

## 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
<b>Income</b>		
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
	<b>1,185,599</b>	552,902
<b>Expenses</b>		
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
	<b>558,813</b>	557,418
<b>Surplus/(deficit) and total comprehensive income for the quarter</b>	<b>626,786</b>	(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
<b>Income</b>			
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
<b>Expenses</b>			
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
<b>Surplus/(deficit) and total comprehensive income for the period</b>		<b>1,033,454</b>	<b>(41,411)</b>

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
<b>Non-current assets</b>			
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
<b>Current assets</b>			
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
<b>Current liabilities</b>			
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
<b>Net current assets</b>		4,519,370	3,190,337
<b>Total assets less current liabilities</b>		10,524,934	9,673,769
<b>Non-current liabilities</b>			
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
<b>Net assets</b>		8,890,549	7,857,095
<b>Funding and reserves</b>			
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	<b>42,840</b>	<b>1,108,884</b>	<b>6,705,371</b>	<b>7,857,095</b>
Surplus and total comprehensive income for the period	–	–	<b>1,033,454</b>	<b>1,033,454</b>
Balance at 30 September 2025	<b>42,840</b>	<b>1,108,884</b>	<b>7,738,825</b>	<b>8,890,549</b>

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
<b>Cash flows from operating activities</b>			
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)
<b>Cash flows from investing activities</b>			
(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)
<b>Cash flows from financing activities</b>			
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)
<b>Net increase/(decrease) in cash and cash equivalents</b>		369,874	(202,454)
Cash and cash equivalents at the beginning of the six-month period		545,364	731,251
<b>Cash and cash equivalents at the end of the six-month period</b>	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
	<b>20,704</b>	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:

	<b>Unaudited At 30 Sep 2025 \$'000</b>	<b>Audited At 31 Mar 2025 \$'000</b>
Land and buildings	<b>939,176</b>	939,176
Other fixed assets	<b>56,654</b>	30,168
	<b>995,830</b>	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.