MORGAN STANLEY ASIA PRODUCTS LIMITED

Interim Financial Report

Six months ended 30 June 2025

MORGAN STANLEY ASIA PRODUCTS LIMITED

INTERIM FINANCIAL REPORT
Six months ended 30 June 2025

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MORGAN STANLEY ASIA PRODUCTS LIMITED

INTERIM MANAGEMENT REPORT

The Directors present their interim management report, responsibility statement and condensed financial statements (which comprise the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of financial position, condensed statement of cash flows and related notes, 1 to 19) of Morgan Stanley Asia Products Limited (the "Company") for the six months period ended 30 June 2025.

RESULTS AND DIVIDENDS

The result for the period, after tax, was US$Nil (30 June 2024: US$Nil).

During the period, no dividends were paid or proposed (30 June 2024: US$Nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the issuance of financial instruments, with a primary focus on the Asia markets, and the hedging of the obligations arising pursuant to such issuances.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group".

There have not been any significant changes in the Company's principal activity in the period under review and no significant change in the Company's principal activity is expected.

BUSINESS REVIEW

Global market and economic conditions

We expect global growth to moderate to 3.0% year on year in 2025 (vs. 3.3% in 2024) as uncertainty stemming from trade policy will weigh on the global capex and trade cycle. In the United States ("US"), tariffs and tighter immigration policy should lead to growth slowing to 1% by 4Q25 while the fiscal impulse will not be a sufficient offset in 2026. In the Euro Area, growth should recover slowly to 1.2% in 2025 (vs. 0.9% in 2024).

Private consumption is strengthening, and easing across both monetary and fiscal policy should support the recovery. In Japan, growth should reaccelerate to 1.0% in 2025 (vs. 0.2% in 2024), supported by a recovery in private consumption amid a higher real wage growth trend. In China, we expect the debt deflation challenge to persist as easing remains insufficient and focused on the supply side, while tariffs, fading fiscal impulse and exports payback will also cool growth in the second half of the year. We expect growth to moderate to 4.8% in 2025 (vs. 5% in 2024), with nominal Gross Domestic Product ("GDP") growth remaining subdued at 3% in 2025. In India, we expect growth to remain robust at 6.4% in 2025, vs. 6.7% in 2024, supported by a pickup in government expenditure, monetary policy easing and stronger services exports supporting urban job growth. In Hong Kong, growth is set to moderate to 2.1% in 2025 (vs. 2.5% in 2024), as the global trade slowdown and continued weak private business sentiments weigh on capex and consumption.

BUSINESS REVIEW (CONTINUED)

Global market and economic conditions (Continued)

On policy, elevated inflation and downward pressure on the unemployment rate from immigration keep the Federal Reserve ("Fed") on hold this year, with backloaded cuts starting in March 2026. We expect the European Central Bank ("ECB") to keep rates on hold in July after reaching neutral level, before downside risks to growth lead to further cuts that brings the terminal rate to 1.5% in 4Q25. In Japan, we expect Bank of Japan ("BOJ") to remain on hold through 2025 as policymakers watch for the impact of tariffs on corporate profitability and wage growth outlook. In China, we expect People's Bank of China ("PBoC") to cut the policy rate (7-day reverse repo) modestly by 15bps in 4Q as the central bank manages the pace of appreciation in the Chinese renminbi ("RMB") against the US Dollar. We expect another supplementary budget of RMB0.5-1 trillion in late 3Q 2025 or early 4Q 2025, although the easing is likely to remain supply-side focused, with limited stimulus directed toward Consumption. In India, we expect the Reserve Bank Of India ("RBI") to continue to ease on all three fronts, with another 25bps in policy rate cut in 4Q, liquidity injections and easing in regulatory tightening in the non-bank financial space. In Hong Kong, we expect the Hong Kong Monetary Authority ("HKMA") to not cut rates this year, in tandem with our view on Fed policy. Meanwhile, the government will likely continue with fiscal consolidation in view of falling fiscal reserves.

Overview of financial results

The condensed statement of comprehensive income for the period is set out on page 10. The result for the period was US$Nil which is consistent with the Company's function and the prior period. The Company hedges its issuances with bilateral over-the-counter ("OTC") derivative contracts classified as trading financial assets or liabilities. Net trading expense of US$1,699,000 (30 June 2024: US$540,000) represents the net fair value movement on listed and bilateral OTC derivative contracts classified as trading financial assets or liabilities. Issued listed derivative contracts on The Stock Exchange of Hong Kong Limited ("Stock Exchange") have underlying securities predominantly in the Hong Kong market.

The condensed statement of financial position for the Company is set out on page 12. The Company's financial position at the end of the period shows that the total assets and total liabilities were US$92,583,000 (31 December 2024: US$37,868,000) and US$92,533,000 (31 December 2024: US$37,818,000) respectively, an increase of 144% from the prior period. The increase during the period is primarily due to an increase in issuances/ trading of the listed derivative contracts.

Risk management

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, in accordance with defined policies and procedures. The Company has developed its own risk management policy framework, which leverages the risk management policies and procedures of the Morgan Stanley Group. The risk management policy framework includes escalation to appropriate senior management of the Company.

Set out below is an overview of the Company's policies for the management of financial risk and other significant business risks. More detailed qualitative and quantitative disclosures about the Company's management and exposure to financial risks are included in note 14 to the condensed financial statements.

The Company has also entered into a financial support agreement with its immediate parent, Morgan Stanley Asia Securities Products LLC ("MSASP"), and with Morgan Stanley Hong Kong 1238 Limited ("MSHK 1238"), whereby MSASP and MSHK 1238 agree to provide financial support by way of funds injection in the form of equity capital or loan in the event the Company needs funds to fulfil its obligations and liabilities under its issuance program.

BUSINESS REVIEW (CONTINUED)

Risk management (Continued)

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, implied volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. The Company is subject to market price risk exposure for its issuances, however, for each issuance, the Company enters into risk-mirroring contracts to fully hedge each type of market risk arising from its issuances. Accordingly, the Company has no net exposure to market risk.

The Morgan Stanley Group manages the market risk associated with its trading activities on a global basis, at both a trading division and an individual product level and includes consideration of market risk at the legal entity level.

Market risk management policies and procedures for the Company are consistent with those of the Morgan Stanley Group and include escalation to appropriate senior management personnel.

It is the policy and objective of the Company, not to be exposed to market risk on a net basis as a result of its issuance activities.

Credit risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company.

Credit risk management policies and procedures for the Company are consistent with those of the Morgan Stanley Group and include escalation to appropriate senior management personnel.

Credit risk exposure is managed on a global basis and in consideration of each significant legal entity within the Morgan Stanley Group.

Liquidity risk

Liquidity risk is the risk that the Company's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity risk encompasses the associated funding risks triggered by stress events that may cause unexpected changes in funding needs or an inability to raise new funding.

The primary goal of the Morgan Stanley Group's liquidity risk management framework is to ensure that the Morgan Stanley Group, including the Company, has access to sufficient liquidity assets across a wide range of market conditions and time horizons. The framework is designed to enable the Morgan Stanley Group to fulfil its financial obligations and support the execution of its business strategies. The framework is further described in note 14.

The Company hedges all of its financial liabilities arising from issuances of listed derivative contracts by entering into risk mirroring contracts with its immediate parent and other Morgan Stanley Group undertakings.

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Liquidity risk (continued)

The maturity analysis provided in note 14 reflects the liquidity risk arising from the financial assets and the financial liabilities presented in a way that is consistent with how the liquidity risk on these financial assets and financial liabilities is managed by the Company. As at 30 June 2025, the Company has a payable of US$58,422,000 (31 December 2024: US$28,304,000) within one year from the date of the financial statements. As a result of the Company's hedging strategy, the Company has adequate financial assets to meet the settlement of this obligation. As at 30 June 2025, the Company has financial assets of US$78,713,000 (31 December 2024: US$37,838,000) expected to be maturing within a year from the date of the financial statements.

Operational risk

Operational risk refers to the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes, people and systems, or from external events (e.g. fraud, theft, legal, regulatory and compliance risks, cyberattacks or damage to physical assets). Operational risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management.

The Company, through the Morgan Stanley Group, has established an operational risk framework to identify, measure, monitor and control risk. It includes escalation to the Company's Board of Directors and appropriate senior management personnel. The framework is continually evolving to reflect changes in the Company and to respond to the changing regulatory and business environment.

The Company has implemented operational risk data and assessment systems to monitor and analyse internal and external operational risk events, to assess business environment and internal control factors and to perform scenario analysis. The collected data elements are incorporated in the operational risk capital model. The model encompasses both quantitative and qualitative elements. Internal loss data and scenario analysis results are direct inputs to the capital model, while external operational incidents, business environment and internal control factors are evaluated as part of the scenario analysis process.

In addition, the Company employs a variety of risk processes and mitigants to manage its operational risk exposures. These include a governance framework, a comprehensive risk management program and insurance. Operational risks and associated risk exposures are assessed relative to the risk appetite established by the Board and are prioritised accordingly.

The breadth and variety of operational risk are such that the types of mitigating activities are wide-ranging. Examples of such activities include continuous enhancement of defences against cyber-attacks; use of legal agreements and contracts to transfer and/or limit operational risk exposures; due diligence; implementation of enhanced policies and procedures; exception management processing controls; and segregation of duties.

The Operational Risk Management Framework requires, among other things, the proper recording and verification of a large number of transactions and events as set out in the policies and procedures. The trading risk management strategies and techniques seek to balance our ability to profit from trading positions with our exposure to potential losses.

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Operational risk (continued)

Primary responsibility for the management of operational risk is with the business segments, the control groups and the business managers therein. The business managers maintain processes and controls designed to identify, assess, manage, mitigate and report operational risk. Each of the business segments has a designated operational risk coordinator. The operational risk coordinator regularly reviews operational risk issues and reports to the Company's senior management within each business. Each control group also has a designated operational risk coordinator and a forum for discussing operational risk matters with the Company's senior management.

Oversight of operational risk is provided by the Non-Financial Risk Committee, regional risk committees and senior management. In the event of a merger, joint venture, divestiture, reorganisation, or creation of a new legal entity, a new product or a business activity, operational risks are considered, and any necessary changes in processes or controls are implemented.

The Operational Risk Department provides independent oversight of operational risk and assesses, measures and monitors operational risk against appetite. The Operational Risk Department works with the business divisions and control groups to help ensure a transparent, consistent and comprehensive framework for managing operational risk within each area and across the Company.

The Operational Risk Department's scope includes oversight of technology risk, cybersecurity risk, information security risk, the fraud risk management and prevention program and third party risk management (supplier and affiliate risk oversight and assessment) program. Furthermore, the Operational Risk Department supports the collection and reporting of operational risk incidents and the execution of operational risk assessments; provides the infrastructure needed for risk measurement and risk management; and ensures ongoing validation and verification of the Company's advanced measurement approach for operational risk capital.

The Company's critical processes and businesses could be disrupted by events including cyberattacks, failure or loss of access to technology and/or associated data, military conflicts, acts of terror, natural disasters, severe weather events and infectious disease. The Morgan Stanley Group maintains a firmwide resilience program that is designed to provide for operational resilience and enable it to respond to and recover critical processes and supporting assets in the event of a disruption impacting our people, technology, facilities and third parties. The key elements of the Morgan Stanley Group's resilience program include business continuity management, technology disaster recovery, third-party resilience and key business service resilience. Resilience testing is performed both internally and with critical third parties to validate recovery capability in accordance with business requirements. The Company is subject to the operational resilience requirements of the FCA and the PRA. The UK regulatory requirements are embedded within the broader firmwide resilience programme.

The Company's Cybersecurity and Information Security Framework, which includes policies, procedures and technologies, is designed to protect the Company's environment from operational risk failures due to actions of a malicious cyber actor. This includes protecting the Company's own data, client data and the Company's employees' data against unauthorised disclosure, modification or misuse and is designed to address regulatory requirements. This framework covers a broad range of areas, including identification of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorised activity, incident response and recovery planning.

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Operational risk (continued)

In connection with its ongoing operations, the Company utilises third-party suppliers, and anticipates that such usage will continue and may increase in the future. These services include, for example, outsourced processing and support functions and consulting and other professional services. The Company's risk-based approach to managing exposure to these services includes the execution of due diligence, implementation of service-level and other contractual agreements, consideration of operational risk and ongoing monitoring of third-party suppliers' performance. The Company maintains a third-party risk program which is designed to align with its risk tolerance and meet regulatory requirements. The program includes governance, policies, procedures, and enabling technology. The third-party risk program includes the adoption of appropriate risk management controls and practices throughout the third-party management lifecycle to manage the risk of service failure, risk of data loss and reputational risk, among others.

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions; material financial loss, including fines, penalties, judgements, damages and/ or settlements; limitations on our business; or loss to reputation which the Company may suffer as a result of a failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Anti-Money Laundering, terrorist financing and anti-corruption rules and regulations.

The Company, principally through the Morgan Stanley Group's Legal and Compliance Division, has established procedures based on legal and regulatory requirements on a worldwide basis that are designed to facilitate compliance with applicable statutory and regulatory requirements and to require that the Company's policies relating to business conduct, ethics and practices are followed globally.

In addition, the Company has established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies. The heightened legal and regulatory focus on the financial services and banking industries globally presents a continuing business challenge for the Company.

Culture, values and conduct of employees

Employees of the Morgan Stanley Group are accountable for conducting themselves in accordance with the core values of Morgan Stanley Group - *Put Clients First, Do the Right Thing, Lead with Exceptional Ideas, Commit to Diversity and Inclusion and Give Back.* Leadership, including from the Board, sets the tone for the Company, and the executive team drive a culture that is central to how the Company serves clients, advances and develops the workforce, and how the Company supports the communities around it. The Morgan Stanley Group is committed to reinforcing and confirming adherence to the core values through our governance framework, tone from the top, management oversight, risk management and controls, and a three lines of defence structure (Business, Independent Risk Management functions such as Financial Risk Management and Non-Financial Risk Management, and Internal Audit).

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Culture, values and conduct of employees (continued)

The Morgan Stanley Group's Board is responsible for overseeing the Morgan Stanley Group's practices and procedures relating to culture, values and conduct. The Morgan Stanley Group's Senior management committees oversee the Morgan Stanley-wide culture, values and conduct program and report regularly to the Morgan Stanley Group Board. A fundamental building block of these programs is the Morgan Stanley Group's Code of Conduct (the "Code") which establishes standards for employee conduct that further reinforce the Morgan Stanley Group's commitment to integrity and ethical conduct. Every new hire and every employee annually is required to attest to their understanding of and adherence to the Code of Conduct.

The Company, as a wholly owned subsidiary of Morgan Stanley, is subject to Global Morgan Stanley Remuneration Policies and Procedures which determine the remuneration paid to Company employees.

Morgan Stanley has a pay for performance philosophy and is committed to responsible compensation programs with the following key objectives, all of which support Morgan Stanley's culture and values and shareholders' interests: deliver pay for sustainable performance; align compensation with shareholders' interests; attract and retain top talent; and mitigate excessive risk-taking.

DIRECTORS

The following Directors held office throughout the period and to the date of approval of this report (except where otherwise shown):

Adrian Priddis
Jack Clein
Richard Smerin
Scott Honey
Young Lee

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

Approved by the Board and signed on its behalf

Director: Young Lee

Date: 25 SEP 2025

MORGAN STANLEY ASIA PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, the names of whom are set out above, confirm that to the best of their knowledge:

a. the condensed financial statements, which have been prepared in accordance with IFRS Accounting Standards ("IAS") 34 *'Interim Financial Reporting'* as issued by the International Accounting Standards Board ("IASB") give a true and fair view of the assets, liabilities, financial position and result of the Company; and

b. the interim management report includes a fair review of the important events that have occurred during the period and their impact on the condensed financial statements and provides a description of the principal risks and uncertainties for the remaining six months of the financial year.

Approved by the Board and signed on its behalf on

Director: Young Lee

Date: 25 SEP 2025

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS

To the Board of Directors of Morgan Stanley Asia Products Limited
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed financial statements of Morgan Stanley Asia Products Limited (the "Company") set out on pages 10 to 38, which comprises the condensed statement of financial position as of 30 June 2025 and the related condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in accordance with the Company's usual accounting policies and procedures, which is IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee. The directors of the Company are responsible for the preparation and presentation of these condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the IASB. Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IASB. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 September 2025

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 US$'000 (unaudited)	Six months ended 30 June 2024 US$'000 (unaudited)
Net trading expense	2	(1,699)	(540)
Other revenue	3	5,684	2,728
Total non-interest revenues		3,985	2,188
Interest income	4	1,621	489
Net revenues		5,606	2,677
Non-interest expense:			
Other expense	5	(5,606)	(2,677)
RESULT BEFORE INCOME TAX		—	—
Income tax	6	—	—
RESULT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		—	—

All results were derived from continuing operations.

The notes on pages 14 to 38 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 June 2025

	Share capital US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2025	50	—	50
Result and total comprehensive income for the period	—	—	—
Balance at 30 June 2025 (unaudited)	50	—	50
Balance at 1 January 2024	50	—	50
Result and total comprehensive income for the period	—	—	—
Balance at 30 June 2024 (unaudited)	50	—	50

The notes on pages 14 to 38 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

	Notes	30 June 2025 US$'000 (unaudited)	31 December 2024 US$'000 (audited)
ASSETS			
Cash		1,000	809
Trading financial assets	8	14,035	1,115
Trade and other receivables	9	77,548	35,944
TOTAL ASSETS		**92,583**	**37,868**
LIABILITIES AND EQUITY			
LIABILITIES			
Trading financial liabilities	8	92,165	37,017
Trade and other payables	10	368	801
TOTAL LIABILITIES		**92,533**	**37,818**
EQUITY			
Share capital	11	50	50
Retained earnings		—	—
Equity attributable to owner of the Company		**50**	**50**
TOTAL EQUITY		**50**	**50**
TOTAL LIABILITIES AND EQUITY		**92,583**	**37,868**

These condensed financial statements were approved by the Board and authorised for issue on 25 SEP 2025

Signed on behalf of the Board

Director: Young Lee

The notes on pages 14 to 38 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF CASH FLOWS
Six months ended 30 June 2025

	Notes	30 June 2025 US$'000 (unaudited)	30 June 2024 US$'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12b	37,122	3,687
INVESTING ACTIVITIES			
Issuance of loan to other Morgan Stanley Group undertakings		(38,552)	(4,045)
Interest received		1,621	489
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(36,931)	(3,556)
NET INCREASE IN CASH AND CASH EQUIVALENTS		191	131
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		809	692
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12a	1,000	823

The notes on pages 14 to 38 form an integral part of the condensed financial statements.

1. BASIS OF PREPARATION

Accounting policies

The Company prepares its annual financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 '*Interim Financial Reporting*'.

In preparing these condensed financial statements, the Company has applied consistently the accounting policies and methods of computation used in the Company's annual financial statements for the year ended 31 December 2024.

New standards and interpretations adopted during the period

The following amendments to standards relevant to the Company's operations were adopted during the period. These amendments to standards did not have a material impact on the Company's financial statements.

Amendments to IAS 21 *'The Effects of Changes in Foreign Exchange Rates'*: Lack of Exchangeability were issued by the IASB in August 2023 for prospective application in accounting periods beginning on or after 1 January 2025.

There were no other standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the period.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements,the following new standards and amendments to standards relevant to the Company's operations were issued by the IASB but not mandatory for accounting periods beginning 1 January 2025. The Company does not expect that the adoption of the following new standards and amendments to standards will have a material impact on the Company's financial statements.

IFRS 18 '*Presentation and Disclosure in Financial Statements*' ("IFRS 18") was issued by the IASB in April 2024 for retrospective application in annual periods beginning on or after 1 January 2027. Earlier application is permitted. The Company is currently assessing the impact of IFRS 18 on its financial statements.

Amendments to IFRS 9 '*Financial Instruments*' ("IFRS 9") and IFRS 7 '*Financial Instruments: Disclosures*' ("IFRS 7") was issued by the IASB in May 2024 for retrospective application in annual periods beginning on or after 1 January 2026. Earlier application is permitted. The Company is currently assessing the impact of IFRS 9 and IFRS 7 on its financial statements.

Annual improvements to IFRS 7 '*Financial Instruments: Disclosures*', IFRS 9 '*Financial Instruments*'and IAS 7 '*Statement of Cash flows*' were issued by IASB in July 2024, for application in annual periods beginning on or after 1 January 2026. Earlier application is permitted.

1. BASIS OF PREPARATION (CONTINUED)

Basis of measurement

The condensed financial statements of the Company are prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value as given in note 7.

Critical accounting judgements and key sources of estimation uncertainty

In preparing the condensed financial statements, the Company makes judgements and estimates that affect the application of accounting policies and reported amounts.

Critical accounting judgements are key decisions made by management in the application of the Company's accounting policies, other than those involving estimations, which have the most significant effects on the amounts recognised in the condensed financial statements.

Key sources of estimation uncertainty represent assumptions and estimations made by management that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

No critical accounting judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the condensed financial statements.

The key sources of estimation uncertainty are the valuation of certain financial instruments. For further details on the assumptions and estimation uncertainties in determining the fair value of certain assets and liabilities, see note 16.

The Company evaluates the critical accounting judgements and key sources of estimation uncertainty on an ongoing basis and believes that these are reasonable.

The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the interim management report on pages 1 to 7. In addition, the notes to the condensed financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As set out in the interim management report retaining sufficient liquidity and capital to withstand market pressures remains central to the Morgan Stanley Group's and the Company's strategy.

Taking the above factors into consideration, the Directors believe that the Company will have access to adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the interim report and condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

2. NET TRADING EXPENSE

	30 June 2025 US$'000	30 June 2024 US$'000
Gains/(Losses) on bilateral OTC derivative contracts	32,421	(5,156)
(Losses)/Gains on issued listed derivative contracts	(33,257)	3,827
(Losses)/Gains on other listed derivative contracts	(863)	789
	(1,699)	(540)

3. OTHER REVENUE

Other revenue predominantly represents management charges to the Company's direct parent undertaking for recovery of 'Other expense', see note 5 below.

4. INTEREST INCOME

All interest income relates to financial assets at amortised cost and is calculated using the effective interest rate method.

5. OTHER EXPENSE

	30 June 2025 US$'000	30 June 2024 US$'000
Fees paid	5,606	2,677

The Company issues derivative contracts listed on the Stock Exchange. Fees paid in the above table represents amounts paid to the Stock Exchange and other Morgan Stanley Group undertakings for listing and issuance of derivatives on the Stock Exchange.

6. INCOME TAX

The Government of the Cayman Islands, has not, under existing legislation, imposed any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company.

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profit arising in Hong Kong.

No provision for taxation has been made as the Company does not have any taxable income during the period ended 30 June 2025 and 30 June 2024.

The Company has no current tax exposure in relation to the Organization for Economic Cooperation and Development (OECD) Pillar Two Model Rules because the Pillar Two legislation is not yet effective at the reporting date. The Company has applied the exception to deferred tax disclosure as provided in the amendments to IAS 12 'Income Taxes': International Tax Reform – Pillar Two Model Rules. Based on preliminary assessments of potential future exposure, the financial impact is expected to be immaterial.

7. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

The following table analyses financial assets and financial liabilities presented in the Company's condensed statement of financial position by the IFRS 9 classifications as at 30 June 2025 and at 31 December 2024 .

30 June 2025	FVPL (mandatorily) US$'000	Amortised cost US$'000	Total US$'000
Cash	—	1,000	1,000
Trading financial assets	14,035	—	14,035
Trade and other receivables	—	77,548	77,548
Total financial assets	14,035	78,548	92,583
Trading financial liabilities	92,165	—	92,165
Trade and other payables	—	368	368
Total financial liabilities	92,165	368	92,533

31 December 2024	FVPL (mandatorily) US$'000	Amortised cost US$'000	Total US$'000
Cash	—	809	809
Trading financial assets	1,115	—	1,115
Trade and other receivables	—	35,944	35,944
Total financial assets	1,115	36,753	37,868
Trading financial liabilities	37,017	—	37,017
Trade and other payables	—	801	801
Total financial liabilities	37,017	801	37,818

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

8. TRADING FINANCIAL ASSETS AND LIABILITIES

Trading assets and trading liabilities are summarised as follows:

	30 June 2025		31 December 2024	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Derivatives- Equity contracts				
Bilateral OTC derivative contracts	5,439	17,293	1,054	7,394
Issued listed derivative contracts	—	74,872	—	29,623
Other listed derivative contracts	8,596	—	61	—
	14,035	**92,165**	**1,115**	**37,017**

9. TRADE AND OTHER RECEIVABLES

	30 June 2025 US$'000	31 December 2024 US$'000
Trade and other receivables (amortised cost)		
Trade receivables	6,781	3,786
Other receivables		
Amounts due from the Company's direct parent undertaking	70,767	32,158
	77,548	35,944

10. TRADE AND OTHER PAYABLES

	30 June 2025 US$'000	31 December 2024 US$'000
Trade and other payables (amortised cost)		
Trade payables	272	723
Other payables		
Amounts due to other Morgan Stanley Group undertakings	48	41
Other amounts payables	48	37
	368	801

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

11. EQUITY

	Ordinary shares of US$1 each
	Number
Authorised	
At 1 January 2024, 31 December 2024 and 30 June 2025	50,000

	Ordinary shares of US$1 each	
	Number	**US$'000**
Issued and fully paid		
At 1 January 2024, 31 December 2024 and 30 June 2025	50,000	50

The holder of ordinary shares is entitled to receive dividends as declared from time to time and are entitled, on a show of hands, to one vote and, on a poll, one vote per share at meetings of shareholders of the Company. All shares rank equally with regard to the Company's residual assets.

12. ADDITIONAL CASH FLOW INFORMATION

a. Cash and cash equivalents

For the purposes of the condensed statement of cash flows, cash and cash equivalents comprise cash, which have less than three months maturity from the date of acquisition.

b. Reconciliation of cash flows from operating activities

	30 June 2025	30 June 2024
	US$'000	US$'000
Result for the period	—	—
Adjustments for:		
Interest income	(1,621)	(489)
Operating cash flows before changes in operating assets and liabilities	(1,621)	(489)
Changes in operating assets		
Increase in trading financial assets	(12,920)	(171)
Increase in trade and other receivables	(3,052)	(3,881)
	(15,972)	(4,052)
Changes in operating liabilities		
Increase in trading financial liabilities	55,148	8,827
Decrease in trade and other payables	(433)	(599)
	54,715	8,228
Net cash flows from operating activities	37,122	3,687

13. SEGMENT REPORTING

Segment information is presented in respect of the Company's reportable operating and geographical segments. The business and geographical segments are based on the Company's management and internal reporting structure. Transactions between business segments are on normal commercial terms and conditions.

Business segment

Morgan Stanley structures its reportable operating segments primarily based upon the nature of the financial products and services provided to customers and Morgan Stanley's internal management structure. The Company's own reportable operating segments are consistent with those of Morgan Stanley.

The Company has one reportable business segment, Institutional Securities which includes the issuance of derivative contracts and the hedging of the obligations arising pursuant to such issuance.

Geographical segment

The Company operates in one geographic region, Asia. The basis for attributing external revenue and total assets to one geographic region is determined by trading desk location.

14. FINANCIAL RISK MANAGEMENT

Risk management procedures

Risk is an inherent part of both the Morgan Stanley Group's and the Company's business activity and is managed by the Company within the context of the broader Morgan Stanley Group. The Morgan Stanley Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities in accordance with defined policies and procedures. The Company has developed its own risk management policy framework, which is consistent with and leverages the risk management policies and procedures of the Morgan Stanley Group and which include escalation to the Company's Board of Directors and to appropriate senior management personnel of the Company.

The principal activity of the Company continues to be the issuance of financial instruments under an Issuance Programme and the economic hedging of the obligations arising pursuant to such issuances. It is the policy and objective of the Company not to be exposed to market risk as a result of its issuance activities. On the issuance of each financial instrument, the Company enters into economic hedges of its obligations by purchasing financial instruments from another Morgan Stanley Group entity and from the market.

Significant risks faced by the Company resulting from its issuance activities and hedging strategies are set out below.

Credit risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk exposure is managed on a global basis and in consideration of each significant legal entity within the Morgan Stanley Group. The credit risk management policies and procedures establish the framework for identifying, measuring, monitoring and controlling credit risk whilst ensuring transparency of material credit risks, compliance with established limits and escalating risk concentrations to appropriate senior management.

The Company may incur credit risk in its derivatives business through a variety of activities, including, but not limited to, the following:

- entering into derivative contracts under which counterparties may have obligations to make payments to the Company;
- providing short or long-term funding to Morgan Stanley Group undertakings;

The Company hedges all of its financial liabilities by entering into bilateral OTC derivative contracts with other Morgan Stanley Group undertakings and other derivative contracts. Except for cash and other derivative contracts, the Company enters into all of its financial asset transactions with other Morgan Stanley Group undertakings, and both the Company and the other Morgan Stanley Group undertakings are wholly owned subsidiaries of the same ultimate parent entity, Morgan Stanley. As a result of the implicit support that would be provided by Morgan Stanley, the Company is considered exposed to the credit risk of Morgan Stanley, except where the Company transacts with other Morgan Stanley Group undertakings that have a higher credit rating to that of Morgan Stanley.

Exposure to credit risk

The maximum exposure to credit risk ("gross credit exposure") of the Company as at 30 June 2025 is disclosed below, based on the carrying amounts of the financial assets which the Company believes are subject to credit risk. The table includes financial instruments subject to Expected Credit Loss ("ECL") and not subject to ECL. Those financial instruments that bear credit risk but are not subject to ECLs are subsequently measured at fair value. The table below does not include trade receivables arising from pending securities transactions with market counterparties as credit risk is considered to be insignificant. Where the Company enters into credit enhancements, including receiving cash and security as collateral and master netting agreements, to manage the credit exposure on these financial instruments the financial effect of the credit enhancements is also disclosed in note 15 'Financial Assets and Financial Liabilities Subject to Offsetting'.

The Company does not have any exposure arising from items not recognised on the balance sheet.

The Company does not hold financial assets considered to be credit-impaired.

Credit quality

Exposure to credit risk by internal rating grades

Internal credit ratings, as below, are derived using methodologies generally consistent with those used by external agencies:

Investment grade: AAA - BBB
Non-investment grade: BB - CCC
Default: D

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit quality (continued)

Exposure to credit risk by internal rating grades (continued)

The table below shows gross carrying amount by internal rating grade. All exposures subject to ECL are Stage 1, unless otherwise shown:

30 June 2025

	Gross credit exposure[1][2] US$'000	Counterparty	Rating	Credit Grade
Subject to ECL[3]:				
Cash	13	Standard Chartered Bank	A	Investment Grade
	20	Standard Chartered Bank (Hong Kong) Limited	BBB	Investment Grade
	54	ANZ Bank New Zealand Limited	A	Investment Grade
	69	HSBC Bank Australia Limited	A	Investment Grade
	773	HSBC Bank (Mauritius) Limited	BBB-	Investment Grade
	71	Sumitomo Mitsui Banking Corporation	A	Investment Grade
Total Cash	1,000			
Trade and other receivables	70,767	Morgan Stanley Asia Securities Products LLC	BBB	Investment Grade
	4,111	Morgan Stanley & Co. International plc	A	Investment Grade
Total trade and other receivables [4]	74,878			
Not subject to ECL[5]:				
Trading financial assets	5,439	Morgan Stanley & Co. International plc	A	Investment Grade
	6,407	BNP Paribas Issuance B.V.	A	Investment Grade
	669	Guotai Junan Securities (Hong Kong) Limited	BB	Non-Investment Grade
	418	UBS AG	A	Investment Grade
	53	J. P. Morgan Structured Products B.V.	NR	
	385	Citigroup Global	A	Investment Grade
	60	Citi Securities	NR	
	11	SG Issuer	BB	Non-Investment Grade
	593	BOCI Asia Ltd	NR	
Total trading financial assets	14,035			

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit quality (continued)

Exposure to credit risk by internal rating grades (continued)

1. The carrying amount recognised in the condensed statement of financial position best represents the Company's maximum exposure to credit risk.
2. Of the gross credit exposure, intercompany cross product netting arrangements are in place which would allow for an additional US$9,823,000 to be offset in the ordinary course of business and/ or in the event of default as given in note 15 financial assets and financial liabilities subject to offsetting.
3. There is a minimal ECL of US$15,473 on trade and other receivables.
4. This table does not include receivables arising from pending securities transactions with market counterparties as credit risk is considered to be insignificant.
5. Financial assets measured at FVPL are not subject to ECL.

31 December 2024

	Gross credit exposure(1)(2) US$'000	Counterparty	Rating	Credit Grade
Subject to ECL(3):				
Cash	12	Standard Chartered Bank	A	Investment Grade
	77	Standard Chartered Bank (Hong Kong) Limited	BBB	Investment Grade
	48	ANZ Bank Limited	A	Investment Grade
	63	HSBC Bank Australia Limited	A	Investment Grade
	544	HSBC Bank (Mauritius) Limited	A	Investment Grade
	65	Sumitomo Mitsui Banking Corporation	A	Investment Grade
Total Cash	809			
Trade and other receivables	32,158	Morgan Stanley Asia Securities Products LLC	BBB	Investment Grade
	3,786	Morgan Stanley & Co. International plc	A	Investment Grade
Total trade and other receivables	35,944			
Not subject to ECL(4):				
Trading financial assets	1,055	Morgan Stanley & Co. International plc	A	Investment Grade
	5	Korea Investment & Securities Asia Ltd.	B	Investment Grade
	4	Guotai Junan Securities (Hong Kong) Limited	BB	Investment Grade
	1	UBS AG	A	Investment Grade
	5	Citigroup Global	BBB	Investment Grade
	9	Goldman Sachs Structured Products (ASIA) Limited	NR	
	35	The Hongkong and Shanghai Banking Corporation Limited, Hong Kong	A	Investment Grade
	1	HUATAI Financial Holdings (Hong Kong) Limited	BB+	Investment Grade
Total Trading financial assets	1,115			

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit quality (continued)

Exposure to credit risk by internal rating grades (continued)

1. The carrying amount recognised in the condensed statement of financial position best represents the Company's maximum exposure to credit risk.
2. Of the gross credit exposure, intercompany cross product netting arrangements are in place which would allow for an additional US$4,825,000 to be offset in the ordinary course of business and/ or in the event of default as given in note 15 financial assets and financial liabilities subject to offsetting.
3. There is a minimal ECL of US$2,341 on trade and other receivables.
4. Financial assets measured at FVPL are not subject to ECL.

Liquidity risk

Liquidity risk refers to the risk that the Company will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity risk encompasses the Company's ability (or perceived ability) to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten the Company's viability as a going concern. Liquidity risk also encompasses the associated funding risks triggered by the market or idiosyncratic stress events that may cause unexpected changes in funding needs or an inability to raise new funding. Generally, the Company incurs liquidity risk as a result of its trading, lending and investing activities.

The Company's liquidity risk management policies and procedures are consistent with those of the Morgan Stanley Group. The primary goal of Morgan Stanley Group's liquidity risk and funding management framework is to ensure that the Company has access to adequate funding across a wide range of market conditions and time horizons. The framework is designed to enable the Company to fulfil its financial obligations and support the execution of its business strategies.

The following principles guide the Morgan Stanley Group's liquidity risk management framework:

- Sufficient liquid assets should be maintained to cover maturing liabilities and other planned and contingent outflows;
- Maturity profile of assets and liabilities should be aligned, with limited reliance on short-term funding;
- Source, counterparty, currency, region, and term of funding should be diversified; and
- Liquidity Stress Tests should account for stressed liquidity requirements and the amount of liquidity held should be greater than those stressed requirements.

The Company hedges all of its financial liabilities by entering into OTC derivative contracts with other Morgan Stanley Group undertakings. In general, the maturity profile of the financial assets matches the maturity profile of the financial liabilities.

The core components of the Morgan Stanley Group's liquidity management framework, which includes consideration of the liquidity risk for each individual legal entity, are the Required Liquidity Framework, Liquidity Stress Tests and the Liquidity Resources (as defined below).

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Required Liquidity Framework

The Required Liquidity Framework establishes the amount of liquidity the Morgan Stanley Group must hold in both normal and stressed environments to ensure that its financial condition and overall soundness is not adversely affected by an inability (or perceived inability) to meet its financial obligations in a timely manner. The Required Liquidity Framework considers the most constraining liquidity requirement to satisfy all regulatory and internal limits at a consolidated and legal entity level.

Liquidity Stress Tests

The Morgan Stanley Group uses Liquidity Stress Tests to model external and intercompany flows across multiple scenarios and a range of time horizons. These scenarios contain various combinations of idiosyncratic and market stress events of different severity and duration. The methodology, implementation, production and analysis of the Liquidity Stress Tests are important components of the Required Liquidity Framework.

The Liquidity Stress Tests are produced for Morgan Stanley and its major operating subsidiaries, as well as at major currency levels, to capture specific cash requirements and cash availability at various legal entities. The Liquidity Stress Tests assume that subsidiaries will use their own liquidity first to fund their obligations before drawing liquidity from Morgan Stanley. It is also assumed that Morgan Stanley will support its subsidiaries and will not have access to cash that may be held at certain subsidiaries. In addition to the assumptions underpinning the Liquidity Stress Tests, the Morgan Stanley Group takes into consideration the settlement risk related to intra-day settlement and clearing of securities and financial activities.

Since the Company hedges the risk of its financial liabilities with financial assets that match the maturity profile of the financial liabilities, the Company is not considered a major operating subsidiary for the purposes of liquidity risk. However, the Company would have access to the cash or liquidity reserves held by Morgan Stanley in the unlikely event that it was unable to access adequate financing to service its financial liabilities when they become payable.

The Required Liquidity Framework and Liquidity Stress Tests are evaluated on an ongoing basis and reported to the Firm Risk Committee, Asset/Liability Management Committee, and other appropriate risk committees.

Liquidity Resources

The Morgan Stanley Group maintains sufficient liquidity resources, which consist of unencumbered highly liquid securities and cash deposits with banks (including central banks) ("Liquidity Resources") to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. The Company actively manages the amount of Liquidity Resources considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment inclusive of contingent cash outflows; and collateral requirements. The amount of Liquidity Resources the Company holds is based on the Company's risk appetite and is calibrated to meet various internal and regulatory requirements and to fund prospective business activities. Unencumbered highly liquid securities consist netted trading assets, investment securities and securities received as collateral.

The Morgan Stanley Group's Liquidity Resources, to which the Company has access, is held within Morgan Stanley and its major operating subsidiaries and is composed of diversified cash and cash equivalents and unencumbered highly liquid securities.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Liquidity Resources (continued)

Eligible unencumbered highly liquid securities include US government securities, US agency securities, US agency mortgage-backed securities, non-US government securities and other highly liquid investment grade securities.

Liquidity Resources may fluctuate from period to period based on the overall size and composition of the balance sheet, the maturity profile of our unsecured debt and estimates of funding needs in a stressed environment, among other factors.

The ability to monetise assets during a liquidity crisis is critical. The Morgan Stanley Group believes that the assets held in its Liquidity Resources can be monetised within five business days in a stressed environment given the highly liquid and diversified nature of the resources.

Funding management

The Morgan Stanley Group manages its funding in a manner that reduces the risk of disruption to the Morgan Stanley Group's and the Company's operations. The Morgan Stanley Group pursues a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempts to ensure that the tenor of the Morgan Stanley Group's, and the Company's, liabilities equals or exceeds the expected holding period of the assets being financed.

The Morgan Stanley Group funds its balance sheet on a global basis through diverse sources, which includes consideration of the funding risk of each legal entity. These sources include the Morgan Stanley Group's equity capital, long-term borrowing, securities sold under agreements to repurchase, securities lending, deposits, letters of credit and lines of credit. The Morgan Stanley Group has active financing programmes for both standard and structured products targeting global investors and currencies.

Balance sheet management

In managing both the Morgan Stanley Group's and the Company's funding risk the composition and size of the entire balance sheet, not just financial liabilities, is monitored and evaluated. The liquid nature of the marketable securities and short-term receivables arising principally from sales and trading activities in Institutional Securities business provides the Morgan Stanley Group and the Company with flexibility in managing the size of its balance sheet.

Maturity analysis

In the following maturity analysis, trading financial assets and liabilities are disclosed according to their earliest contractual maturity; all such amounts are presented at their fair value, consistent with how these financial assets and financial liabilities are managed. All other amounts represent undiscounted cash flows receivable and payable by the Company arising from its financial assets and financial liabilities to earliest contractual maturities as at 30 June 2025 and 31 December 2024. Receipts of financial assets and repayments of financial liabilities that are subject to immediate notice are treated as if notice were given immediately and are classified as on demand. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from these financial assets and financial liabilities, presented in a way that is consistent with how the liquidity risk on these financial assets and financial liabilities is managed by the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

30 June 2025	On demand	Less than 1 month	1 month - 3 months	3 months - 1 year	1 year - 5 years	Greater than 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets							
Cash	1,000	—	—	—	—	—	1,000
Trading financial assets	—	105	60	—	12,802	1,068	14,035
Trade and other receivables(1)	7,452	—	—	—	70,096	—	77,548
Total financial assets	**8,452**	**105**	**60**	**—**	**82,898**	**1,068**	**92,583**
Financial liabilities							
Trading financial liabilities	—	11,392	23,224	23,438	34,111	—	92,165
Trade and other payables	368	—	—	—	—	—	368
Total financial liabilities	**368**	**11,392**	**23,224**	**23,438**	**34,111**	**—**	**92,533**

(1) Trade and other receivables include certain receivables due from the Company's direct parent undertaking which is dated on a rolling 395 day terms and includes a voluntary bilateral early settlement provision. Although these receivables are disclosed based on the required contractual maturity excluding the effect of voluntary bilateral early settlement provision, it is expected early repayment can be agreed with the Company's direct parent undertaking if required.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

31 December 2024	On demand	Less than 1 month	1 month - 3 months	3 months - 1 year	1 year - 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets						
Cash	809	—	—	—	—	809
Trading financial assets	—	10	47	1,028	30	1,115
Trade and other receivables(1)	4,402	—	—	—	31,542	35,944
Total financial assets	**5,211**	**10**	**47**	**1,028**	**31,572**	**37,868**
Financial liabilities						
Trading financial liabilities	—	403	6,245	20,855	9,514	37,017
Trade and other payables	801	—	—	—	—	801
Total financial liabilities	**801**	**403**	**6,245**	**20,855**	**9,514**	**37,818**

(1) Trade and other receivables include certain receivables due from the Company's direct parent undertaking which is dated on a rolling 395 day terms and includes a voluntary bilateral early settlement provision. Although these receivables are disclosed based on the required contractual maturity excluding the effect of voluntary bilateral early settlement provision, it is expected early repayment can be agreed with the Company's direct parent undertaking if required.

Market risk

Market risk is identified by IFRS 7 *'Financial instruments: Disclosures'* ("IFRS 7") as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The issued listed derivative contracts expose the Company to the risk of changes in market prices of the underlying securities, interest rate risk and, where denominated in currencies other than US dollars, the risk of changes in rates of exchange between the US dollar and the other relevant currencies. The Company uses the risk mirroring contracts that it purchases from other Morgan Stanley Group undertakings to match the price risk, foreign currency and other market risks associated with the issuance of listed derivative contracts, consistent with the Company's risk management strategy. As such, the Company is not exposed to any net market risk on these financial instruments. Different components of market risks from the issued listed derivative contracts resulting into price movements in underlying securities, exchange rates and others will be offset by the same but opposite price movements in the risk-mirroring contracts. Due to Company's hedging strategy, the gain in the equity price sensitivity analysis as shown in table below will be hedged and offset by fair value movements into risk mirroring contracts.

Sound market risk management is an integral part of the Company's culture. The Company is responsible for ensuring that market risk exposures are well-managed and monitored. The Company also ensures transparency of material market risks, monitors compliance with established limits, and escalates risk concentrations to appropriate senior management.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

The market price risk exposure from the financial assets is mainly equity price risk and interest rate risk, although all such risks are offset by equal and offsetting exposure to risk on the issued securities. Equity price risk refers to the risk of changes in the equity price of the assets underlying these financial assets.

Equity price sensitivity analysis

The sensitivity analysis below is determined based on the exposure to equity price risk at 30 June 2025 and 31 December 2024 respectively.

The market risk related to such equity price risk is measured by estimating the potential reduction in total comprehensive income associated with a 10% decline in the underlying asset values as shown in the table below.

	Impact on Total Comprehensive Income Gains/(losses)	
	30 June 2025	**31 December 2024**
	US$'000	**US$'000**
Bilateral OTC derivative contracts	(48,580)	(18,629)
Issued listed derivative contracts	48,580	18,629
	—	—

The Company's equity price risk is mainly concentrated on equity securities in Asia.

The Company enters the majority of its financial asset transactions with other Morgan Stanley Group undertakings, where both the Company and the other Morgan Stanley Group undertakings are wholly owned subsidiaries of the same group parent entity, Morgan Stanley.

The Issued and other listed derivative contracts expose the Company to the risk of changes in the market prices of the underlying securities, interest rate risk and, where denominated in currencies other than US Dollars (USD), the risk of changes in rates of exchange between the USD and the other relevant currencies. The Company uses the Bilateral OTC derivative contracts that it enters with other Morgan Stanley Group undertakings to hedge the market price, interest rate and foreign currency risks associated with the Issued and other listed derivative contracts, consistent with the Company's risk management strategy. As such, the Company is not exposed to any net material market risk on these financial instruments.

Interest rate risk

Interest rate risk is defined by IFRS 7 "Financial Instruments: Disclosures" as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is primarily exposed to interest rate risk under this definition as a result of changes in the future cash flows of floating rate intercompany borrowing and loans held at amortised cost.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The application of a parallel shift in market interest rates of 50 basis point increase or decrease, calculated until the next reset date, to the funding balance which is dated on a rolling 395 day term, would result in a net gain or loss of approximately US$987 (31 December 2024: US$899) in the condensed statement of comprehensive income.

The Company actively manages its interest rate risk by hedging with other Morgan Stanley Group undertakings. The residual market risk on the entity is not material.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

In order to manage credit exposure arising from its business activities, the Company applies various credit risk management policies and procedures, see note 14 for further details. Primarily in connection with the issuance and hedging activities, the Company enters into master netting arrangements and collateral arrangements with certain counterparties. These agreements provide the Company with the right, in the ordinary course of business and/ or in the event of a counterparty default (such as bankruptcy or a counterparty's failure to pay or perform), to net a counterparty's rights and obligations under such agreement and, in the event of counterparty default, set off collateral held by the Company against the net amount owed by the counterparty.

In the condensed statement of financial position, financial assets and financial liabilities are only offset and presented on a net basis where there is a current legally enforceable right to set off the recognised amounts and an intention to either settle on a net basis or to realise the assets and the liabilities simultaneously. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

The following tables present information about offsetting of financial instruments.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

30 June 2025	Gross amounts	Amounts offset in the condensed statement of financial position	Net amounts presented in the condensed statement of financial position
	US$'000	US$'000	US$'000
Assets			
Trading financial assets	14,035	—	14,035
Trade and other receivables	125,549	(48,001)	77,548
TOTAL	**139,584**	**(48,001)**	**91,583**
Liabilities			
Trading financial liabilities	92,165	—	92,165
Trade and other payables	48,369	(48,001)	368
TOTAL	**140,534**	**(48,001)**	**92,533**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
Six months ended 30 June 2025

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING (CONTINUED)

30 June 2025	Net amounts presented in the condensed statement of financial position	Amounts not offset in the condensed statement of financial position(1)		Net exposure
		Financial instruments	Cash collateral(2)	
	US$'000	US$'000	US$'000	US$'000
Assets				
Morgan Stanley & Co. International plc	9,550	(5,439)	(4,111)	—
Morgan Stanley Asia Securities Products LLC	70,767	—	—	70,767
Morgan Stanley Hong Kong Securities Limited	2,670	(273)	—	2,397
Others (3)	8,596	—	—	8,596
TOTAL	**91,583**	**(5,712)**	**(4,111)**	**81,760**
Liabilities				
Morgan Stanley & Co. International plc	17,294	(9,550)	—	7,744
Morgan Stanley Hong Kong Securities Limited	273	(273)	—	—
Morgan Stanley & Co. LLC	48	—	—	48
Others (3)	74,918	—	—	74,918
TOTAL	**92,533**	**(9,823)**	**—**	**82,710**

1. These are amounts that would be offset in the ordinary course of business and/ or in the event of default according to the intercompany cross-product legally enforceable netting arrangements with the respective Morgan Stanley Group undertakings.
2. Derivatives cash collateral netting relates to the margin posted or received being offset against the derivatives balance where all offsetting criteria is met. All Cash Collateral are recognised within Trade and other receivables and Trade and other payables whether it is offset or not and represents the total variation margin paid or received by counterparties.
3. Counterparties for amount reported under category as 'others' are external in nature.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING (CONTINUED)

31 December 2024	Gross amounts US$'000	Amounts offset in the condensed statement of financial position US$'000	Net amounts presented in the condensed statement of financial position US$'000
Assets			
Trading financial assets	1,115	—	1,115
Trade and other receivables	75,797	(39,853)	35,944
TOTAL	**76,912**	**(39,853)**	**37,059**
Liabilities			
Trading financial liabilities	37,017	—	37,017
Trade and other payables	40,654	(39,853)	801
TOTAL	**77,671**	**(39,853)**	**37,818**

31 December 2024	Net amounts presented in the condensed statement of financial position	Amounts not offset in the condensed statement of financial position[(1)]		
		Financial instruments	Cash collateral[(2)]	Net exposure
	US$'000	US$'000	US$'000	US$'000
Assets				
Morgan Stanley & Co. International plc	4,825	(1,039)	(3,786)	—
Morgan Stanley Asia Securities Products LLC	32,158	—	—	32,158
Others [(3)]	76	—	—	76
TOTAL	**37,059**	**(1,039)**	**(3,786)**	**32,234**
Liabilities				
Morgan Stanley & Co. International plc	7,394	(4,825)	—	2,569
Morgan Stanley Hong Kong Securities Limited	723	—	—	723
Morgan Stanley & Co. LLC	40	—	—	40
Others [(3)]	29,661	—	—	29,661
TOTAL	**37,818**	**(4,825)**	—	**32,993**

1. These are amounts that would be offset in the ordinary course of business and /or in the event of default according to the intercompany cross-product legally enforceable netting arrangements with the respective Morgan Stanley Group undertakings.
2. Derivatives cash collateral netting relates to the margin posted or received being offset against the derivatives balance where all offsetting criteria is met. All Cash Collateral are recognised within Trade and other receivables and Trade and other payables whether it is offset or not and represents the total variation margin paid or received by counterparties.
3. Counterparties for amount reported under category as ‘others’ are external in nature.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

a. Financial assets and liabilities recognised at fair value on a recurring basis

The following tables present the carrying value of the Company's financial assets and financial liabilities recognised at fair value on a recurring basis, classified according to the fair value hierarchy.

30 June 2025	Quoted prices in active market (Level 1) US$'000	Valuation techniques using observable inputs (Level 2) US$'000	Valuation techniques with significant unobservable inputs (Level 3) US$'000	Total US$'000
Trading financial assets: Derivatives- Equity contracts	—	14,034	1	14,035
Trading financial liabilities: Derivatives- Equity contracts	—	91,458	707	92,165
31 December 2024				
Trading financial assets: Derivatives- Equity contracts	—	1,115	—	1,115
Trading financial liabilities: Derivatives- Equity contracts	—	37,017	—	37,017

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

a. Financial assets and liabilities recognised at fair value on a recurring basis (continued)

The Company's valuation approach and fair value hierarchy categorisation for all classes of financial instruments recognised at fair value on a recurring basis is as follows:

Asset and Liability / Valuation Technique	Valuation Hierarchy Classification
Derivatives	
Listed Derivative Contracts • Listed derivatives that are actively traded are valued based on quoted prices from the exchange. • Listed derivatives that are not actively traded are valued using the same techniques as those applied to derivative contracts.	• Level 1 - listed derivatives that are actively traded • Level 2 - listed derivatives that are not actively traded with observable valuation inputs • Level 3 - listed derivatives that are not actively traded with unobservable valuation inputs
OTC Derivative Contracts • OTC derivative contracts include swap and option contracts related to equity prices. • Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modelled using a series of techniques, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, simulation models or a combination thereof. Many pricing models do not entail material subjectivity as the methodologies employed do not necessitate significant judgement, since model inputs may be observed from actively quoted markets, as is the case for equity option contracts. In the case of more established derivative products, the pricing models used by the Company are widely accepted by the financial services industry.	• Generally Level 2 - OTC derivative products valued using observable inputs, or where the unobservable inputs are not deemed significant. • Level 3 - OTC derivative products for which the unobservable inputs are deemed significant.

b. Transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities recognised at fair value on a recurring basis.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current and prior period.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

c. Changes in Level 3 financial assets and liabilities recognised at fair value on a recurring basis

During the period, the Company reclassified approximately US$668,000 (31 December 2024: US$Nil) of trading financial liabilities from Level 2 to Level 3. The movement from level 2 to level 3 is due to certain significant inputs to the fair value measurements becoming unobservable.

d. Assets and liabilities measured at fair value on a non-recurring basis

Non-recurring fair value measurements of assets or liabilities are those which are required or permitted in the condensed statement of financial position in particular circumstances. There were no assets or liabilities measured at fair value on a non-recurring basis during the current or prior period.

17. ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

For all financial instruments not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

18. CAPITAL MANAGEMENT

The Morgan Stanley Group manages its capital on a global basis with consideration for its legal entities. The capital managed by the Morgan Stanley Group broadly includes ordinary share capital, preference share capital, subordinated loans and reserves.

The Morgan Stanley Group manages its consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements and rating agency guidelines. In the future the Morgan Stanley Group may expand or contract its capital base to address the changing needs of its businesses.

The Morgan Stanley Group also aims to adequately capitalise at a legal entity level whilst safeguarding that entity's ability to continue as a going concern and ensuring that it meets all regulatory capital requirements, so that it can continue to provide returns for the Morgan Stanley Group.

In order to maintain or adjust the capital structure as described above, the Company may issue new shares or sell assets to reduce debt. The Company manages its ordinary share capital of US$50,000 (31 December 2024: US$50,000) as capital.

The issuance of securities is part of the Company's operating activities. The Company has contractual obligations to deliver cash or underlying financial instruments to holders of the issued securities. Also, these obligations will not be settled in the Company's own equity instruments. These liabilities are not subordinated and the security holders rank equally with other creditors of the Company. The issued securities are also not contracts that evidence any residual interest in the assets of the Company. The Company therefore does not regard the financial liabilities derived from its issuance activity as part of its capital.

The Company has also entered into financial support agreement with its immediate parent, MSASP and with MSHK 1238, whereby MSASP and MSHK 1238 agree to provide financial support by way of funds injection in the form of equity capital or shareholder's loan in the event the Company needs funding to fulfil its obligations and liabilities under its issuance program.

19. RELATED PARTY DISCLOSURES

Parent and subsidiary relationships

Parent and ultimate controlling entity

The Company's immediate parent undertaking is MSASP, which is registered in Cayman Islands.

The ultimate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley. Morgan Stanley is incorporated in the State of Delaware, the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

Key management compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors of the Company.

Due to the nature of the Company's activities, key management personnel provide minimal services specific to the Company and as a result, no compensation is paid to key management personnel in respect of their services to the Company.

Transactions with related parties

The Morgan Stanley Group conducts business for clients globally through a combination of both functional and legal entity organisational structures. Accordingly, the Company is closely integrated with the operations of the Morgan Stanley Group and enters into transactions with other Morgan Stanley Group undertakings on an arm's length basis for the purposes of utilising financing, trading and risk management, and infrastructure services. The nature of these relationships along with information about the transactions and outstanding balances is given below. All the amounts outstanding as disclosed below are unsecured and will be settled in cash or via intercompany mechanism.

Audit fees has been borne by another Morgan Stanley Group undertaking in both the current and prior period.

Funding

The Company receives general funding from and provides general funding to other Morgan Stanley Group undertakings in the following forms:

General Funding

General funding is undated, unsecured, floating rate lending, other than certain funding which is dated on a rolling 395 day term. Funding may be received or provided for specific transaction related funding requirements, or for general operational purposes. The interest rates are established by the Morgan Stanley Group Treasury function for all entities within the Morgan Stanley Group and approximate the market rate of interest that the Morgan Stanley Group incurs in funding its business.

19. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties (continued)

General Funding (continued)

Details of the outstanding balances on these funding arrangements and the related interest income recognised in the condensed statement of comprehensive income during the period are shown in the table below:

	30 June 2025		31 December 2024	
	Interest	Balance	Interest	Balance
	US$'000	US$'000	US$'000	US$'000
Rolling 395 day term				
Amounts due from the Company's direct parent undertaking	1,568	70,096	1,288	31,542
Undated				
Amounts due from the Company's direct parent undertaking	—	686	—	616
Amounts due to other Morgan Stanley Group undertakings	—	49	—	40

During the period, the Company has recognised ECL expense of US$13,132 (31 December 2024: US$2,341) on the above outstanding balance from related parties.

Trading and risk management

The Company issues listed derivative contracts and hedges the obligations arising from the issuance by entering into derivative contracts with other Morgan Stanley Group undertakings. All such transactions are entered into on an arm's length basis. These transactions may give rise to credit risk either for the Company, or to a related party towards the Company.

The total amounts receivable and payable on trading financial assets, trading financial liabilities, trade and other receivables and trade and other payables outstanding at the period-end were as follows:

	30 June 2025	31 December 2024
	US$'000	US$'000
Amounts due from other Morgan Stanley Group undertakings[(1)]	12,219	4,825
Amounts due to other Morgan Stanley Group undertakings	17,565	8,114

19. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties (continued)

Trading and risk management (continued)

(1) Amounts due from other Morgan Stanley Group undertakings include cash collateral of US$4,111,000 (31 December 2024: US$3,786,000) pledged by the Company to Morgan Stanley & Co. International plc ("MSIP") to mitigate risk on exposures arising under derivatives contracts between the Company and MSIP. The Company has received interest of US$51,000 (31 December 2024: US$148,000) on the cash collateral pledged to MSIP.

Fees and commissions

The Company incurs fee in respect of services performed by other Morgan Stanley Group undertaking. Fees incurred during the period are as follows:

	30 June 2025 US$'000	30 June 2024 US$'000
Fees paid to other Morgan Stanley Group undertaking	1,181	200

Other related party transactions

The Morgan Stanley Group operates a number of intra-group policies to ensure that, where possible, revenues and related costs are matched. The Company receives management charges by recharging certain expenses, including fees paid to the Stock Exchange and to the Company's direct parent undertaking. For the period ended 30 June 2025, a management charge of US$5,684,000 (30 June 2024: US$2,728,000) is recognised in the condensed statements of comprehensive income arising from such policies. An outstanding receivable relating to the management charge at reporting date is included within the general funding balances disclosed above.