

# 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
<b>Income</b>		
Interest income	26,260	33,692
Exchange loss	(14,103)	(7,750)
Recoveries	843	–
	<b>13,000</b>	25,942
<b>Expenses</b>		
Investor Compensation Company Limited expenses	1,599	1,621
Auditor's remuneration	51	59
	<b>1,650</b>	1,680
<b>Surplus and total comprehensive income for the quarter</b>	<b>11,350</b>	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
<b>Income</b>			
Interest income		54,080	67,187
Exchange loss		(118)	(11,394)
Recoveries	2	843	–
		54,805	55,793
<b>Expenses</b>			
Investor Compensation Company Limited expenses	3	3,169	3,189
Auditor's remuneration		103	117
		3,272	3,306
<b>Surplus and total comprehensive income for the period</b>		<b>51,533</b>	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
<b>Current assets</b>			
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
		<b>2,803,643</b>	2,752,436
<b>Current liabilities</b>			
Provision for compensation	5	3,394	3,394
Creditors and accrued charges		225	256
Amount due to the Investor Compensation Company Limited	6	–	295
		<b>3,619</b>	3,945
<b>Net current assets</b>		<b>2,800,024</b>	2,748,491
<b>Net assets</b>		<b>2,800,024</b>	2,748,491
Representing:			
<b>Compensation fund</b>		<b>2,800,024</b>	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	<b>994,718</b>	<b>108,923</b>	<b>5,470</b>	<b>617</b>	<b>1,638,763</b>	<b>2,748,491</b>
Surplus and total comprehensive income for the period	-	-	-	-	<b>51,533</b>	<b>51,533</b>
Balance at 30 September 2025	<b>994,718</b>	<b>108,923</b>	<b>5,470</b>	<b>617</b>	<b>1,690,296</b>	<b>2,800,024</b>

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
<b>Cash flows from operating activities</b>			
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)
<b>Cash flows from investing activities</b>			
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
<b>Net increase in cash and cash equivalents</b>		<b>287,378</b>	669,427
Cash and cash equivalents at the beginning of the six-month period		1,252,514	702,082
<b>Cash and cash equivalents at the end of the six-month period</b>	4	<b>1,539,892</b>	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
	<b>1,539,892</b>	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.