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.