



## Investor Compensation Fund

### Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2024 (Expressed in Hong Kong dollars)

|                                                               | Note | Unaudited quarter ended |                       |
|---------------------------------------------------------------|------|-------------------------|-----------------------|
|                                                               |      | 30 Jun 2024<br>\$'000   | 30 Jun 2023<br>\$'000 |
| <b>Income</b>                                                 |      |                         |                       |
| Interest income                                               |      | 33,495                  | 26,535                |
| Exchange loss                                                 |      | (3,644)                 | (2,409)               |
|                                                               |      | 29,851                  | 24,126                |
| <b>Expenses</b>                                               |      |                         |                       |
| Investor Compensation Company Limited expenses                | 2    | 1,568                   | 1,520                 |
| Auditor's remuneration                                        |      | 58                      | 57                    |
|                                                               |      | 1,626                   | 1,577                 |
| <b>Surplus and total comprehensive income for the quarter</b> |      | <b>28,225</b>           | <b>22,549</b>         |

The notes on pages 51 to 52 form part of these condensed financial statements.

Investor Compensation Fund

28,658,697

Condensed statement of financial position

As at 30 June 2024 (Expressed in Hong Kong dollars)

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## Investor Compensation Fund

### Condensed statement of changes in equity

For the quarter ended 30 June 2024 (Expressed in Hong Kong dollars)

|                                                                                                     | Unaudited                                                                          |                                                                                      |                                                                                            |                                                                                             |                                  |                 |
|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------|-----------------|
|                                                                                                     | Contributions<br>from the<br>Unified<br>Exchange<br>Compensation<br>Fund<br>\$'000 | Contributions<br>from the<br>Commodity<br>Exchange<br>Compensation<br>Fund<br>\$'000 | Contributions<br>from the<br>Securities<br>Dealers'<br>Deposits Fund<br>(note 5)<br>\$'000 | Contributions<br>from the<br>Commodities<br>Dealers'<br>Deposits Fund<br>(note 5)<br>\$'000 | Accumulated<br>surplus<br>\$'000 | Total<br>\$'000 |
| Balance at 1 April 2023                                                                             | 994,718                                                                            | 108,923                                                                              | –                                                                                          | –                                                                                           | 1,413,407                        | 2,517,048       |
| Contributions from the Securities Dealers' Deposits Fund and the Commodities Dealers' Deposits Fund | –                                                                                  | –                                                                                    | 5,470                                                                                      | 617                                                                                         | –                                | 6,087           |
| Surplus and total comprehensive income for the quarter                                              | –                                                                                  | –                                                                                    | –                                                                                          | –                                                                                           | 22,549                           | 22,549          |
| Balance at 30 June 2023                                                                             | 994,718                                                                            | 108,923                                                                              | 5,470                                                                                      | 617                                                                                         | 1,435,956                        | 2,545,684       |
| 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 quarter                                              | –                                                                                  | –                                                                                    | –                                                                                          | –                                                                                           | 28,225                           | 28,225          |
| Balance at 30 June 2024                                                                             | 994,718                                                                            | 108,923                                                                              | 5,470                                                                                      | 617                                                                                         | 1,555,329                        | 2,665,057       |

The notes on pages 51 to 52 form part of these condensed financial statements.

## Investor Compensation Fund

## Condensed statement of cash flows

For the quarter ended 30 June 2024 (Expressed in Hong Kong dollars)

[illegible]

## Investor Compensation Fund

### Notes to the condensed financial statements

For the quarter ended 30 June 2024 (Expressed in Hong Kong dollars)

#### 1. Basis of preparation

We have prepared the interim financial information in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial information contains condensed financial statements and selected explanatory notes. The notes include 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 2024. The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards.

The interim financial information is unaudited and the financial information relating to the financial year ended 31 March 2024 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 2024 to the interim financial information.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2024.

#### 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 of investors and

## Investor Compensation Fund

### Notes to the condensed financial statements

For the quarter ended 30 June 2024 (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.

The provision of compensation as at 30 June 2024 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 2024: \$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.

#### 5. Contributions from dealers' deposits funds

Under Section 76 (11) of Schedule 10 of the SFO, the SFC shall pay into the Fund any remaining balance in the Securities Dealers' Deposits Fund (SDD) and the Commodities Dealers' Deposits Fund (CDD) after repaying the dealers' deposits and any money due to the registered dealers. During the quarter ended 30 June 2023, the SFC had \$5,470,000 and \$617,000 paid into the Fund from the SDD and the CDD respectively.

#### 6. Related party transactions

The Fund has related party relationships with the SFC, the ICC, the Unified Exchange Compensation Fund, the SDD and the CDD. The SDD and the CDD were wound up in June 2023. There were no related party transactions other than those disclosed in the interim financial information of the Fund for the quarters ended 30 June 2024 and 2023.

#### 7. Contingent liabilities

In addition to the provision for compensation made as described in note 4, there were 12 outstanding claims as at 30 June 2024 (12 outstanding claims as at 31 March 2024). The maximum liability in respect of these claims in aggregate was \$2,199,000 (as at 31 March 2024: \$2,199,000). This is determined based on the lower of the maximum compensation limit per claimant (as detailed in note 4) or the amount claimed.

#### 8. Exchange risk

The Fund's policy only allows investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi. All financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the quarters ended 30 June 2024 and 2023, the Fund's exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets.