from or about the HKW page on their screen) of 1,345,668, which was more than 22 times as much as our page likes.

Our Twitter account shows a similar steep increase in impact:

- The number of engagements (retweets, likes, replies, link clicks within tweets) rose substantially to over 1.35 M in the reporting period;
- Engagements were higher in Q2 and Q3 (433.6K and 452.8K respectively) compared to Q1 and Q4 (around 225K);
- The average engagement rate of our Twitter in 2021 was 3.4%.

This increased online presence was also reflected on our website, where all activity updates, research reports, events, campaigns, and media coverage of the organisation were posted.

- There were 192k visits to our website with 353k pageviews by 141k unique visitors during the reporting year;
- The majority of our website visitors were based in Hong Kong. Audiences from across the world also visited our website, including those based in the UK, US, Canada, Australia, Japan, Germany, the Netherlands, and France;
- Some of the most popular pages on our website included our explainer on Canada's lifeboat scheme, explainer on UK's BNO policy, and BNO Community and News, indicating that we played a key role in providing information on lifeboat schemes and building the BNO community.

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Public awareness and education – Events

In February 2021 we held a webinar on options for the international community's response, with the former UN Special Rapporteur on human rights in Myanmar Yanghee Lee together with the former UK Foreign Secretary Lord Owen, the former European Parliament's Special Rapporteur for Hong Kong John Cushman and the Director of the International Bar Association's Human Rights Institute Baroness Helena Kennedy, KC.

In September 2021, we published a research report titled 'ESG, China and Human Rights: Why the time has come for investors to act', which reveals that despite lip-service to the importance of responsible investing and ESG priorities, major international pension funds are heavily invested in Chinese companies with problematic human rights records. We hosted two packed launch events at the Labour Party Conference (28 September 2021) and the Conservative Party Conference (3 October 2021) to roll out our report. Participants, including Members of the Parliament and financial industry experts discussed the report findings and the UK Government's approach to human rights, China and ethical investments.

FINANCIAL REVIEW

Hong Kong Watch ended its third financial year with accumulated surplus reserves of £1,078,444 which is an increase of £294,570 compared to the start of 2021. This is the result of successful fundraising and the prudent management of expenditure. To sustain the charity in the long term, it is a key financial objective to uphold necessary reserves to sustain the charity in the long term. Further progress has been made in respect of this objective and the charity remains in a strong position to both expand and sustain its activity in 2022 and beyond.

Fundraising was concentrated on the crowdfunding campaign during the summer of 2021. With the funds raised, we were able to expand our operations, including hiring an additional 4 members of staff during the year, bringing the total number of employees to 7 at the end of 2021.

Principal funding sources

The principal source of funding for Hong Kong Watch during the reporting period was private donations from individuals. Even though total income decreased by 25% compared to the previous period, the organisation has managed to increase reserves, employ more staff and maintain impactful activities. We would like to express our gratitude for the generous contributions made by the individuals who have funded our work, as well as the grant makers and foundations that have also supported us with donations during 2021.

Hong Kong Watch has not employed any professional fundraisers or commercial participators to carry out fundraising activities directly with the public. The organisation also did not have any fundraising carried out by third parties and therefore did not subscribe to any fundraising schemes or codes.

**Trustees' Report for the
Year Ended 31 December 2021**

Policy on reserves

The Board of Trustees has reviewed the charity's requirements for reserves in light of the main risks to the organisation, and the objective to ensure that the charity will be in a position to sustain its activities in the long term. The Board maintains its position that the organisation should keep unrestricted reserves adequate for 3 years of the current level of HR expenditure. The Director and Finance & Operations Manager will continue to work with the Board of Trustees to monitor reserves and manage annual budgets and current activities to align with this policy whilst the profile and reach of the charity grows.

PLANS FOR FUTURE PERIODS

As the human rights situation in Hong Kong continues to deteriorate on all fronts, especially since the implementation of the National Security Law, Hong Kong Watch will continue speaking up for Hong Kongers and shedding the international spotlight on the city. Priority areas going forward include: ironing out gaps in the current international lifeboat schemes; pushing for the UK and other likeminded countries to audit the assets of Hong Kong officials in the West and sanction Hong Kong officials for their complicity in gross human rights violations; exploring the best ways for us to support new arrivals from Hong Kong in the UK and other countries; speaking up for the political prisoners in Hong Kong; campaigning for the release of political prisoners in Hong Kong; researching on business, human rights and ethical investment in Hong Kong and China; researching the role Hong Kong Economic and Trade offices play abroad in championing the National Security Law; and building solidarity among activists in exile and civil society groups across the world.

Responsibilities of trustees

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' Statement of Recommended Practice (SORP);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO INDEPENDENT EXAMINER

Each of the persons who is a Trustee at the time when this Trustees' report is approved has

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confirmed that:

- so far as that Trustee is aware, there is no relevant information of which the charitable company's independent examiner is unaware; and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's independent examiner in connection with preparing their report and to establish that the charitable company's independent examiner are aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the Trustees on 27 October and signed on their behalf by:

GREY SERGEANT

.....

Grey Sergeant
Chair, Hong Kong Watch

**Report of the Independent Examiner to the Trustees of
Hong Kong Watch**

I report on the accounts for the Year Ended 31 December 2021, which are set out on pages fifteen to twenty one.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I have examined your charity's accounts as required under section 145 of the Charities Act 2011 ('the Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. that accounting records were not kept as required by section 130 of the Act; or
2. that the accounts do not accord with those records; or
3. that the accounts do not comply with the accounting requirements of the Act; or
4. that there is further information needed for a proper understanding of the accounts.

Independent examiner's statement

I have completed my examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission I have found no matters that require drawing to your attention.

SAMUEL TROY

.....

Samuel Troy FCA

Connected Accounting Limited

Date: 28 OCTOBER 2022

Statement of Financial Activities for the
Year Ended 31 December 2021

	Unrestricted funds £	Restricted funds £	31.12.21 Total funds £	31.12.20 Total funds £
INCOMING RESOURCES				
Incoming resources from generated funds				
Donation and legacies	437,531	129,170	566,701	756,584
Investment income	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>
Total incoming resources	437,549	129,170	566,719	756,584
RESOURCES EXPENDED				
Costs of generating funds				
Fundraising	30,309	-	30,309	20,332
Charitable activities				
Research and Advocacy	115,395	126,445	241,840	99,390
General	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,385</u>
Total resources expended	145,704	126,445	272,149	136,107
NET INCOMING/(OUTGOING) RESOURCES	291,845	2,725	294,570	620,477
Total funds brought forward	<u>779,767</u>	<u>4,107</u>	<u>783,874</u>	<u>163,397</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>1,076,832</u></u>	<u><u>6,832</u></u>	<u><u>1,078,444</u></u>	<u><u>783,874</u></u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.
The statement of financial activities includes all gains and losses recognised in the year.

The notes form part of these financial statements.

Balance Sheet
At 31 December 2021

		Unrestricted funds £	Restricted funds £	31.12.21 Total funds £	31.12.20 Total funds £
FIXED ASSETS					
Tangible assets	4	3,288	-	3,288	1,345
CURRENT ASSETS					
Cash in hand		993,679	-	993,679	772,105
Other Debtors		<u>85,897</u>	<u>14,499</u>	<u>100,396</u>	<u>12,851</u>
		1,079,576	14,499	1,094,075	784,956
CREDITORS					
Amounts falling due within one year	9	(11,252)	(7,667)	(18,919)	(2,427)
NET CURRENT ASSETS		<u>1,068,324</u>	<u>6,832</u>	<u>1,075,156</u>	<u>783,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,071,612</u>	<u>6,832</u>	<u>1,078,444</u>	<u>783,874</u>
NET ASSETS		<u>1,071,612</u>	<u>6,832</u>	<u>1,078,444</u>	<u>783,874</u>
FUNDS	6				
Unrestricted funds				1,071,612	779,767
Restricted funds				<u>6,832</u>	<u>4,107</u>
TOTAL FUNDS				<u>1,078,444</u>	<u>783,874</u>

These financial statements have been prepared in accordance with the provisions applicable to the small companies' regime. The financial statements were approved by the Board of Trustees on 27 October and were signed on its behalf by:

GREY SERGEANT

.....
Gray Sergeant, Chair

The notes form part of these financial statements.

Cash Flow Statement for the
Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
Net cash inflow from operating activities	1	223,802	608,416
Returns on investments and servicing of finance			
Proceeds from the disposal of equipment		799	-
Purchases of equipment		(3,027)	(1,449)
Cash and cash equivalents at the beginning of the reporting period		772,105	165,138
		<hr/>	<hr/>
Cash and Cash equivalents at the end of the reporting period		993,679	772,105
		<hr/> <hr/>	<hr/> <hr/>

1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.21 £	31.12.20 £
Net (outgoing)\incoming resources	294,570	620,477
Depreciation charges	285	104
Decrease/(increase) in debtors	(87,545)	(12,851)
Decrease in creditors	<u>16,492</u>	<u>686</u>
Net cash inflow from operating activities	<u>223,802</u>	<u>608,416</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.01.21 £	Cash flow £	At 31.12.21 £
Net cash			
Cash in hand	772,105	221,574	993,679
Liquid resources			
Current asset investments	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>772,105</u>	<u>221,574</u>	<u>993,679</u>

The notes form part of these financial statements

**Notes to the Financial Statement for the
Year Ended 31 December 2021**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hong Kong Watch meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 December 2021.

Trustees' expenses

Expenses reimbursed to trustees' for the period ended 31 December 2021 were £Nil (2020: £75).

Notes to the Financial Statement for the
Year Ended 31 December 2021

3. STAFF COSTS

	31.12.21	31.12.20
	£	£
Wages and salaries	175,690	95,213
Social security costs	12,600	3,494
Employer pension costs	4,123	2,172
Other	<u>-</u>	<u>-</u>
	<u>192,413</u>	<u>100,879</u>

The average monthly number of employees during the year was as follows:

	31.12.21	31.12.20
	<u>7</u>	<u>4</u>

No employees received emoluments above £60,000

Key management personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £41,013 (2020: £11,785), including pension costs.

4. TANGIBLE FIXED ASSETS

	Office equipment
COST	
At 1 January 2021	1,449
Additions	3,027
Disposals	<u>(799)</u>
At 31 December 2021	<u>3,677</u>
DEPRECIATION	
At 1 January 2021	(104)
Charge for year	<u>(285)</u>
At 31 December 2021	<u>(389)</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,345</u>
At 31 December 2021	<u>3,288</u>

Notes to the Financial Statement for the
Year Ended 31 December 2021

5. ANALYSIS OF SUPPORT AND DIRECT COSTS

Support Costs	Fundraising	Research & Advocacy	31.12.21 Total	31.12.20 Total
	£	£	£	£
Management				
Insurance	225	1,817	2,042	-
Postage & Stationery	42	551	593	418
Advertising	2,109	11,710	13,819	845
Sundries	88	713	801	225
Depreciation	36	249	285	104
Computer Software, Telephone & Consumables	<u>96</u>	<u>923</u>	<u>1,020</u>	<u>874</u>
	<u>2,597</u>	<u>15,963</u>	<u>18,560</u>	<u>2,467</u>
Finance				
Bank & Transaction Charges	11,050	251	11,301	15,165
Foreign exchange Gains /Loss	1,424	(60)	1,424	2,434
Accountancy, Legal & Professional fees	<u>267</u>	<u>5,757</u>	<u>6,024</u>	<u>-</u>
	<u>12,741</u>	<u>5,948</u>	<u>18,749</u>	<u>17,600</u>
Governance				
Independent Examination Fees	158	1,282	1,440	1,440
Human Resources				
Wages & Salaries	<u>2,922</u>	<u>35,655</u>	<u>38,577</u>	<u>20,174</u>
Total Support Costs	<u>18,418</u>	<u>58,848</u>	<u>77,326</u>	<u>41,680</u>
Direct Costs				
Event Costs	26	5,122	5,149	2,412
Other Research Costs	32	1,928	1,960	3,304
Travel Costs	140	2,769	2,909	1,788
Wages & Salaries	11,692	142,622	154,314	80,705
Consultancy	<u>-</u>	<u>30,551</u>	<u>30,551</u>	<u>6,217</u>
Total Direct Costs	<u>11,890</u>	<u>182,992</u>	<u>194,883</u>	<u>94,427</u>
Total Resources Expended	<u>30,309</u>	<u>241,840</u>	<u>272,149</u>	<u>136,107</u>

Notes to the Financial Statement for the
Year Ended 31 December 2021

6. MOVEMENT IN FUNDS

	At 1.1.21 £	Income £	Expenditure £	At 31.12.21 £
Unrestricted funds				
General fund	779,767	437,549	(145,704)	1,071,612
Restricted funds				
Democracy Fund 1	989	23,083	(24,072)	-
Democracy Fund 2	3,118	83,576	(83,576)	3,118
Unbound Philanthropy	-	17,333	(13,619)	3,714
Taiwan Foundation for Democracy	-	5,178	(5,178)	-
Total Restricted Funds	<u>4,107</u>	<u>129,170</u>	<u>(126,445)</u>	<u>6,832</u>
TOTAL FUNDS	<u>783,874</u>	<u>566,719</u>	<u>(272,149)</u>	<u>1,078,444</u>

Comparatives for movement in funds

	At 1.1.20 £	Income £	Expenditure £	At 31.12.20 £
Unrestricted funds				
General fund	160,794	710,117	(91,144)	779,767
Restricted funds				
Democracy Fund 1	-	10,000	(9,011)	989
Democracy Fund 2	2,603	36,467	(35,952)	3,118
Total Restricted Funds	<u>2,603</u>	<u>46,467</u>	<u>(44,963)</u>	<u>4,107</u>
TOTAL FUNDS	<u>163,397</u>	<u>756,584</u>	<u>(136,107)</u>	<u>783,874</u>

Fund Note

Democracy Fund 1

A research project to serve as a basis for Human rights advocacy with International Governments.

Democracy Fund 2

A project to research and advocate collaboration on international policy between legislators.

Unbound Philanthropy

Unbound Philanthropy has approved a generous grant of £50,000 over 24 months to promote the rights and integration of refugees and the British National (Overseas) Status Holders in the UK.

Notes to the Financial Statement for the
Year Ended 31 December 2021

Fund Note (continued)

Taiwan Foundation for Democracy

TFD generously funded the rollout of an influential new 80+ page report on the relationship between China, Human Rights, and ESG / Ethical investment. They funded the report design and printing, as well as two packed launch events at the Conservative and Labour Party conferences.

7. PENSIONS AND OTHER POST RETIREMENT BENEFITS

Defined contribution plans

The amount recognised in income or expenditure in relation to defined contribution plans was £4,123 (2020: £2,172).

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. Contributions of £809 (2020: £1,593) were payable to the fund as at the balance sheet date.

8. FINANCIAL INSTRUMENTS

	31.12.21	31.12.20
	£	£
Financial assets measured at fair value through income and expenditure	994,405	769,105
Financial assets measured at amortised cost	<u>99,671</u>	<u>15,851</u>
	<u>1,094,076</u>	<u>784,956</u>
Financial liabilities measured at amortised cost	<u>(18,110)</u>	<u>(1,625)</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20
	£	£
Trade creditors	871	185
Other creditors	7,934	802
Accruals and deferred income	<u>10,114</u>	<u>1,440</u>
	<u>18,919</u>	<u>2,427</u>

10. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.