

Condensed consolidated statement of profit or loss and other comprehensive income

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended		Unaudited Three months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Income					
Levies	2(a)	2,447,866	1,460,271	738,179	623,127
Fees and charges	2(b)	198,502	107,213	92,348	48,078
Net investment income/(loss)					
Investment income/(loss)		437,536	193,451	98,054	(19,243)
Less: custody and advisory expenses		(8,692)	(7,934)	(3,097)	(2,581)
Recoveries from the Investor Compensation Fund	8(a)	4,725	4,755	1,556	1,566
Exchange gain/(loss)		392	(32,506)	1,785	256
Other income		54	836	4	55
		3,080,383	1,726,086	928,829	651,258
Expenses					
Staff costs and directors' emoluments	8(b)	1,266,501	1,256,260	425,586	418,449
Depreciation					
Fixed assets		130,337	144,268	42,439	49,253
Right-of-use assets		6,754	7,979	2,250	2,495
Other premises expenses		29,373	29,120	9,913	9,879
Finance costs		62,348	73,475	19,655	24,491
Other expenses		194,698	179,286	72,068	69,582
		1,690,011	1,690,388	571,911	574,149
Surplus and total comprehensive income for the period		1,390,372	35,698	356,918	77,109

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Non-current assets			
Fixed assets	10	4,687,581	4,288,119
Right-of-use assets		16,251	22,168
Deposits and prepayments		401,258	469,729
Financial assets at amortised cost – debt securities	9(b)	1,547,010	1,703,416
		6,652,100	6,483,432
Current assets			
Financial assets at amortised cost – debt securities	9(b)	1,662,938	1,445,025
Financial assets at fair value through profit or loss – pooled funds	9(a)	1,398,405	1,065,993
Debtors, deposits and prepayments		309,727	362,879
Fixed deposits with banks	3	1,213,045	486,687
Cash held for Grant Scheme	4	9,693	50,003
Cash at bank and in hand	3	88,582	58,677
		4,682,390	3,469,264
Current liabilities			
Fees received in advance		91,699	8,319
Creditors and accrued charges		359,314	243,953
Bank loan	5	18,262	18,262
Lease liabilities		7,115	8,393
		476,390	278,927
Net current assets		4,206,000	3,190,337
Total assets less current liabilities		10,858,100	9,673,769
Non-current liabilities			
Bank loan	5	1,599,038	1,800,432
Lease liabilities		9,831	14,478
Provisions for reinstatement costs		1,764	1,764
		1,610,633	1,816,674
Net assets		9,247,467	7,857,095
Funding and reserves			
Initial funding by Government		42,840	42,840
Reserve for property acquisition		657,841	1,108,884
Accumulated surplus		8,546,786	6,705,371
		9,247,467	7,857,095

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the nine months ended 31 December 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
Surplus and total comprehensive income for the period	–	–	35,698	35,698
Balance at 31 December 2024	42,840	1,186,800	6,422,435	7,652,075
Balance at 1 April 2025	42,840	1,108,884	6,705,371	7,857,095
Surplus and total comprehensive income for the period	–	–	1,390,372	1,390,372
Transfer to accumulated surplus	–	(451,043)	451,043	–
Balance at 31 December 2025	42,840	657,841	8,546,786	9,247,467

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited nine months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash flows from operating activities			
Surplus for the period		1,390,372	35,698
Adjustments for:			
Depreciation – Fixed assets		130,337	144,268
Depreciation – Right-of-use assets		6,754	7,979
Finance costs		62,348	73,475
Investment income		(437,536)	(193,451)
Exchange loss		2,112	32,937
Loss on disposal of fixed assets		1	15
		1,154,388	100,921
Increase in right-of-use assets		–	(16)
Decrease/(increase) in debtors, deposits and prepayments		66,277	(46,213)
Decrease/(increase) in cash held for Grant Scheme		40,310	(7,955)
Increase/(decrease) in fees received in advance		83,380	(1,091)
Increase in creditors and accrued charges		116,260	160,729
Net cash generated from operating activities		1,460,615	206,375
Cash flows from investing activities			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalent		(779,191)	25,050
Interest received		82,062	86,535
Pooled funds sold		5,038	115,980
Debt securities at amortised cost purchased		(2,875,676)	(4,369,286)
Debt securities at amortised cost redeemed at maturity		2,816,956	4,227,450
Down payment of properties acquisition		(89,064)	(134,168)
Fixed assets purchased		(372,208)	(60,229)
Net cash used in investing activities		(1,212,083)	(108,668)
Cash flows from financing activities			
Repayment of bank loan		(202,916)	(202,916)
Interest expense on bank loan		(61,335)	(72,377)
Principal element of lease payments		(6,762)	(7,913)
Interest element of lease payments		(447)	(334)
Net cash used in financing activities		(271,460)	(283,540)
Net decrease in cash and cash equivalents		(22,928)	(185,833)
Cash and cash equivalents at the beginning of the nine-month period		545,364	731,251
Cash and cash equivalents at the end of the nine-month period	3	522,436	545,418

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	433,854	490,834
Cash at bank and in hand	88,582	54,584
	522,436	545,418

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the nine months ended 31 December 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 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	1,213,045	486,687
Cash at bank and in hand	88,582	58,677
Amounts shown in the condensed consolidated statement of financial position	1,301,627	545,364
Less: amounts with an original maturity beyond three months	(779,191)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	522,436	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 nine months ended 31 December 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 nine months ended 31 December 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 31 December 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 nine months ended 31 December 2025, \$4,725,000 was recovered from the ICF for the ICC's expenses (nine months ended 31 December 2024: \$4,755,000). As at 31 December 2025, the ICC had an amount due from the ICF of \$288,000 (as at 31 March 2025: \$295,000).

(b) Remuneration of key management personnel

	Unaudited Nine months ended	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Directors' fee	2,824	2,824
Salaries, allowances and benefits	24,960	24,808
Retirement scheme contributions	2,489	2,445
	30,273	30,077

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 nine months ended 31 December 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 31 December 2025 (Unaudited)</u>				
Pooled funds	1,398,405	–	–	1,398,405
<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 nine months ended 31 December 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 31 December 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 31 December 2025 (Unaudited)</u>					
Financial assets at amortised cost – debt securities	3,209,948	3,164,215	–	3,164,215	–
<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 nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

10. Capital commitment

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

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Land and buildings	534,383	939,176
Other fixed assets	55,992	30,168
	590,375	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 was completed in December 2025 and the remaining two office floors will be completed by 2028. As at 31 December 2025, a down payment of \$400,135,000 (as at 31 March 2025: \$468,606,000) was included in deposits and prepayments. Transaction costs of \$473,265,000 related to the additional floor possessed in December 2025 have been capitalised as fixed assets during the period.



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 nine months ended 31 December 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 31 December 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 58 to 63.

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

11 February 2026

Condensed statement of profit or loss and other comprehensive income

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended		Unaudited Three months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Income					
Interest income		79,584	98,325	25,504	31,138
Exchange gain/(loss)		520	(11,321)	638	73
Recoveries	2	843	–	–	–
		80,947	87,004	26,142	31,211
Expenses					
Investor Compensation Company Limited expenses	3	4,725	4,755	1,556	1,566
Compensation expenses	5	45	–	45	–
Auditor's remuneration		136	157	33	40
		4,906	4,912	1,634	1,606
Surplus and total comprehensive income for the period		76,041	82,092	24,508	29,605

The notes on pages 62 and 63 form part of these condensed financial statements.

Condensed statement of financial position

As at 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		32,810	27,515
Fixed deposits with banks	4	2,795,366	2,724,489
Cash at bank	4	341	432
		2,828,517	2,752,436
Current liabilities			
Provision for compensation	5	3,439	3,394
Creditors and accrued charges		258	256
Amount due to the Investor Compensation Company Limited	6	288	295
		3,985	3,945
Net current assets		2,824,532	2,748,491
Net assets		2,824,532	2,748,491
Representing:			
Compensation fund		2,824,532	2,748,491

The notes on pages 62 and 63 form part of these condensed financial statements.

Condensed statement of changes in equity

For the nine months ended 31 December 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	-	-	-	-	82,092	82,092
Balance at 31 December 2024	994,718	108,923	5,470	617	1,609,196	2,718,924
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	-	-	-	-	76,041	76,041
Balance at 31 December 2025	994,718	108,923	5,470	617	1,714,804	2,824,532

The notes on pages 62 and 63 form part of these condensed financial statements.

Condensed statement of cash flows

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash flows from operating activities			
Surplus for the period		76,041	82,092
Adjustments for:			
Interest income		(79,584)	(98,325)
Exchange (gain)/loss		(520)	11,321
		(4,063)	(4,912)
Increase in provision for compensation		45	–
Increase in creditors and accrued charges		2	1
Change in amount due from/to the Investor Compensation Company Limited		(7)	337
Net cash used in operating activities		(4,023)	(4,574)
Cash flows from investing activities			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalents		(411,499)	876,370
Interest received		74,282	128,116
Net cash (used in)/generated from investing activities		(337,217)	1,004,486
Net (decrease)/increase in cash and cash equivalents		(341,240)	999,912
Cash and cash equivalents at the beginning of the nine-month period		1,252,514	702,082
Cash and cash equivalents at the end of the nine-month period	3	911,274	1,701,994

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	910,933	1,701,408
Cash at bank	341	586
	911,274	1,701,994

The notes on pages 62 and 63 form part of these condensed financial statements.

Notes to the condensed financial statements

For the nine months ended 31 December 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 nine months ended 31 December 2025.

2. Recoveries

For the nine months ended 31 December 2025, the Fund received HK\$843,000 under subrogation, which was recognised as recoveries (for the nine months ended 31 December 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 nine months ended 31 December 2025, the ICC incurred costs of \$4,725,000 for its operations (for the nine months ended 31 December 2024: \$4,755,000).

4. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	2,795,366	2,724,489
Cash at bank	341	432
Amounts shown in the condensed statement of financial position	2,795,707	2,724,921
Less: amounts with an original maturity beyond three months	(1,884,433)	(1,472,407)
Cash and cash equivalents in the condensed statement of cash flows	911,274	1,252,514

Notes to the condensed financial statements

For the nine months ended 31 December 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.

	Unaudited \$'000
Balance at 31 March 2025 and 1 April 2025	3,394
Add: compensation expenses during the nine months ended 31 December 2025	45
Balance at 31 December 2025	3,439

The provision of compensation as at 31 December 2025 was \$3,439,000, 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 nine months ended 31 December 2025 and 2024.

As at 31 December 2025, the Fund had an amount due to the ICC of \$288,000 (as at 31 March 2025: \$295,000).

7. Contingent liabilities

In addition to the provision for compensation made as described in note 5, there were 18 outstanding claims as at 31 December 2025 (12 outstanding claims as at 31 March 2025). The maximum liability in respect of these claims in aggregate was \$2,807,000 (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 nine months ended 31 December 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 nine months ended 31 December 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 31 December 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 31 December 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 65 to 70.

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

27 January 2026

Condensed statement of profit or loss and other comprehensive income

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended		Unaudited Three months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Income					
Interest income		2,013	3,192	730	1,011
Recoveries	2	2,961	–	–	–
		4,974	3,192	730	1,011
Expense					
Auditor's remuneration		61	73	14	17
Surplus and total comprehensive income for the period		4,913	3,119	716	994

The notes on pages 69 and 70 form part of these condensed financial statements.

Condensed statement of financial position

As at 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		479	455
Fixed deposits with banks	3	103,556	100,107
Cash at bank	3	760	364
		104,795	100,926
Current liabilities			
Creditors and accrued charges		10,222	10,216
Relinquished trading rights payable to SEHK	4	1,350	1,200
		11,572	11,416
Net current assets		93,223	89,510
Net assets		93,223	89,510
Representing:			
Compensation fund		93,223	89,510

The notes on pages 69 and 70 form part of these condensed financial statements.

Condensed statement of changes in equity

For the nine months ended 31 December 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	(2,050)	–	–	–	–	–	(2,050)
Surplus and total comprehensive income for the period	–	–	–	–	3,119	–	3,119
Balance at 31 December 2024	48,000	353,787	630,000	6,502	45,596	(994,718)	89,167
Balance at 1 April 2025	47,400	353,787	630,000	6,502	46,539	(994,718)	89,510
Net contributions to SEHK	(1,200)	–	–	–	–	–	(1,200)
Surplus and total comprehensive income for the period	–	–	–	–	4,913	–	4,913
Balance at 31 December 2025	46,200	353,787	630,000	6,502	51,452	(994,718)	93,223

The notes on pages 69 and 70 form part of these condensed financial statements.

Condensed statement of cash flows

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash flows from operating activities			
Surplus for the period		4,913	3,119
Adjustment for:			
Interest income		(2,013)	(3,192)
		2,900	(73)
Increase in creditors and accrued charges		6	8
Increase/(decrease) in relinquished trading rights payable to SEHK		150	(550)
Net cash generated from/(used in) operating activities		3,056	(615)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		8,101	32,972
Interest received		1,989	3,315
Net cash generated from investing activities		10,090	36,287
Cash flows from financing activity			
Net trading rights deposits refunded to SEHK		(1,200)	(2,050)
Net cash used in financing activity		(1,200)	(2,050)
Net increase in cash and cash equivalents		11,946	33,622
Cash and cash equivalents at the beginning of the nine-month period		79,466	62,362
Cash and cash equivalents at the end of the nine-month period	3	91,412	95,984

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	90,652	95,697
Cash at bank	760	287
	91,412	95,984

The notes on pages 69 and 70 form part of these condensed financial statements.

Notes to the condensed financial statements

For the nine months ended 31 December 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 nine months ended 31 December 2025.

2. Recoveries/Equity securities received under subrogation

For the nine months ended 31 December 2025, the Fund received HK\$2,961,000 under subrogation, which was recognised as recoveries (for the nine months ended 31 December 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 31 December 2025, the equity securities received under subrogation amounted to \$11 (as at 31 March 2025: \$13). The balances as at 31 December 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 nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	103,556	100,107
Cash at bank	760	364
Amounts shown in the condensed statement of financial position	104,316	100,471
Less: amounts with an original maturity beyond three months	(12,904)	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	91,412	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 nine months ended 31 December 2025, deposits of \$250,000 in respect of 5 new trading rights were received from SEHK and deposits of \$1,300,000 in respect of 26 relinquished trading rights were refunded to SEHK. As at 31 December 2025, 27 trading rights totalling \$1,350,000 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 Nine months ended	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Balance at the beginning of the nine-month period	47,400	50,050
Add: new trading rights issued	250	–
Less: relinquished trading rights refunded	(1,300)	(2,600)
Adjustment for: net (increase)/decrease in relinquished trading rights payable to SEHK	(150)	550
Balance at the end of the nine-month period	46,200	48,000

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 nine months ended 31 December 2025 and 2024.