

REGISTERED CHARITY NUMBER: 1180013

Report of the Trustees and
Financial Statements for the Period 20 September 2018 to 31 December 2019
for
Hong Kong Watch

A Charitable Incorporated Organisation

Hong Kong Watch

Contents of the Financial Statements for the Period 20 September 2018 to 31 December 2019

	Page
Report of the Trustees	1
Independent Examiner's Report	12
Statement of Financial Activities	13
Balance Sheet	14
Notes to the Financial Statements	15 to 16
Detailed Statement of Financial Activities	17

Hong Kong Watch

Report of the Trustees for the Period 20 September 2018 to 31 December 2019

The trustees present their report with the financial statements of the charity for the period 20 September 2018 to 31 December 2019. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number: 1180013

Principal address

Office 7
35-37 Ludgate Hill
London
EC4M 7JN

Trustees

Benedict Rogers (resigned 28 Sept 2020, chairman until resignation)
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
Lord Ashdown of Norton-sub-Hamdon (deceased December 2018)

International Patrons

Hon. David Kilgour JD (Canada)
Garnett Genuis MP (Canada)
Jung-Hoon Lee (South Korea)

Independent examiner

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

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.

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;
- 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 remained 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 ended 31 December 2019 were of public benefit and that the organisation's funds were spent so as to achieve public benefit.

ACHIEVEMENTS AND PERFORMANCE

Hong Kong Watch was founded to address the lack of awareness of the gradual erosion of human rights and fundamental freedoms in Hong Kong. It has been a significant year for Hong Kong Watch as our work across six key areas was shown to be impactful in raising awareness worldwide and effecting policy changes that benefit Hong Kongers.

The attempt by the Hong Kong government to introduce an extradition bill in February 2019 was a watershed moment which resulted in mass protests, greater international awareness about the situation in Hong Kong, and our work taking on greater salience.

Hong Kong is facing an unprecedented crisis which threatened the city's rule of law, basic freedoms and autonomy. Hundreds of thousands of people in Hong Kong marched in protests in 2019 against the proposed extradition law, which would have removed the legal firewall between Hong Kong and

Hong Kong Watch Report of the Trustees (continued)

China and undermined the human rights guaranteed under the Hong Kong Basic Law. Shocking police brutality against protesters and journalists led to an international outcry, with called on the Hong Kong government to exercise restraint and to abandon the proposed extradition law.

In response to these developments, we focused our advocacy efforts and research on highlighting the human rights violations in Hong Kong, raising awareness of these issues with UK and international parliamentary and government stakeholders. We called on these stakeholders to use a range of policy tools to uphold human rights, including diplomatic interventions, the introduction of Magnitsky legislation to impose targeted sanctions on officials responsible for human rights abuses, and the offer of support to refugees from Hong Kong.

ADVOCACY IN THE UK

One of the key founding objectives of Hong Kong Watch was to better inform parliamentarians in the UK about the erosion of freedoms, the rule of law, basic human rights and autonomy in Hong Kong, as the UK has both legal and moral obligations to monitor and speak up for human rights in Hong Kong under the Sino-British Joint Declaration.

Working together with the organisation's Patrons in the UK, Hong Kong Watch has successfully put Hong Kong back on the parliamentary agenda and raised public awareness about Hong Kong situation through media engagement.

Throughout 2019, Hong Kong Watch provided targeted briefings to influential parliamentarians across all political parties and via the All-Party Parliamentary Group on Hong Kong. We ensured they had access to credible, focused expertise and an understanding of the human rights development in Hong Kong, the impact to Hong Kong people, the responsibilities of Britain under the international treaty and the tools to which the UK can resort in order to support Hong Kong.

In May 2019, we arranged high-level meetings with the UK government ministers and policymakers with a veteran Hong Kong lawmaker. This trip was critical in the run-up to the anti-extradition protests. Following the meetings, one of our Patrons Sir Malcolm Rifkind QC raised the extradition bill in an op-ed in the South China Morning Post, and the UK government's position on the extradition bill hardened with a greater focus on human rights.

Our parliamentary engagement was extensive. In one week alone, between June 9 and June 16, Hong Kong Watch coordinated 7 parliamentary debates led by the organisation's Patrons in both houses of the UK parliament and briefed over 40 speeches raising concerns about the proposed Extradition Bill in Hong Kong for its violations of human rights guaranteed under international human rights standards and the Sino-British Joint Declaration.

Our Patrons wrote an Open Letter to the UK Foreign Secretary Dominic Raab in August 2019 urging the Secretary to stand up for people in Hong Kong by ensuring that any UK-Hong Kong future bilateral trade agreement includes a human rights clause which references the Sino-British Joint Declaration and one-country, two-systems.

On 9 August, the UK Foreign Secretary Dominic Raab called the Chief Executive of Hong Kong Carrie Lam to discuss his concerns about the situation in Hong Kong, and the protests there. During the call, the Foreign Secretary "condemned violent acts by all sides..." but "underlined that the violence should not cloud the lawful actions of the majority." He "emphasised the need to find a way forward through meaningful political dialogue, and a fully independent investigation" into the violence.

As the crackdown on protests continued to escalate in September, our Patrons Fiona Bruce MP and Catherine West MP tabled an Early Day Motion in the House of Commons calling for Commonwealth Nations to offer second citizenship and place of abode to the people of Hong Kong. The motion was supported and signed by 40 MPs. Separately, more than 150 British lawmakers from both Houses

Hong Kong Watch Report of the Trustees (continued)

of Parliament signed a letter coordinated by Hong Kong Watch to the UK Foreign Secretary Dominic Raab, making the same call for an insurance policy for the people of Hong Kong in light of the rapid deterioration of freedoms and the rule of law in the city.

In October 2019, during the visit of a prominent Hong Kong activist in the UK, we had meetings with the UK Foreign Secretary Dominic Raab and Shadow Foreign Secretary (at the time) Emily Thornberry, raising the human rights of British National (Overseas) in Hong Kong and Magnitsky sanctions.

British National (Overseas) (“BNO”)

Hong Kong Watch has been a leading organisation in the campaign in the UK for extension of rights of BNO, which is a form of British nationality with limited and restricted rights given to Hong Kongers born before 1 July 1997 when Hong Kong’s sovereignty was handed over from the UK to China. It was estimated that there are over 3 million Hong Kong people that are eligible for BNO status and any positive changes in the rights of BNO will provide an insurance policy for the people of Hong Kong.

Hong Kong Watch launched an online BNO Community in March 2019 to provide a platform for grassroots BNO advocacy groups and our subscribers to share ideas and proposals on the rights of BNO. Our role in the Community included giving updates on actions of Members of Parliament related to BNO advocacy and organising events at the Houses of Parliament discussing proposals and developments. Our team and the Community led the way in campaigning for extension of student visa rights for BNO passport holder living and studying in the UK.

In 2019, Hong Kong Watch’s Patron Lord Alton wrote to the Home Office calling for the UK government to allow BNO passport holders access to e-passport gates at the UK border, giving them the same rights as UK, EU and some foreign nationals.

Towards the end of the year, Hong Kong Watch facilitated a joint letter to the UK Prime Minister signed by senior Conservative Parliamentarians including the former Cabinet minister Lord Tebbit and Hong Kong Watch’s Patron Fiona Bruce MP, describing the limited rights that come with BNO status as an historic error and arguing that Britain has a responsibility to make it easier for BNO passport holders to move to the UK. We also worked with the Chair of the House of Commons Foreign Affairs Committee, Tom Tugendhat MP, to spotlight the issue.

INTERNATIONAL ADVOCACY

Although Britain has a particular responsibility to Hong Kong through the Sino-British Joint Declaration, Hong Kong is an international city and an international concern. During the reporting period, Hong Kong Watch’s trustees and staff have travelled to Washington DC, Ottawa, Berlin, The Hague, the European Union (EU) institutions in Brussels and the United Nations (UN) in Geneva to advocate for Hong Kong and make recommendations to the parliamentarians and ministries on actions to support Hong Kong.

North America

Hong Kong Watch raised human rights in Hong Kong through meetings undertaken by the trustees and staff in the US Congress, with think-tanks and human rights NGOs during the reporting period.

In 2018, two of our trustees travelled to Washington D.C. and had productive meetings with representatives of the US State Department, Congressional Committees, various Congressional offices, think-tanks and human rights NGOs to highlight the increased efforts of Hong Kong and Chinese government in undermining the city’s freedoms and rule of law.

The trustees offered recommendations during these meetings on actions that the US can take to support Hong Kong, including the mechanisms available under the Hong Kong Policy Act.

Hong Kong Watch Report of the Trustees (continued)

Subsequent to the trip, the US Congressional Executive Commission on China (CECC) and the US-China Economic and Security Review Commission (USCC) referred to our work in their annual reports on Hong Kong.

In 2019, amidst the months-long protest in Hong Kong which witnessed an unprecedented crackdown and serious human rights violations, Hong Kong Watch led and facilitated advocacy meetings in Washington D.C. with Hong Kong student representatives to discuss the ongoing protests and the Hong Kong Human Rights and Democracy Act 2019. Hong Kong Watch and the student representatives called for US actions in response to the Hong Kong government's violations of human rights including freedom of assembly and police brutality against protestors. Separately, Hong Kong Watch provided research and data on the teargas exports to Hong Kong by US companies to support Senator Jeff Merkley's Protect Hong Kong Act. In November 2019, both bills on Hong Kong were fast-tracked and passed in the Senate, bypassing the usual reconciliation of the Senate's and House's versions of the bills.

In Canada, Hong Kong Watch met members of the Human Rights and Foreign Affairs committees of the Canadian Parliament to discuss the erosion of Hong Kong's human rights, freedom, rule of law, and autonomy and actions which Canada and the Canadian Parliament should take to address the increasingly repressive situation. Hong Kong Watch's Chair was invited as a speaker at a luncheon seminar at the Parliament on Vatican-China relations and religious freedom in Hong Kong.

In a follow-up trip in May 2019, Hong Kong Watch's International Patron Garnett Genuis MP organised a parliamentary briefing at which Hong Kong Watch's trustee spoke on the erosion of Hong Kong's freedoms and the proposed amendments to Hong Kong's extradition law to parliamentarians, parliamentary staff and advisors to the Prime Minister's Office. Following the briefing, three Canadian Members of Parliament issued a joint statement warning of dangers of the proposed new extradition arrangements in Hong Kong. In November 2019, Hong Kong Watch's trustee was invited to be a panel speaker at a parliamentary seminar "Hong Kong at a Critical Time" hosted by Garnett Genuis MP and Kenny Chiu MP, and made recommendations on the use of Magnitsky legislation to impose targeted sanctions on officials and police responsible for human rights violations during the months-long protest. The event was well attended with over 60 parliamentarians and staff. Subsequent to the briefing, motions were tabled in both the House and the Senate in Canada proposing the use of sanctions to hold the officials responsible for human rights violations in Hong Kong accountable.

Europe

In Europe, Hong Kong Watch helped organise the first-ever seminar on Hong Kong in the European Parliament in September 2018, introduced activists to leading European Parliamentarians and brought high-profile academics on Hong Kong and China together. The seminar focused on the importance of "one-country, two-systems", the use of Chinese Sharp Power and the threat of red capital in Hong Kong. The seminar led to attending Members of the European Parliament calling for increased international engagement on the erosion of freedoms in Hong Kong and the launch of an independent scholarly association to promote academic research on Hong Kong and raise awareness of the deterioration of human rights and freedoms in Hong Kong with policymakers.

Following Hong Kong Watch's engagement with the Committee on Human Rights and Humanitarian Aid of the German Parliament since 2018, the Committee launched the "Parliamentarians Protect Parliamentarians" programme in October 2019, which connected high-ranking German parliamentarians with the imprisoned and disqualified Hong Kong legislators and candidates Edward Leung, Leung Kwok-hung "Long Hair" and Baggio Leung. The programme showed international solidarity for the Hong Kong parliamentarians and candidates who were under threat and provided them with timely moral support.

Hong Kong Watch Report of the Trustees (continued)

Global

At the global level, in China's Universal Periodic Review (UPR) at the UN in November 2018, 11 countries made recommendations specifically about Hong Kong – the first time Hong Kong was mentioned in the UN UPR process. Hong Kong Watch worked alongside local civil society partners, the Hong Kong UPR Coalition, and played a role in this positive outcome. Together with the Coalition, Hong Kong Watch has met with representatives from more than twenty member states of the UN, including the UK, Canada, Germany and the US to raise concerns about human rights violations in Hong Kong and to emphasise the importance of including Hong Kong in their recommendations to China.

Hong Kong Watch has also made significant efforts in coordinating international actions as incidents of violations of human rights and freedoms arose in Hong Kong, through organising Open Letters and Statements signed by international parliamentarians and dignitaries from around the world.

In March 2019, a group of 11 international parliamentarians from Europe, North America and Asia including Hong Kong Watch's Patrons Garnett Genuis MP (Canada), Fiona Bruce MP (UK) and Lord Alton of Liverpool (UK), issued a statement calling for the Hong Kong government to reform the outdated and draconian Public Order Ordinance following the retrial verdict of jailed activist Edward Leung.

In May 2019, in response to the proposal to introduce amendments to the Fugitives Offenders Ordinance in Hong Kong (the extradition bill) which would undermine Hong Kong's rule of law and autonomy, 15 international parliamentarians wrote to Carrie Lam, Chief Executive of Hong Kong, calling her to withdraw the proposal to safeguard the fundamental freedoms of the city. The subsequent failure of Hong Kong government to respond to the Hong Kong public's opposition to the proposal and the international call for the bill withdrawal has sparked city-wide protests in June 2019 which at its peak were joined by millions of Hong Kongers. The protests lasted until the year-end and into the new year and have met with unprecedented crackdown by the authority and disproportionate use of force by the Hong Kong Police Force.

On New Year's Eve 2019, Hong Kong Watch coordinated an Open Letter to Hong Kong's Chief Executive Carrie Lam signed by 44 parliamentarians and dignitaries from 18 countries, including Asia's leading Catholic cardinal, the daughter of Indonesia's former president and former UK House Of Commons Speaker John Bercow, expressing grave concerns at the escalation of police brutality over the Christmas period. The signatories called on the Chief Executive to instruct the Hong Kong Police Force to exercise restraint, respect the right to peaceful protest and use only proportionate measures when dealing with any violent conduct. These international actions have helped raise international awareness on the erosion of freedoms and human rights in Hong Kong and built an important foundation for our future international advocacy work.

ENGAGEMENT BETWEEN HONG KONG CIVIL SOCIETY ACTORS AND POLICYMAKERS AROUND THE WORLD

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.

During the reporting period, we have published 3 in-depth research reports and 3 briefings assessing and commenting on how existing and proposed legislation in Hong Kong affect its human rights and freedoms. 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.

Hong Kong Watch Report of the Trustees (continued)

In November 2018, we released a forward-looking research “Balancing National Security Law and the Rule of Law: Article 23 of the Hong Kong Basic Law”, to raise awareness about the threat that the enactment of draconian national security legislation could potentially pose to the freedoms which allow Hong Kong to be an international business hub. The report warned that national security concerns must not be used to justify the erosion of human rights, freedoms and the rule of law in Hong Kong. Hong Kong Watch commissioned Professor Carole Petersen to author the report, who was the former Director of the Centre for Comparative and Public Law at the University of Hong Kong. The publication was released at a time when there was increasing call from pro-Beijing lawmakers in Hong Kong for a new national security bill to fully implement Article 23 of the Basic Law. Drawing on lessons from the failure of the previous version of national security law in 2003, the report made recommendations to the Hong Kong government and lawmakers to only propose such legislation after universal suffrage has been fully implemented and raised alarms to the international business community the impact of a draconian national security law to their business operations in the city.

In March 2019, following the proposal to implement a National Anthem Law in Hong Kong, Hong Kong Watch published a report “Legal Malware: Hong Kong’s National Anthem Ordinance”, in collaboration with Dr. Kevin Carrico, a senior lecturer in Chinese Studies at Monash University. The report highlighted problems with the way that the legislation has been introduced by using Annex III of Hong Kong’s Basic Law as a legislative back door which would undermine the city’s promised high degree of autonomy. The introduction of Hong Kong’s National Anthem Ordinance would pose a clear threat to Hong Kong’s basic freedoms with disproportionate three-year prison sentence for insulting the national anthem and the vague definition of insult. The report concluded that the legislation was legal malware which would undermine basic rights, the rule of law and the city’s high degree of autonomy, and subsequently called on the Hong Kong government to drop the legislation.

Since the Umbrella Movement in 2014, there has been a dramatic increase in arrest and prosecution of protestors under the Public Order Ordinance in Hong Kong. The Public Order Ordinance has come under sustained criticism over decades for being draconian from United Nations bodies, human rights groups, local legislators and activists. There are two reasons for this. Firstly, the vague terminology, and stringent notification requirements to organise peaceful protests, in the legislation are onerous. In addition, the increasingly severe sentencing in prison in the legislation has a chilling effect on protest and political participation, as the cost of protest has increased. Prior to publishing our in-depth research on this subject, Hong Kong Watch released a briefing report “A Tool of Lawfare: The Abuse of Hong Kong’s Public Order Ordinance since 2014” in May 2019, which summarised one key argument: that the legislation has been a key tool in the Hong Kong government’s campaign of “lawfare” against Hong Kong’s political opposition. Based on the research findings, the report made a number of recommendations, calling on the government of Hong Kong:

- to immediately reform the Public Order Ordinance in line with international human rights standards;
- to conduct a government inquiry into the Umbrella Movement in 2014 and the Mong Kok unrest in 2016, in order to hold the police accountable for violence and to de-escalate concerns about the politicisation of the process; and
- to appoint an independent Director of Public Prosecutions as chief prosecutor, in place of the Secretary of Justice

The briefing report was followed by the launch of our in-depth research report “Outdated and Draconian: Hong Kong’s Public Order Ordinance” in July 2019, when anti-extradition bill protests were ongoing in Hong Kong and arrests of protestors for rioting had been made under the Public Order Ordinance. This report found that the law under which the protestors were charged failed to comply with the international human rights standards that Hong Kong is signed up to. This conclusion was in line with the views of the United Nations Human Rights Committee which has expressed concern that the law could be applied to restrict unduly enjoyment of the rights guaranteed in Article 21 of the International Covenant on Civil and Political Rights. In view of this conclusion, it was not

Hong Kong Watch Report of the Trustees (continued)

appropriate to charge young protestors with rioting unless the legislation was reformed and sentencing guidelines amended. In addition to the recommendations made in the briefing report, the research urged the government of Hong Kong to drop rioting charges against all protestors at the 12 June 2019 protest, to tighten the sentencing guidelines and definitions in the Public Order Ordinance to ensure the legislation is less open to abuse and to remove the police notification requirement to bring the legislation in line with international human rights standards.

Following the Hong Kong government's proposal to amend the extradition bill, Hong Kong Watch conducted a series of private, confidential interviews with business leaders, lawyers and pro-democracy leaders in Hong Kong about the proposed amendment of the legislation. The interviews formed the basis of our report "A Broken Firewall: The Extradition Law and the Rule of Law in Hong Kong" which was released in May 2019. All interviewees expressed their concerns that the legislation could fundamentally compromise "One-country, Two-systems" and break the "firewall" which separated Hong Kong's legal system from the legal system of mainland China. Pro-democracy leaders voiced their apprehension that the law could be used as a tool to silence Beijing's critics. Not only would it allow Mainland China to extradite its opponents, political activists fear this new power would have a chilling effect on future political protest by generating fears of potential extradition. Business leaders were concerned that the law would jeopardise their safety in Hong Kong and the integrity of the city's rule of law, which was the cornerstone of Hong Kong's status as an international financial hub.

In August, we published our last report for the reporting period "Police Brutality and Political Prosecution in Hong Kong", which documented the ongoing violations of fundamental rights and freedoms by the Hong Kong Police Force over the 10-week anti-extradition bill protests prior to the publication and called on the Hong Kong government to initiate a judge-led independent inquiry into police violence. Based on review of media reports and available evidence, the report found that the toxic combination of police brutality and political prosecution of protestors would only guarantee to stir greater protests. Categorising the protests as riots and the protestors as rioters further fuelled anger and distrust towards the authorities. In addition to initiating an independent inquiry into police conduct, we recommended the Hong Kong government to drop rioting charges against peaceful protestors and introduce universal suffrage for all local elections to address the root cause of the protests. We also called on international governments to take actions by stopping exports of riot equipment to the Hong Kong Police Force, joining the call for an independent inquiry and using Magnitsky sanctions to hold perpetrators of human rights abuses to account.

After 3 months of protests, the Hong Kong government withdrew the controversial extradition bill in September which was a welcome move but far too little, far too late. Hong Kong Police brutality and arbitrary arrests of peaceful demonstrators have reached a severe and shocking level at that point, leading to increasing concerns that Hong Kong was in grave danger of becoming a police state. In our press release, we urged the Hong Kong government to respond constructively to the demands of Hong Kong people which included an independent inquiry into police brutality, immediate release of all peaceful protestors and introduce democratic reforms. We also called on the international community to act urgently to resolve the crisis and defend Hong Kong's freedoms and human rights by speaking out and putting pressure on Hong Kong and Chinese governments to respect Hong Kong people's rights to peaceful assembly and to find a peaceful resolution. These calls to actions formed the core backbone of our activities for the rest of the year and into 2020.

PUBLIC AWARENESS AND EDUCATION - MEDIA & 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 Report of the Trustees (continued)

Hong Kong Watch has developed extensive contacts in international and Hong Kong media, both print and online. During the reporting period, a total of 34 op-eds written by our Trustees, Patrons and staff were published in newspapers in the UK, the US, Canada and Hong Kong, including the Financial Times, The Spectator, The Hill, The Wall Street Journal, The South China Morning Post and Hong Kong Free Press. Our press releases were reported by The Guardian, the Times, Daily Telegraph, the Economist and others. In a short period of time, we have developed a reputation for our expertise on Hong Kong through giving interviews and comments on TV channels including the BBC and Al Jazeera and on radio stations such as LBC in the UK. Our work and comments were widely cited in Chinese-language publication as well as foreign-language media outlets during the reporting period:

- 85 times in 33 Chinese-language publication in Hong Kong, Taiwan, Malaysia, the UK, Germany and France
- 53 times in 32 foreign-language media outlets in the UK, the US, France, Canada, Australia and Japan

In this digital age, Hong Kong Watch recognises the importance of maintaining an online presence through our social media platforms and our website to make an impact, through:

- raising awareness and reaching new audiences
- 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

Our main social media platforms are Facebook and Twitter. We have witnessed significant growth in both channels during the reporting period, with 28,372 and 62,564 followers respectively as of 31 December 2019, representing a two-fold and a four-fold increase from the end of September 2018. Other impact data shows that:

- On Facebook, the most significant growth in our post reach and post engagement took place during Q2 2019, when the anti-extradition bill protest began in Hong Kong, doubling the numbers from the previous quarter
- In the last quarter of 2019, post reach on our Facebook platform amounted to over 2 million, representing over 16,000 reach per post
- On Twitter, the number of engagements, which included all activities on a tweet - retweet, follows, replies, favourites, all link clicks within the tweet, rose substantially from 3,796 in September 2018 to 420,600 in December 2019
- During the same 15-month period, the engagement rate on our Twitter channel increased from 1.2% to 4.7%, which was consistently above the industry average of 0.062% for non-profits 2019, according to research by Rival IQ

All of these achievements were accomplished without paid advertisements on social media platforms or search engines.

The trend in growth continued for our website, which contains all activities update, research reports, events, campaigns and media coverage of the organisation. There was a significant increase in three key data over the reporting period: number of visitors (+103K, +877%), number of visits to the website (+98K, +675%) and number of page views (+142K, +529%).

Visitors from 5 countries dominated the traffic to our website: Hong Kong, the US, Canada, Australia and the UK. These countries were our key target audiences and beneficiaries of our advocacy work and this result reflected the impact and effectiveness of our work. In terms of the source of website traffic, social media was the predominant source driving visitors to our website, at 55% at the end of 2019. This indicated that our activities on the social media platforms were

Hong Kong Watch Report of the Trustees (continued)

successful in raising awareness among our audiences and rallying a certain level of interest and support from them.

PUBLIC AWARENESS AND EDUCATION – EVENTS

Another important avenue for Hong Kong Watch to raise awareness about Hong Kong human rights situation and to deliver educational benefits to the public was through organising events. Most of our events were open to the general public and were free to attend. We also organised an Annual Dinner which was exclusive to our Platinum and Partner subscribers and provided an important opportunity for the supporters to engage with our Patrons, policymakers and journalists. It also offered the organisation a chance to spotlight our efforts of the past year, and our future plans.

During the reporting period, Hong Kong Watch organised 3 public seminars in the UK in March, July and September 2019. The event in March focused on BNO rights and brought together parliamentarians and BNO advocacy groups to share ideas on extension of BNO rights. Following the event, Hong Kong Watch launched the BNO Community as described in previous section to support the work of these advocacy groups.

On 1 July 2019, we marked the 22nd anniversary of the handover of Hong Kong to China with a roundtable event "China and the International Rule-based System: Why Hong Kong Matters", hosted by one of our Patrons Catherine West MP in the Houses of Parliament. She was joined by a panel of distinguished speakers, including former Senior Editor at the Economist Edward Lucas, Alistair Carmichael MP and Hong Kong activists. The speakers explored the uniqueness of Hong Kong and made recommendation on tangible actions by the UK government including extension of BNO rights and inclusion of human rights clauses in future UK-China trade agreement.

In September, Fiona Bruce MP, Patron of Hong Kong Watch, hosted a panel event in the UK Parliament with Catherine West MP, Steve Double MP and student representatives as panel speakers. The panel called for the UK government to extend visa rights to BNOs and to consider imposing Magnitsky sanctions on Hong Kong officials.

FINANCIAL REVIEW

The organisation ended the first financial year with a successful fundraising campaign launched in December 2019, raising just over £111,000 which will contribute to hiring one new staff in 2020 and support the normal operational cost. With the aid of sound financial management, Hong Kong Watch generated a very positive financial outcome for the period with total funds to be carried over at just over £163,000, of which £2,603 is restricted and not available for general purposes. These restricted funds are committed for a research project expenditure within the next year. After making allowance for these restricted funds, the amount of free reserves is £160,794.

Principal funding sources

The principal funding sources for Hong Kong Watch during the reporting period were donations from individuals, making up 82 percent of the total income. We would like to thank the support of the grant and foundation that contributed to 16 percent of the total income. Hong Kong Watch did not employ 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.

Reserves policy

The Board of Trustees has set a reserves policy for Hong Kong Watch to cover day to day expenditure for six months.

Hong Kong Watch
Report of the Trustees (continued)

The Director and Finance & Operations Director will continue to work with the Board of Trustees to maintain a policy of increasing unrestricted reserves until they are built to a level that ensures approximately six months' worth of core activity could continue during a period of unforeseen financial difficulty.

Volunteers

Hong Kong Watch would like to extend our thanks to the many individual volunteers who have contributed their time to the organisation over the past year. We recruited and hosted volunteers throughout the year who supported different areas of our work including research and events.

PLANS FOR FUTURE PERIODS

When Hong Kong Watch was launched in December 2017, our major task was to raise awareness about the erosion of Hong Kong's freedoms, human rights, the rule of law and autonomy, to educate Parliamentarians, policy makers, the media and the general public about these issues.

With protests in Hong Kong lasting over six months in 2019, there is now more need for this than ever. The last year has an unprecedented erosion of the human rights and freedoms in Hong Kong. We have worked to monitor and inform relevant stakeholders about incidents of excessive use of force by the Hong Kong Police Force, and the potential threat to freedom of speech, rule of law and freedom of expression posed by the actions of the Hong Kong government.

In 2020, Hong Kong Watch will continue to raise awareness about these human rights issues and to develop our human rights advocacy work by providing policy recommendations to policymakers in the United Kingdom, to strengthen our existing work in Washington, DC, Ottawa, Berlin and at the European Union institutions in Brussels and the United Nations in Geneva.

In particular, the organisation will focus on advocating for an international inquiry into police brutality, including violations of international humanitarian norms, targeted Magnitsky-style sanctions, and solutions to provide sanctuary for vulnerable Hong Kongers who may need to flee, and international policy co-ordination among like-minded countries on these human rights issues. We will also continue to produce research reports, including on the relationship between business and human rights, engage the media and hold seminars and briefings to update policy makers.

To do this, the organisation will expand our team in 2020, by recruiting new staff and establishing a Fellows Programme, for voluntary Fellows to work in affiliation with Hong Kong Watch in areas of research, advocacy and campaigning.

Hong Kong Watch has grown significantly since its launch. The organisation will continue to grow in a sustainable way over next year and ensure the world's conscience is awoken to the erosion of Hong Kong's freedoms and autonomy.

Approved by order of the board of trustees on 30 October 2020 and signed on its behalf by:



.....
Gray Sergeant, Chair
Trustee

Independent Examiner's Report to the Trustees of Hong Kong Watch

I report on the accounts for the period 20 September 2018 to 31 December 2019, which are set out on pages thirteen to sixteen.

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 ACA
Connected Accounting Limited

Date: 30 October 2020

Hong Kong Watch

Statement of Financial Activities for the Period 20 September 2018 to 31 December 2019

	Notes	Unrestricted fund £	Restricted fund £	Total funds £
INCOMING RESOURCES				
Incoming resources from generated funds				
Voluntary income		206,612	9,151	215,763
RESOURCES EXPENDED				
Charitable activities				
General		18,171	-	18,171
Research & Advocacy		27,647	5,769	33,416
Other resources expended		<u>-</u>	<u>779</u>	<u>779</u>
Total resources expended		<u>45,818</u>	<u>6,548</u>	<u>52,366</u>
NET INCOMING RESOURCES		<u>160,794</u>	<u>2,603</u>	<u>163,397</u>
TOTAL FUNDS CARRIED FORWARD		<u>160,794</u>	<u>2,603</u>	<u>163,397</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

Hong Kong Watch

Balance Sheet At 31 December 2019

	Notes	Unrestricted fund £	Restricted fund £	Total funds £
CURRENT ASSETS				
Cash at bank		162,535	2,603	165,138
CREDITORS				
Amounts falling due within one year	4	(1,741)	-	(1,741)
NET CURRENT ASSETS				
		<u>160,794</u>	<u>2,603</u>	<u>163,397</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>160,794</u>	<u>2,603</u>	<u>163,397</u>
NET ASSETS				
		<u>160,794</u>	<u>2,603</u>	<u>163,397</u>
FUNDS				
Unrestricted funds	5			160,794
Restricted funds				<u>2,603</u>
TOTAL FUNDS				
				<u>163,397</u>

The financial statements were approved by the Board of Trustees on 30 October 2020
and were signed on its behalf by:



.....
Gray Sergeant, Chair
Trustee

**Notes to the Financial Statements
for the Period 20 September 2018 to 31 December 2019**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 2015), 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 2019.

Trustees' expenses

Expenses reimbursed to trustees' for the period ended 31 December 2019 were £6,213, paid to 4 trustees for travel and meeting costs.

Hong Kong Watch

Notes to the Financial Statements - continued for the Period 20 September 2018 to 31 December 2019

3. STAFF COSTS

Wages and salaries	£ <u>31,223</u>
--------------------	--------------------

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

2

No employees received emoluments in excess of £60,000.

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other creditors	£ <u>1,741</u>
-----------------	-------------------

5. MOVEMENT IN FUNDS

	Net movement in funds £	At 31.12.19 £
Unrestricted funds		
General fund	160,794	160,794
Restricted funds		
Democracy Fund	2,603	2,603
	<u> </u>	<u> </u>
TOTAL FUNDS	<u>163,397</u>	<u>163,397</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	203,831	(43,037)	160,794
Restricted funds			
Democracy Fund	9,151	(6,548)	2,603
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>212,982</u>	<u>(49,585)</u>	<u>163,397</u>

Hong Kong Watch

Detailed Statement of Financial Activities
for the Period 20 September 2018 to 31 December 2019

£

INCOMING RESOURCES

Voluntary income

Donations 215,763

Total incoming resources 215,763

RESOURCES EXPENDED

Charitable activities

Event costs 4,497

Other research costs 284

Travel costs 7,486

12,267

Other resources expended

Foreign exchange gains/losses 779

Support costs

Management

Insurance 480

Postage and stationery 614

Advertising 90

Sundries 201

Computer software & consumable 1,449

2,834

Finance

Bank & transaction charges 3,302

Foreign exchange gains/losses (19)

Independent examination fees 1,440

Accountancy & legal fees 540

5,263

Human resources

Cost of employee remuneration 31,223

Total resources expended 52,366

Net income 163,397

This page does not form part of the statutory financial statements