Condensed consolidated statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2026 $'000	30 Jun 2025 $'000
Income			
Levies	2(a)	**865,556**	741,540
Fees and charges	2(b)	**143,107**	40,270
Net investment income			
Investment income		**397,766**	146,376
Less: custody and advisory expenses		**(3,605)**	(2,655)
Recoveries from the Investor Compensation Fund	8(a)	**1,624**	1,570
Exchange gain		**1,306**	38,810
Other income		**450**	44
		1,406,204	965,955
Expenses			
Staff costs and directors' emoluments	8(b)	**441,994**	418,557
Depreciation			
Fixed assets		**41,221**	46,535
Right-of-use assets		**2,182**	2,255
Other premises expenses		**8,641**	9,724
Finance costs		**12,703**	22,071
Other expenses		**76,790**	60,145
		583,531	559,287
Surplus and total comprehensive income for the quarter		**822,673**	406,668

The notes on pages 51 to 55 form part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Non-current assets			
Fixed assets	10	**4,657,161**	4,666,232
Right-of-use assets		**13,487**	14,114
Deposits and prepayments		**401,267**	401,258
Financial assets at amortised cost – debt securities	9(b)	**2,344,579**	2,031,757
		7,416,494	7,113,361
Current assets			
Financial assets at amortised cost – debt securities	9(b)	**1,203,109**	1,526,687
Financial assets at fair value through profit or loss – pooled funds	9(a)	**1,541,926**	1,358,664
Debtors, deposits and prepayments		**520,162**	420,344
Fixed deposits with banks	3	**1,717,647**	1,075,406
Cash held for Grant Scheme	4	**36,960**	41,297
Cash at bank and in hand	3	**84,721**	67,437
		5,104,525	4,489,835
Current liabilities			
Fees received in advance		**120,130**	103,549
Creditors and accrued charges		**305,414**	226,675
Bank loan	5	**198,262**	18,262
Lease liabilities		**5,891**	6,229
		629,697	354,715
Net current assets		**4,474,828**	4,135,120
Total assets less current liabilities		**11,891,322**	11,248,481
Non-current liabilities			
Bank loan	5	**1,420,052**	1,599,545
Lease liabilities		**8,207**	8,546
Provisions for reinstatement costs		**1,764**	1,764
		1,430,023	1,609,855
Net assets		**10,461,299**	9,638,626
Funding and reserves			
Initial funding by Government		**42,840**	42,840
Reserve for property acquisition		**579,925**	579,925
Accumulated surplus		**9,838,534**	9,015,861
		10,461,299	9,638,626

The notes on pages 51 to 55 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the quarter ended 30 June 2026 (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 2025	42,840	1,108,884	6,705,371	7,857,095
Surplus and total comprehensive income for the quarter	–	–	406,668	406,668
Balance at 30 June 2025	42,840	1,108,884	7,112,039	8,263,763
Balance at 1 April 2026	**42,840**	**579,925**	**9,015,861**	**9,638,626**
Surplus and total comprehensive income for the quarter	**–**	**–**	**822,673**	**822,673**
Balance at 30 June 2026	**42,840**	**579,925**	**9,838,534**	**10,461,299**

The notes on pages 51 to 55 form part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2026 $'000	30 Jun 2025 $'000
Cash flows from operating activities			
Surplus for the quarter		822,673	406,668
Adjustments for:			
Depreciation – Fixed assets		41,221	46,535
Depreciation – Right-of-use assets		2,182	2,255
Finance costs		12,703	22,071
Investment income		(397,766)	(146,376)
Exchange gain		(1,284)	(36,093)
Loss on disposal of fixed assets		–	1
		479,729	295,061
Increase in right-of-use assets		(1)	–
(Increase)/decrease in debtors, deposits and prepayments		(87,739)	11,255
Decrease in cash held for Grant Scheme		4,337	29,967
Increase in fees received in advance		16,581	53,703
Increase in creditors and accrued charges		63,173	1,360
Net cash generated from operating activities		476,080	391,346
Cash flows from investing activities			
Placement of fixed deposits other than cash and cash equivalents		(339,808)	(333,575)
Interest received		28,199	20,312
Pooled funds sold		174,547	1,538
Debt securities at amortised cost purchased		(372,526)	(2,052,969)
Debt securities at amortised cost redeemed at maturity		384,236	2,038,249
Fixed assets purchased		(16,981)	(15,842)
Net cash used in investing activities		(142,333)	(342,287)
Cash flows from financing activities			
Interest expense on bank loan		(11,692)	(22,106)
Principal element of lease payments		(2,231)	(2,242)
Interest element of lease payments		(107)	(164)
Net cash used in financing activities		(14,030)	(24,512)
Net increase in cash and cash equivalents		319,717	24,547
Cash and cash equivalents at the beginning of the quarter		689,424	545,364
Cash and cash equivalents at the end of the quarter	3	1,009,141	569,911

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2026 $'000	At 30 Jun 2025 $'000
Fixed deposits with banks	924,420	524,116
Cash at bank and in hand	84,721	45,795
	1,009,141	569,911

The notes on pages 51 to 55 form part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the condensed consolidated financial statements in accordance with 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 2026. 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 2026 included in this report as comparative information does not constitute the Group's statutory annual financial statements for that financial year but is derived from those financial statements.

The condensed consolidated financial statements of the SFC and its subsidiaries, the Investor Compensation Company Limited (ICC) and the Investor and Financial Education Council (IFEC), are made up to 30 June 2026. 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 2026 to the condensed consolidated financial statements.

There were no significant changes in the operations of the Group for the quarter ended 30 June 2026.

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 at 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 quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Fixed deposits with banks	**1,717,647**	1,075,406
Cash at bank and in hand	**84,721**	67,437
Amounts shown in the condensed consolidated statement of financial position	**1,802,368**	1,142,843
Less: amounts with an original maturity beyond three months	**(793,227)**	(453,419)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**1,009,141**	689,424

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 establish their operations 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. Subsequent to the quarter end, the Group has made a principal bank loan repayment of $180,000,000.

6. Foreign exchange risk

The Group's investment policy 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 Group's financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the quarters ended 30 June 2026 and 2025, 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 quarter ended 30 June 2026 (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 June 2026, the investments in subsidiaries, which are stated at cost less any impairment losses, amounted to $0.2 (as at 31 March 2026: $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 quarter ended 30 June 2026, $1,624,000 was recovered from the ICF for the ICC's expenses (quarter ended 30 June 2025: $1,570,000). As at 30 June 2026, the ICC had an amount due from the ICF of $223,000 (as at 31 March 2026: $375,000).

(b) Remuneration of key management personnel

	Unaudited quarter ended	
	30 Jun 2026 $'000	**30 Jun 2025 $'000**
Directors' fee	**942**	942
Salaries, allowances and benefits	**7,715**	8,543
Retirement scheme contributions	**744**	854
	9,401	10,339

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 at the end of the financial year and therefore is not determined until then.

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2026 (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 2026.

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
At 30 June 2026 (Unaudited)				
Pooled funds	**1,541,926**	**1,541,926**	**–**	**–**
At 31 March 2026 (Audited)				
Pooled funds	1,358,664	1,358,664	–	–

The fair value of the investments in the pooled funds is determined based on publicly available quoted prices of the pooled funds in active markets.

During the quarter ended 30 June 2026 and the year ended 31 March 2026, there were no transfers between financial instruments in Level 1 and 2, and no transfers into or out of Level 3. The Group's policy is to recognise transfers between the different levels of the fair value hierarchy as at the end of the reporting period in which they occur.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2026 and 31 March 2026 except for the following financial instruments, for which their carrying amount, fair value and the level of their fair value hierarchy are disclosed below:

		Fair value			
	Carrying amount $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
At 30 June 2026 (Unaudited)					
Financial assets at amortised cost – debt securities	**3,547,688**	**3,485,366**	**–**	**3,485,366**	**–**
At 31 March 2026 (Audited)					
Financial assets at amortised cost – debt securities	3,558,444	3,498,251	–	3,498,251	–

The fair value of debt securities is based on current bid prices at the end of the reporting period without any deduction for transaction costs.

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

10. Capital commitment

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

	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Land and buildings	**534,383**	534,383
Other fixed assets	**85,130**	81,999
	619,513	616,382

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 30 June 2026, a down payment of $400,135,000 (as at 31 March 2026: $400,135,000) was included in deposits and prepayments. During the year ended 31 March 2026, transaction costs of $473,265,000 related to the additional floor possessed in December 2025 have been capitalised as fixed assets.

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 quarter ended 30 June 2026.

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 June 2026 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 57 to 62.

Members of the Committee

The members of the Committee during the period and up to the date of this report were:

Leung Chung Yin, Rico (Chairman)	
Chan, Chung Sze Vicky	(appointed on 17 July 2026)
Jenkins, Tom	
Yih, Dieter Lai Tak, JP	
Xu, Liang	(retired on 18 June 2026)

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 August 2026

Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2026 $'000	30 Jun 2025 $'000
Income			
Interest income		**23,573**	27,820
Exchange gain		**393**	13,985
		23,966	41,805
Expenses			
Investor Compensation Company Limited expenses	2	**1,624**	1,570
Compensation expenses	4	**3**	–
Auditor's remuneration		**52**	52
		1,679	1,622
Surplus and total comprehensive income for the quarter		**22,287**	40,183

The notes on pages 61 and 62 form part of these condensed financial statements.

Condensed statement of financial position

As at 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Current assets			
Interest receivable		**26,853**	27,592
Fixed deposits with banks	3	**2,858,037**	2,835,124
Cash at bank	3	**378**	497
		2,885,268	2,863,213
Current liabilities			
Provision for compensation	4	**4,283**	4,280
Creditors and accrued charges		**174**	256
Amount due to the Investor Compensation Company Limited	5	**222**	375
		4,679	4,911
Net current assets		**2,880,589**	2,858,302
Net assets		**2,880,589**	2,858,302
Representing:			
Compensation fund		**2,880,589**	2,858,302

The notes on pages 61 and 62 form part of these condensed financial statements.

Condensed statement of changes in equity

For the quarter ended 30 June 2026 (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 2025	994,718	108,923	5,470	617	1,638,763	2,748,491
Surplus and total comprehensive income for the quarter	–	–	–	–	40,183	40,183
Balance at 30 June 2025	994,718	108,923	5,470	617	1,678,946	2,788,674
Balance at 1 April 2026	**994,718**	**108,923**	**5,470**	**617**	**1,748,574**	**2,858,302**
Surplus and total comprehensive income for the quarter	**–**	**–**	**–**	**–**	**22,287**	**22,287**
Balance at 30 June 2026	**994,718**	**108,923**	**5,470**	**617**	**1,770,861**	**2,880,589**

The notes on pages 61 and 62 form part of these condensed financial statements.

Condensed statement of cash flows

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2026 $'000	30 Jun 2025 $'000
Cash flows from operating activities			
Surplus for the quarter		22,287	40,183
Adjustments for:			
Interest income		(23,573)	(27,820)
Exchange gain		(393)	(13,985)
		(1,679)	(1,622)
Increase in provision for compensation		3	–
Decrease in creditors and accrued charges		(82)	(83)
Decrease in amount due to the Investor Compensation Company Limited		(153)	(96)
Net cash used in operating activities		(1,911)	(1,801)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		209,504	228,925
Interest received		24,318	34,098
Net cash generated from investing activities		233,822	263,023
Net increase in cash and cash equivalents		231,911	261,222
Cash and cash equivalents at the beginning of the quarter		709,350	1,252,514
Cash and cash equivalents at the end of the quarter	3	941,261	1,513,736

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2026 $'000	At 30 Jun 2025 $'000
Fixed deposits with banks	940,883	1,513,355
Cash at bank	378	381
	941,261	1,513,736

The notes on pages 61 and 62 form part of these condensed financial statements.

Notes to the condensed financial statements

For the quarter ended 30 June 2026 (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 2026. 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 2026 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 2026 to the condensed financial statements.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2026.

2. 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 to 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 quarter ended 30 June 2026, the ICC incurred costs of $1,624,000 for its operations (for the quarter ended 30 June 2025: $1,570,000).

3. Cash and cash equivalents

	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Fixed deposits with banks	**2,858,037**	2,835,124
Cash at bank	**378**	497
Amounts shown in the condensed statement of financial position	**2,858,415**	2,835,621
Less: amounts with an original maturity beyond three months	**(1,917,154)**	(2,126,271)
Cash and cash equivalents in the condensed statement of cash flows	**941,261**	709,350

Notes to the condensed financial statements

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

4. 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 1 April 2026	4,280
Add: compensation expenses during the quarter ended 30 June 2026	3
Balance at 30 June 2026	4,283

The provision of compensation as at 30 June 2026 was $4,283,000, which was related to a number of claims received in respect of two default cases (as at 31 March 2026: $4,280,000). The maximum liability of the Fund to these claims is the lower of the maximum compensation limit per claimant or the amount claimed. As at 30 June 2026, the provision was expected to be paid within one year.

5. 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 quarters ended 30 June 2026 and 2025.

As at 30 June 2026, the Fund had an amount due to the ICC of $222,000 (as at 31 March 2026: $375,000).

6. Contingent liabilities

In addition to the provision for compensation made as described in note 4, there were 13 outstanding claims as at 30 June 2026 (13 outstanding claims as at 31 March 2026). The maximum liability in respect of these claims in aggregate was $2,464,000 (as at 31 March 2026: $2,464,000). This is determined based on the lower of the maximum compensation limit per claimant (as detailed in note 4) or the amount claimed.

7. 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 quarters ended 30 June 2026 and 2025, 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 quarter ended 30 June 2026.

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 June 2026, 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 June 2026 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 64 to 69.

Members of the Committee

The members of the Committee during the period and up to the date of this report were:

Leung Chung Yin, Rico (Chairman)	
Chan, Chung Sze Vicky	(appointed on 17 July 2026)
Jenkins, Tom	
Wu, Phillip Chi Hang	
Yih, Dieter Lai Tak, JP	
Xu, Liang	(retired on 18 June 2026)

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

29 July 2026

Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Unaudited quarter ended	
	30 Jun 2026 $'000	**30 Jun 2025 $'000**
Income		
Interest income	**597**	827
Expense		
Auditor's remuneration	**24**	24
Surplus and total comprehensive income for the quarter	**573**	803

The notes on pages 68 and 69 form part of these condensed financial statements.

Condensed statement of financial position

As at 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Current assets			
Interest receivable		**366**	405
Fixed deposits with banks	3	**104,449**	103,905
Cash at bank	3	**335**	299
		105,150	104,609
Current liabilities			
Creditors and accrued charges		**10,184**	10,216
Relinquished trading rights payable to SEHK	4	**650**	600
		10,834	10,816
Net current assets		**94,316**	93,793
Net assets		**94,316**	93,793
Representing:			
Compensation fund		**94,316**	93,793

The notes on pages 68 and 69 form part of these condensed financial statements.

Condensed statement of changes in equity

For the quarter ended 30 June 2026 (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 2025	47,400	353,787	630,000	6,502	46,539	(994,718)	89,510
Net contributions to SEHK	(200)	–	–	–	–	–	(200)
Surplus and total comprehensive income for the quarter	–	–	–	–	803	–	803
Balance at 30 June 2025	47,200	353,787	630,000	6,502	47,342	(994,718)	90,113
Balance at 1 April 2026	**46,100**	**353,787**	**630,000**	**6,502**	**52,122**	**(994,718)**	**93,793**
Net contributions to SEHK	**(50)**	**–**	**–**	**–**	**–**	**–**	**(50)**
Surplus and total comprehensive income for the quarter	**–**	**–**	**–**	**–**	**573**	**–**	**573**
Balance at 30 June 2026	**46,050**	**353,787**	**630,000**	**6,502**	**52,695**	**(994,718)**	**94,316**

The notes on pages 68 and 69 form part of these condensed financial statements.

Condensed statement of cash flows

For the quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2026 $'000	30 Jun 2025 $'000
Cash flows from operating activities			
Surplus for the quarter		573	803
Adjustment for:			
Interest income		(597)	(827)
		(24)	(24)
Decrease in creditors and accrued charges		(32)	(32)
Increase/(decrease) in relinquished trading rights payable to SEHK		50	(100)
Net cash used in operating activities		(6)	(156)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		50,076	21,005
Interest received		636	902
Net cash generated from investing activities		50,712	21,907
Cash flows from financing activity			
Net contributions to SEHK		(50)	(200)
Net cash used in financing activity		(50)	(200)
Net increase in cash and cash equivalents		50,656	21,551
Cash and cash equivalents at the beginning of the quarter		54,128	79,466
Cash and cash equivalents at the end of the quarter	3	104,784	101,017

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2026 $'000	At 30 Jun 2025 $'000
Fixed deposits with banks	104,449	100,658
Cash at bank	335	359
	104,784	101,017

The notes on pages 68 and 69 form part of these condensed financial statements.

Notes to the condensed financial statements

For the quarter ended 30 June 2026 (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 2026. 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 2026 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 2026 to the condensed financial statements.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2026.

2. Equity securities received under subrogation

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 June 2026, the equity securities received under subrogation amounted to $15 (as at 31 March 2026: $10). The balances as at 30 June 2026 and 31 March 2026 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 quarter ended 30 June 2026 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Jun 2026 $'000	Audited At 31 Mar 2026 $'000
Fixed deposits with banks	**104,449**	103,905
Cash at bank	**335**	299
Amounts shown in the condensed statement of financial position	**104,784**	104,204
Less: amounts with an original maturity beyond three months	–	(50,076)
Cash and cash equivalents in the condensed statement of cash flows	**104,784**	54,128

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 quarter, there were no deposits received from SEHK in respect of new trading rights and no deposits refunded to SEHK in respect of relinquished trading rights. As at 30 June 2026, 13 trading rights totalling $650,000 were relinquished but not yet refunded (as at 31 March 2026: 12 trading rights totalling $600,000 were relinquished but not yet refunded).

The movement of trading rights deposits from SEHK during the quarter was as follows:

	Unaudited quarter ended	
	30 Jun 2026 $'000	30 Jun 2025 $'000
Balance at the beginning of the quarter	**46,100**	47,400
Add: new trading rights issued	–	50
Less: relinquished trading rights refunded	–	(350)
Adjustment for: net (increase)/decrease in relinquished trading rights payable to SEHK	**(50)**	100
Balance at the end of the quarter	**46,050**	47,200

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 quarters ended 30 June 2026 and 2025.