

Condensed consolidated statement of profit or loss and other comprehensive income

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

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Income			
Levies		741,540	415,610
Fees and charges		40,270	29,747
Net investment income			
Investment income		146,376	87,997
Less: custody and advisory expenses		(2,655)	(2,605)
Recoveries from the Investor Compensation Fund	7(a)	1,570	1,568
Exchange gain/(loss)		38,810	(10,391)
Other income		44	–
		965,955	521,926
Expenses			
Staff costs and directors' emoluments	7(b)	418,557	424,677
Depreciation			
Fixed assets		46,535	46,439
Right-of-use assets		2,255	2,743
Other premises expenses		9,724	9,590
Finance costs		22,071	24,366
Other expenses		60,145	51,006
		559,287	558,821
Surplus/(deficit) and total comprehensive income for the quarter		406,668	(36,895)

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated 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
Non-current assets			
Fixed assets		4,256,296	4,288,119
Right-of-use assets		20,658	22,168
Deposits and prepayments		468,753	469,729
Financial assets at amortised cost – debt securities	8(b)	1,899,761	1,703,416
		6,645,468	6,483,432
Current assets			
Financial assets at amortised cost – debt securities	8(b)	1,290,656	1,445,025
Financial assets at fair value through profit or loss – pooled funds	8(a)	1,190,623	1,065,993
Debtors, deposits and prepayments		361,333	362,879
Fixed deposits with banks	2	857,691	486,687
Cash held for Grant Scheme	3	20,036	50,003
Cash at bank and in hand	2	45,795	58,677
		3,766,134	3,469,264
Current liabilities			
Fees received in advance		62,022	8,319
Creditors and accrued charges		243,478	243,953
Bank loan	4	198,262	18,262
Lease liabilities		8,940	8,393
Provisions for reinstatement costs		873	–
		513,575	278,927
Net current assets		3,252,559	3,190,337
Total assets less current liabilities		9,898,027	9,673,769
Non-current liabilities			
Bank loan	4	1,620,939	1,800,432
Lease liabilities		12,434	14,478
Provisions for reinstatement costs		891	1,764
		1,634,264	1,816,674
Net assets		8,263,763	7,857,095
Funding and reserves			
Initial funding by Government		42,840	42,840
Reserve for property acquisition		1,108,884	1,108,884
Accumulated surplus		7,112,039	6,705,371
		8,263,763	7,857,095

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

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

	Unaudited			
	Initial funding by Government \$'000	Reserve for property acquisition \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2024	42,840	1,186,800	6,386,737	7,616,377
Deficit and total comprehensive income for the quarter	–	–	(36,895)	(36,895)
Balance at 30 June 2024	42,840	1,186,800	6,349,842	7,579,482
Balance at 1 April 2025	42,840	1,108,884	6,705,371	7,857,095
Surplus and total comprehensive income for the quarter	–	–	406,668	406,668
Balance at 30 June 2025	42,840	1,108,884	7,112,039	8,263,763

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated 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/(deficit) for the quarter		406,668	(36,895)
Adjustments for:			
Depreciation – Fixed assets		46,535	46,439
Depreciation – Right-of-use assets		2,255	2,743
Finance costs		22,071	24,366
Investment income		(146,378)	(87,997)
Exchange (gain)/loss		(36,091)	10,343
Loss on disposal of fixed assets		1	7
		295,061	(40,994)
Decrease/(increase) in debtors, deposits and prepayments		11,255	(7,034)
Decrease/(increase) in cash held for Grant Scheme		29,967	(5,164)
Increase/(decrease) in fees received in advance		53,703	(414)
Increase in creditors and accrued charges		1,360	75,950
Net cash generated from operating activities		391,346	22,344
Cash flows from investing activities			
Placement of fixed deposits other than cash and cash equivalents		(333,575)	–
Interest received		20,312	29,528
Pooled funds sold		1,538	1,533
Debt securities at amortised cost purchased		(2,052,969)	(896,644)
Debt securities at amortised cost redeemed at maturity		2,038,249	796,067
Fixed assets purchased		(15,842)	(19,085)
Net cash used in investing activities		(342,287)	(88,601)
Cash flows from financing activities			
Interest expense on bank loan		(22,106)	(24,039)
Principal element of lease payments		(2,242)	(2,750)
Interest element of lease payments		(164)	(81)
Net cash used in financing activities		(24,512)	(26,870)
Net increase/(decrease) in cash and cash equivalents		24,547	(93,127)
Cash and cash equivalents at the beginning of the quarter		545,364	731,251
Cash and cash equivalents at the end of the quarter	2	569,911	638,124

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2025 \$'000	At 30 Jun 2024 \$'000
Fixed deposits with banks	524,116	552,214
Cash at bank and in hand	45,795	85,910
	569,911	638,124

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Notes to the condensed consolidated 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.

This interim financial information contains condensed consolidated 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 Securities and Futures Commission (SFC) and its subsidiaries (together, the Group) 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 Group's statutory annual financial statements for that financial year but is derived from those financial statements.

The condensed consolidated financial statements of the SFC and its subsidiaries, the Investor Compensation Company Limited (ICC) and the Investor and Financial Education Council (IFEC), are made up to 30 June 2025. We eliminated all material intra-group balances and transactions in preparing the condensed consolidated financial statements.

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

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

2. Cash and cash equivalents

	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	857,691	486,687
Cash at bank and in hand	45,795	58,677
Amounts shown in the condensed consolidated statement of financial position	903,486	545,364
Less: amounts with an original maturity beyond three months	(333,575)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	569,911	545,364

Notes to the condensed consolidated financial statements

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

3. Cash held for Grant Scheme

A Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts (the Grant Scheme) was established on 10 May 2021. The Grant Scheme is administered by the SFC and funded by the Hong Kong Special Administrative Region (the Government) to provide subsidies for qualified open-ended fund companies and real estate investment trusts to set up in Hong Kong. The cash held for the Grant Scheme are solely restricted for the use of such subsidies and are therefore not available for general use by any of the entities within the Group. The unused balance will be reimbursed to the Government upon the end of the Grant Scheme. The corresponding amount due to the Government is included in creditors and accrued charges.

4. Bank loan

To finance the property acquisition transaction, the Group has obtained a 5-year term loan of \$2,029,160,000 on 21 December 2023. The term loan carries a fixed interest rate of 4.7% per annum for the first two years and subsequently carries a floating interest rate of the Hong Kong Interbank Offered Rate for the interest period of one month (HIBOR for 1 month) plus 0.55% per annum, with a capped interest rate of the prime rate less 0.1% per annum. The term loan is secured by the Group's land and buildings. Subsequent to the quarter end, the Group has made a principal bank loan repayment of \$180,000,000.

5. Foreign exchange risk

The Group's investment guidelines for our investment portfolio only allow investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi (RMB). The majority of the financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the quarters ended 30 June 2025 and 2024, the exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets and there was no RMB exposure.

6. Subsidiaries

The SFC formed the ICC on 11 September 2002 with an issued share capital of \$0.2. On 20 November 2012, the SFC launched the IFEC as a company limited by guarantee and not having a share capital. Both companies are wholly owned subsidiaries of the SFC and are incorporated in Hong Kong.

The objective of the ICC is to facilitate the administration and management of the Investor Compensation Fund (ICF) established under the Securities and Futures Ordinance (SFO).

The objective of the IFEC is to improve the financial knowledge and capability of the general public and to assist them in making informed financial decisions.

As at 30 June 2025, the investments in subsidiaries, which are stated at cost less any impairment losses, amounted to \$0.2 (as at 31 March 2025: \$0.2).

Notes to the condensed consolidated financial statements

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

7. Related party transactions

The Group has related party relationships with the ICF and the Unified Exchange Compensation Fund. In addition to the related party transactions disclosed elsewhere in these condensed consolidated financial statements, the Group has the following related party transactions and balances.

(a) Reimbursement from the ICF for all the ICC's expenses, in accordance with Section 242(1) of the SFO

During the quarter ended 30 June 2025, \$1,570,000 was recovered from the ICF for the ICC's expenses (quarter ended 30 June 2024: \$1,568,000). As at 30 June 2025, the ICC had an amount due from the ICF of \$199,000 (as at 31 March 2025: \$295,000).

(b) Remuneration of key management personnel

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Directors' fee and salaries, allowances and benefits	9,485	8,908
Retirement scheme contributions	854	761
	10,339	9,669

The total remuneration of key management personnel is included in the staff costs and directors' emoluments. Directors' emoluments are for services in connection with the management of the affairs of the SFC. Discretionary pay is not included above as the decision to pay is subject to the approval process towards the end of the financial year and therefore is not determined until then.

Notes to the condensed consolidated financial statements

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

8. Fair value measurement

(a) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in Hong Kong Financial Reporting Standard 13, *Fair Value Measurement*, which is consistent with the hierarchy adopted in the consolidated financial statements for the year ended 31 March 2025.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2025 (Unaudited)				
Pooled funds	1,190,623	–	–	1,190,623
At 31 March 2025 (Audited)				
Pooled funds	1,065,993	–	–	1,065,993

The fair value of the investments in the pooled funds is determined based on the net asset values of the pooled funds which are publicly available in active markets.

During the quarter ended 30 June 2025 and the year ended 31 March 2025, there were no transfers between financial instruments in Level 1 and 2, and no transfers into or out of Level 3. The Group's policy is to recognise transfers between the different levels of the fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair value of financial assets carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025 and 31 March 2025 except for the following financial instruments, for which their carrying amount, fair value and the level of their fair value hierarchy are disclosed below:

	Carrying amount \$'000	Fair value			
		Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 June 2025 (Unaudited)					
Financial assets at amortised cost – debt securities	3,190,417	3,118,623	–	3,118,623	–
At 31 March 2025 (Audited)					
Financial assets at amortised cost – debt securities	3,148,441	3,061,532	–	3,061,532	–