

Report on review of condensed consolidated financial statements To the Securities and Futures Commission

(Established in Hong Kong under the Securities and Futures Commission Ordinance)

Introduction

We have reviewed the condensed consolidated financial statements of Securities and Futures Commission (SFC) and its subsidiaries (collectively referred to as the “Group”) set out on pages 51 to 59, which comprise the condensed consolidated statement of financial position as of 30 September 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The directors of the SFC are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
15 December 2025

Condensed consolidated statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income		
Levies	968,147	421,534
Fees and charges	65,884	29,388
Net investment income		
Investment income	193,106	124,697
Less: custody and advisory expenses	(2,940)	(2,748)
Recoveries from the Investor Compensation Fund	1,599	1,621
Exchange loss	(40,203)	(22,371)
Other income	6	781
	1,185,599	552,902
Expenses		
Staff costs and directors' emoluments	422,358	413,134
Depreciation		
Fixed assets	41,363	48,576
Right-of-use assets	2,249	2,741
Other premises expenses	9,736	9,651
Finance costs	20,622	24,618
Other expenses	62,485	58,698
	558,813	557,418
Surplus/(deficit) and total comprehensive income for the quarter	626,786	(4,516)

This condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income			
Levies	2(a)	1,709,687	837,144
Fees and charges	2(b)	106,154	59,135
Net investment income			
Investment income		339,482	212,694
Less: custody and advisory expenses		(5,595)	(5,353)
Recoveries from the Investor Compensation Fund	8(a)	3,169	3,189
Exchange loss		(1,393)	(32,762)
Other income		50	781
		2,151,554	1,074,828
Expenses			
Staff costs and directors' emoluments	8(b)	840,915	837,811
Depreciation			
Fixed assets		87,898	95,015
Right-of-use assets		4,504	5,484
Other premises expenses		19,460	19,241
Finance costs		42,693	48,984
Other expenses		122,630	109,704
		1,118,100	1,116,239
Surplus/(deficit) and total comprehensive income for the period		1,033,454	(41,411)

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Non-current assets			
Fixed assets		4,240,853	4,288,119
Right-of-use assets		18,500	22,168
Deposits and prepayments		469,729	469,729
Financial assets at amortised cost – debt securities	9(b)	1,276,482	1,703,416
		6,005,564	6,483,432
Current assets			
Financial assets at amortised cost – debt securities	9(b)	1,880,878	1,445,025
Financial assets at fair value through profit or loss – pooled funds	9(a)	1,339,492	1,065,993
Debtors, deposits and prepayments		483,762	362,879
Fixed deposits with banks	3	1,109,721	486,687
Cash held for Grant Scheme	4	14,452	50,003
Cash at bank and in hand	3	82,676	58,677
		4,910,981	3,469,264
Current liabilities			
Fees received in advance		67,964	8,319
Creditors and accrued charges		297,344	243,953
Bank loan	5	18,262	18,262
Lease liabilities		8,041	8,393
		391,611	278,927
Net current assets		4,519,370	3,190,337
Total assets less current liabilities		10,524,934	9,673,769
Non-current liabilities			
Bank loan	5	1,621,447	1,800,432
Lease liabilities		11,174	14,478
Provisions for reinstatement costs		1,764	1,764
		1,634,385	1,816,674
Net assets		8,890,549	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		7,738,825	6,705,371
		8,890,549	7,857,095

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 September 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 period	–	–	(41,411)	(41,411)
Balance at 30 September 2024	42,840	1,186,800	6,345,326	7,574,966
Balance at 1 April 2025	42,840	1,108,884	6,705,371	7,857,095
Surplus and total comprehensive income for the period	–	–	1,033,454	1,033,454
Balance at 30 September 2025	42,840	1,108,884	7,738,825	8,890,549

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Cash flows from operating activities			
Surplus/(deficit) for the period		1,033,454	(41,411)
Adjustments for:			
Depreciation – Fixed assets		87,898	95,015
Depreciation – Right-of-use assets		4,504	5,484
Finance costs		42,693	48,984
Investment income		(339,482)	(212,694)
Exchange loss		3,969	32,648
Loss on disposal of fixed assets		1	7
		833,037	(71,967)
Increase in debtors, deposits and prepayments		(116,533)	(92,451)
Decrease in cash held for Grant Scheme		35,551	22,553
Increase/(decrease) in fees received in advance		59,645	(1,107)
Increase in creditors and accrued charges		55,983	68,755
Net cash generated from/(used in) operating activities		867,683	(74,217)
Cash flows from investing activities			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalents		(277,159)	25,050
Interest received		54,306	59,828
Pooled funds sold		3,173	3,165
Debt securities at amortised cost purchased		(2,370,028)	(2,368,873)
Debt securities at amortised cost redeemed at maturity		2,361,294	2,247,562
Fixed assets purchased		(42,546)	(40,705)
Net cash used in investing activities		(270,960)	(73,973)
Cash flows from financing activities			
Repayment of bank loan		(180,000)	–
Interest expense on bank loan		(42,044)	(48,600)
Principal element of lease payments		(4,492)	(5,510)
Interest element of lease payments		(313)	(154)
Net cash used in financing activities		(226,849)	(54,264)
Net increase/(decrease) in cash and cash equivalents		369,874	(202,454)
Cash and cash equivalents at the beginning of the six-month period		545,364	731,251
Cash and cash equivalents at the end of the six-month period	3	915,238	528,797

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	832,562	496,350
Cash at bank and in hand	82,676	32,447
	915,238	528,797

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the condensed consolidated financial statements in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated financial statements contain selected explanatory notes which provide 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 condensed consolidated financial statements do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed consolidated financial statements are 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 September 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 condensed consolidated financial statements.

There were no significant changes in the operations of the Group for the six months ended 30 September 2025.

2. Recognition of income

We recognise income in the condensed consolidated statement of profit or loss and other comprehensive income when or as the Group satisfies a performance obligation by transferring promised services to the customers in an amount to which the Group expects to be entitled in exchange for these services. We record our income as follows:

(a) Levies

We recognise levies from the Stock Exchange of Hong Kong Limited (SEHK) and Hong Kong Futures Exchange Limited (HKFE) as income on the trade date which the transactions are entered by investors and executed in SEHK and HKFE which is on a point in time basis.

(b) Fees and charges

We recognise annual fees as income on a straight-line basis over the periods to which they relate as the services are performed over time. We record other fees and charges as income when the performance obligation is satisfied which is on a point in time basis. We record other fees and charges received in advance as a liability.

We also record interest income and gain/loss on financial assets at fair value through profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	1,109,721	486,687
Cash at bank and in hand	82,676	58,677
Amounts shown in the condensed consolidated statement of financial position	1,192,397	545,364
Less: amounts with an original maturity beyond three months	(277,159)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	915,238	545,364

4. 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.

5. 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.

6. 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 six months ended 30 September 2025 and 2024, the exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets and there was no RMB exposure.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

7. 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 September 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).

8. 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 six months ended 30 September 2025, \$3,169,000 was recovered from the ICF for the ICC's expenses (six months ended 30 September 2024: \$3,189,000). As at 30 September 2025, the ICC had an amount due to the ICF of \$23,000 (as at 31 March 2025: amount due from the ICF of \$295,000).

(b) Remuneration of key management personnel

	Unaudited Six months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Directors' fee	1,883	1,883
Salaries, allowances and benefits	17,110	16,354
Retirement scheme contributions	1,711	1,600
	20,704	19,837

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 six months ended 30 September 2025 (Expressed in Hong Kong dollars)

9. 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
<u>At 30 September 2025 (Unaudited)</u>				
Pooled funds	1,339,492	–	–	1,339,492
<u>At 31 March 2025 (Audited)</u>				
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 six months ended 30 September 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 September 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
<u>At 30 September 2025 (Unaudited)</u>					
Financial assets at amortised cost – debt securities	3,157,360	3,103,187	–	3,103,187	–
<u>At 31 March 2025 (Audited)</u>					
Financial assets at amortised cost – debt securities	3,148,441	3,061,532	–	3,061,532	–

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

10. Capital commitment

The Group had capital commitments contracted for but not yet incurred as follows:

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Land and buildings	939,176	939,176
Other fixed assets	56,654	30,168
	995,830	969,344

On 17 November 2023, a Sales and Purchase agreement was entered into between the SFC and its landlord with a consideration of \$5.4 billion to acquire 12 office floors. Transaction of the nine office floors was completed in December 2023, one office floor will be completed by December 2025 and the remaining two office floors will be completed by 2028. As at 30 September 2025, a down payment of \$468,606,000 (as at 31 March 2025: \$468,606,000) was included in deposits and prepayments.

Investor Compensation Fund

Report of the Investor Compensation Fund Committee

The members of the Investor Compensation Fund Committee (the Committee) present their report together with the unaudited condensed financial statements for the six months ended 30 September 2025.

Establishment of the Investor Compensation Fund

Part XII of the Securities and Futures Ordinance (Chapter 571) established the Investor Compensation Fund (the Fund) on 1 April 2003.

Financial statements

The financial performance of the Fund for the period ended 30 September 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 62 to 68.

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
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

15 December 2025

Report on review of condensed financial statements To the Securities and Futures Commission

Introduction

We have reviewed the condensed financial statements of Investor Compensation Fund (the “Fund”) set out on pages 63 to 68, which comprise the condensed statement of financial position as of 30 September 2025 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed financial statements. The directors of the Securities and Futures Commission are responsible for the preparation and presentation of these condensed financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
15 December 2025

Condensed statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income		
Interest income	26,260	33,692
Exchange loss	(14,103)	(7,750)
Recoveries	843	–
	13,000	25,942
Expenses		
Investor Compensation Company Limited expenses	1,599	1,621
Auditor's remuneration	51	59
	1,650	1,680
Surplus and total comprehensive income for the quarter	11,350	24,262

This condensed statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

Condensed statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income			
Interest income		54,080	67,187
Exchange loss		(118)	(11,394)
Recoveries	2	843	–
		54,805	55,793
Expenses			
Investor Compensation Company Limited expenses	3	3,169	3,189
Auditor's remuneration		103	117
		3,272	3,306
Surplus and total comprehensive income for the period		51,533	52,487

The notes on pages 67 and 68 form part of these condensed financial statements.

Condensed statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		26,216	27,515
Amount due from the Investor Compensation Company Limited	6	23	–
Fixed deposits with banks	4	2,777,092	2,724,489
Cash at bank	4	312	432
		2,803,643	2,752,436
Current liabilities			
Provision for compensation	5	3,394	3,394
Creditors and accrued charges		225	256
Amount due to the Investor Compensation Company Limited	6	–	295
		3,619	3,945
Net current assets		2,800,024	2,748,491
Net assets		2,800,024	2,748,491
Representing:			
Compensation fund		2,800,024	2,748,491

The notes on pages 67 and 68 form part of these condensed financial statements.

Condensed statement of changes in equity

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited					
	Contributions from the Unified Exchange Compensation Fund \$'000	Contributions from the Commodity Exchange Compensation Fund \$'000	Contributions from the Securities Dealers' Deposits Fund \$'000	Contributions from the Commodities Dealers' Deposits Fund \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2024	994,718	108,923	5,470	617	1,527,104	2,636,832
Surplus and total comprehensive income for the period	-	-	-	-	52,487	52,487
Balance at 30 September 2024	994,718	108,923	5,470	617	1,579,591	2,689,319
Balance at 1 April 2025	994,718	108,923	5,470	617	1,638,763	2,748,491
Surplus and total comprehensive income for the period	-	-	-	-	51,533	51,533
Balance at 30 September 2025	994,718	108,923	5,470	617	1,690,296	2,800,024

The notes on pages 67 and 68 form part of these condensed financial statements.

Condensed statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Cash flows from operating activities			
Surplus for the period		51,533	52,487
Adjustments for:			
Interest income		(54,080)	(67,187)
Exchange loss		118	11,394
		(2,429)	(3,306)
Change in amount due from/to the Investor Compensation Company Limited		(318)	74
Decrease in creditors and accrued charges		(31)	(39)
Net cash used in operating activities		(2,778)	(3,271)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		234,788	579,076
Interest received		55,368	93,622
Net cash generated from investing activities		290,156	672,698
Net increase in cash and cash equivalents		287,378	669,427
Cash and cash equivalents at the beginning of the six-month period		1,252,514	702,082
Cash and cash equivalents at the end of the six-month period	4	1,539,892	1,371,509

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	1,539,580	1,370,845
Cash at bank	312	664
	1,539,892	1,371,509

The notes on pages 67 and 68 form part of these condensed financial statements.

Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the condensed financial statements in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

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

The condensed financial statements are 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 condensed financial statements.

There were no significant changes in the operations of the Fund for the six months ended 30 September 2025.

2. Recoveries

For the six months ended 30 September 2025, the Fund received HK\$843,000 under subrogation, which was recognised as recoveries (for the six months ended 30 September 2024: nil).

3. Investor Compensation Company Limited expenses

The Securities and Futures Commission (SFC) formed the Investor Compensation Company Limited (ICC) in September 2002 to perform functions on behalf of the Fund in relation to the compensation of investors and other functions under Part III and Part XII of the Securities and Futures Ordinance (SFO). The Fund is responsible for funding the establishment and operation of the ICC. For the six months ended 30 September 2025, the ICC incurred costs of \$3,169,000 for its operations (for the six months ended 30 September 2024: \$3,189,000).

4. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	2,777,092	2,724,489
Cash at bank	312	432
Amounts shown in the condensed statement of financial position	2,777,404	2,724,921
Less: amounts with an original maturity beyond three months	(1,237,512)	(1,472,407)
Cash and cash equivalents in the condensed statement of cash flows	1,539,892	1,252,514

Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

5. Provision for compensation

Pursuant to Section 3 of the Securities and Futures (Investor Compensation-Compensation Limits) Rules, the maximum compensation limit is \$150,000 per claimant for each default case occurring on or before 31 December 2019 or \$500,000 per claimant for each default case occurring on or after 1 January 2020.

The provision of compensation as at 30 September 2025 was \$3,394,000, which was related to a number of claims received in respect of a default case which occurred on or before 31 December 2019 (as at 31 March 2025: \$3,394,000). The maximum liability of the Fund to these claims is the lower of \$150,000 per claimant or the amount claimed. The provision is expected to be paid within one year.

6. Related party transactions

The Fund has related party relationships with the SFC, the ICC and the Unified Exchange Compensation Fund. There were no related party transactions other than those disclosed in the condensed financial statements of the Fund for the six months ended 30 September 2025 and 2024.

As at 30 September 2025, the Fund had an amount due from the ICC of \$23,000 (as at 31 March 2025: amount due to the ICC of \$295,000).

7. Contingent liabilities

In addition to the provision for compensation made as described in note 5, there were 15 outstanding claims as at 30 September 2025 (12 outstanding claims as at 31 March 2025). The maximum liability in respect of these claims in aggregate was \$2,228,000 (as at 31 March 2025: \$2,199,000). This is determined based on the lower of the maximum compensation limit per claimant (as detailed in note 5) or the amount claimed.

8. Foreign exchange risk

The Fund's policy only allows investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi (RMB). All financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the six months ended 30 September 2025 and 2024, the Fund's exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets.

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 six months ended 30 September 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 September 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 September 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 71 to 77.

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

14 November 2025

Report on review of condensed financial statements To the Securities and Futures Commission

Introduction

We have reviewed the condensed financial statements of Unified Exchange Compensation Fund (the “Fund”) set out on pages 72 to 77, which comprise the condensed statement of financial position as of 30 September 2025 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed financial statements. The directors of the Securities and Futures Commission are responsible for the preparation and presentation of these condensed financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

We draw attention to note 1 to the condensed financial statements which indicates that the Fund is in the process of terminating its business and operations and is no longer considered to be a going concern. Details about the basis of preparation of the condensed financial statements are set out in note 1 to the condensed financial statements. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
14 November 2025

Condensed statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income		
Interest income	456	1,087
Recoveries	2,961	–
	3,417	1,087
Expense		
Auditor's remuneration	23	28
Surplus and total comprehensive income for the quarter	3,394	1,059

This condensed statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

Condensed statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Income			
Interest income		1,283	2,181
Recoveries	2	2,961	–
		4,244	2,181
Expense			
Auditor's remuneration		47	56
Surplus and total comprehensive income for the period		4,197	2,125

The notes on pages 76 and 77 form part of these condensed financial statements.

Condensed statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		212	455
Fixed deposits with banks	3	103,589	100,107
Cash at bank	3	1,120	364
		104,921	100,926
Current liabilities			
Creditors, accrued charges and other payable		10,214	10,216
Relinquished trading rights payable to SEHK	4	2,050	1,200
		12,264	11,416
Net current assets		92,657	89,510
Net assets		92,657	89,510
Representing:			
Compensation fund		92,657	89,510

The notes on pages 76 and 77 form part of these condensed financial statements.

Condensed statement of changes in equity

For the six months ended 30 September 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	(1,700)	–	–	–	–	–	(1,700)
Surplus and total comprehensive income for the period	–	–	–	–	2,125	–	2,125
Balance at 30 September 2024	48,350	353,787	630,000	6,502	44,602	(994,718)	88,523
Balance at 1 April 2025	47,400	353,787	630,000	6,502	46,539	(994,718)	89,510
Net contributions to SEHK	(1,050)	–	–	–	–	–	(1,050)
Surplus and total comprehensive income for the period	–	–	–	–	4,197	–	4,197
Balance at 30 September 2025	46,350	353,787	630,000	6,502	50,736	(994,718)	92,657

The notes on pages 76 and 77 form part of these condensed financial statements.

Condensed statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
Cash flows from operating activities			
Surplus for the period		4,197	2,125
Adjustment for:			
Interest income		(1,283)	(2,181)
		2,914	(56)
Decrease in creditors and accrued charges and other payable		(2)	(9)
Increase in relinquished trading rights payable to SEHK		850	50
Net cash generated from/(used in) operating activities		3,762	(15)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		21,005	24,700
Interest received		1,526	2,235
Net cash generated from investing activities		22,531	26,935
Cash flows from financing activity			
Net trading rights deposits refunded to SEHK		(1,050)	(1,700)
Net cash used in financing activity		(1,050)	(1,700)
Net increase in cash and cash equivalents		25,243	25,220
Cash and cash equivalents at the beginning of the six-month period		79,466	62,362
Cash and cash equivalents at the end of the six-month period	3	104,709	87,582

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	103,589	87,295
Cash at bank	1,120	287
	104,709	87,582

The notes on pages 76 and 77 form part of these condensed financial statements.

Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the condensed financial statements 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 condensed financial statements 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. We have not provided for potential future claims and recoveries as these cannot be reliably estimated. We have also not provided in the condensed financial statements for all expenses expected to be incurred subsequent to the end of the reporting period and up to the date operations will cease and these are estimated to be immaterial.

The condensed financial statements contain selected explanatory notes which provide 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 condensed financial statements do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed financial statements are 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 condensed financial statements.

There were no significant changes in the operations of the Fund for the six months ended 30 September 2025.

2. Recoveries/Equity securities received under subrogation

For the six months ended 30 September 2025, the Fund received HK\$2,961,000 under subrogation, which was recognised as recoveries (for the six months ended 30 September 2024: nil).

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 September 2025, the equity securities received under subrogation amounted to \$14 (as at 31 March 2025: \$13). The balances as at 30 September 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 six months ended 30 September 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	103,589	100,107
Cash at bank	1,120	364
Amounts shown in the condensed statement of financial position	104,709	100,471
Less: amounts with an original maturity beyond three months	–	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	104,709	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 six months ended 30 September 2025, deposits of \$150,000 in respect of 3 new trading rights were received from SEHK and deposits of \$350,000 in respect of 7 relinquished trading rights were refunded to SEHK. As at 30 September 2025, 41 trading rights totalling \$2,050,000 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 period was as follows:

	Unaudited Six months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Balance at the beginning of the six-month period	47,400	50,050
Add: new trading rights issued	150	–
Less: relinquished trading rights refunded	(350)	(1,650)
Adjustment for: net increase in relinquished trading rights payable to SEHK	(850)	(50)
Balance at the end of the six-month period	46,350	48,350

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 six months ended 30 September 2025 and 2024.