



Unified Exchange Compensation Fund

Report of the Securities Compensation Fund Committee

The members of the Securities Compensation Fund Committee (the Committee) present their report together with the unaudited condensed financial statements for the quarter ended 30 June 2025.

Establishment of the Unified Exchange Compensation Fund

Part X of the repealed Securities Ordinance (Chapter 333) established the Unified Exchange Compensation Fund (the Fund). However, when the Securities and Futures Ordinance (SFO) and its subsidiary legislation came into effect from 1 April 2003, a new single Investor Compensation Fund (ICF) was formed to ultimately replace the Fund and the Commodity Exchange Compensation Fund. Up to 30 June 2025, the Fund transferred \$994,718,000 to the ICF. After the settlement of all claims against the Fund and its other liabilities, the Securities and Futures Commission will eventually transfer the remaining balance of the Fund to the ICF.

Part X of the repealed Securities Ordinance remains effective in respect of the operations of the Fund to the extent described in Section 74 of Schedule 10 of the SFO.

Financial statements

The financial performance of the Fund for the period ended 30 June 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 66 to 71.

Members of the Committee

The members of the Committee during the period and up to the date of this report were:

Mr Leung Chung Yin, Rico (Chairman)
Ms Kwok Hom Siu Sally
Ms Lai Chun Mei Hilda
Mr Wan Chi Yiu Andrew
Mr Yih, Dieter Lai Tak, JP

Interests in contracts

No contract of significance to which the Fund was a party and in which a Committee member of the Fund had a material interest, subsisted at the end of the reporting period or at any time during the reporting period.

On behalf of the Committee

Rico Leung
Chairman

28 July 2025

Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Income		
Interest income	827	1,094
Expense		
Auditor's remuneration	24	28
Surplus and total comprehensive income for the quarter	803	1,066

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of financial position

As at 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		380	455
Fixed deposits with banks	3	100,658	100,107
Cash at bank	3	359	364
		101,397	100,926
Current liabilities			
Creditors and accrued charges		10,184	10,216
Relinquished trading rights payable to SEHK	4	1,100	1,200
		11,284	11,416
Net current assets		90,113	89,510
Net assets		90,113	89,510
Representing:			
Compensation fund		90,113	89,510

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of changes in equity

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited						
	Trading rights deposits from SEHK (note 4) \$'000	Excess transaction levy from SEHK \$'000	Additional contributions from SEHK and the SFC \$'000	Other contributions \$'000	Accumulated surplus \$'000	Contributions to the ICF \$'000	Total \$'000
Balance at 1 April 2024	50,050	353,787	630,000	6,502	42,477	(994,718)	88,098
Net contributions to SEHK	(650)	–	–	–	–	–	(650)
Surplus and total comprehensive income for the quarter	–	–	–	–	1,066	–	1,066
Balance at 30 June 2024	49,400	353,787	630,000	6,502	43,543	(994,718)	88,514
Balance at 1 April 2025	47,400	353,787	630,000	6,502	46,539	(994,718)	89,510
Net contributions to SEHK	(200)	–	–	–	–	–	(200)
Surplus and total comprehensive income for the quarter	–	–	–	–	803	–	803
Balance at 30 June 2025	47,200	353,787	630,000	6,502	47,342	(994,718)	90,113

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of cash flows

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Cash flows from operating activities			
Surplus for the quarter		803	1,066
Adjustment for:			
Interest income		(827)	(1,094)
		(24)	(28)
Decrease in creditors and accrued charges		(32)	(37)
Decrease in relinquished trading rights payable to SEHK		(100)	(150)
Net cash used in operating activities		(156)	(215)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		21,005	24,504
Interest received		902	1,096
Net cash generated from investing activities		21,907	25,600
Cash flows from financing activity			
Net trading rights deposits refunded to SEHK		(200)	(650)
Net cash used in financing activity		(200)	(650)
Net increase in cash and cash equivalents		21,551	24,735
Cash and cash equivalents at the beginning of the quarter		79,466	62,362
Cash and cash equivalents at the end of the quarter	3	101,017	87,097

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2025 \$'000	At 30 Jun 2024 \$'000
Fixed deposits with banks	100,658	86,803
Cash at bank	359	294
	101,017	87,097

The notes on pages 70 and 71 form part of these condensed financial statements.

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the interim financial information in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. As the Unified Exchange Compensation Fund (the Fund) will eventually cease operations as a result of the Securities and Futures Ordinance which came into effect from 1 April 2003, we have prepared the interim financial information on a non-going concern basis. We expect that the operations of the Fund will be maintained until all claims and recoveries from liquidators in relation to the broker defaults that happened on or before 31 March 2003 have been fully settled.

The interim financial information contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Fund since the annual financial statements for the year ended 31 March 2025. The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial information is unaudited and the financial information relating to the financial year ended 31 March 2025 included in this report as comparative information does not constitute the Fund's statutory annual financial statements for that financial year but is derived from those financial statements.

We have applied the same accounting policies adopted in the financial statements for the year ended 31 March 2025 to the interim financial information.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2025.

2. Equity securities received under subrogation

At the end of each reporting period, the fair value of the equity securities received under subrogation is remeasured, with any resultant gain or loss being included in "Recoveries". Dividend income, if any, is also included in "Recoveries".

As at 30 June 2025, the equity securities received under subrogation amounted to \$11 (as at 31 March 2025: \$13). The balances as at 30 June 2025 and 31 March 2025 are too small to present on the condensed statement of financial position which is expressed in thousands of dollars.

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	100,658	100,107
Cash at bank	359	364
Amounts shown in the condensed statement of financial position	101,017	100,471
Less: amounts with an original maturity beyond three months	–	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	101,017	79,466

4. Trading rights deposits from SEHK/Relinquished trading rights payable to SEHK

According to Section 104 of the repealed Securities Ordinance, the Stock Exchange of Hong Kong Limited (SEHK) contributes to the Securities and Futures Commission (SFC) in respect of each trading right at the rate of \$50,000. In the absence of claims or other provisions as set out in Section 106 of the repealed Securities Ordinance, the SFC must refund to SEHK the deposit within six months after the trading right was relinquished. During the quarter, a deposit of \$50,000 in respect of a new trading right was received from SEHK and deposits of \$350,000 in respect of 7 relinquished trading rights were refunded to SEHK. As at 30 June 2025, 22 trading rights totalling \$1,100,000 were relinquished but not yet refunded (as at 31 March 2025: 24 trading rights totalling \$1,200,000 were relinquished but not yet refunded).

The movement of trading rights deposits from SEHK during the quarter was as follows:

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Balance at the beginning of the quarter	47,400	50,050
Add: new trading rights issued	50	–
Less: relinquished trading rights refunded	(350)	(800)
Adjustment for: net decrease in relinquished trading rights payable to SEHK	100	150
Balance at the end of the quarter	47,200	49,400

5. Related party transactions

The Fund has related party relationships with the Investor Compensation Fund (ICF) and the SFC. There were no related party transactions during the quarters ended 30 June 2025 and 2024.