

Morgan Stanley

Fourth Addendum to the Base Listing Document dated 16 March 2026 relating to Non-collateralised Structured Products

Issuer

Morgan Stanley Asia Products Limited

(Incorporated in the Cayman Islands with limited liability)

Guarantor

Morgan Stanley

(Incorporated in the State of Delaware, United States of America)

Manager

Morgan Stanley Asia Limited

(Incorporated in Hong Kong)

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This document, for which we and the Guarantor accept full responsibility (in the case of the Guarantor, only in respect of the information in relation to the Guarantor), includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Stock Exchange's Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor and the warrants, callable bull/bear contracts ("**CBBCs**") and any other structured products (together, "**our structured products**") referred to in this document. The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document, our base listing document dated 16 March 2026 ("**Base Listing Document**"), our first addendum to the Base Listing Document dated 20 April 2026 ("**First Addendum**"), our second addendum to the Base Listing Document dated 26 May 2026 ("**Second Addendum**") and our third addendum to the Base Listing Document dated 25 August 2026 ("**Third Addendum**") (in the case of the Guarantor, only in respect of the information in relation to the Guarantor) is, as of the date of this document, up-to-date, true, accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or these documents (in the case of the Guarantor, only in respect of the statement and information in relation to the Guarantor), when read together, misleading. This document should be read together with the Base Listing Document, the First Addendum, the Second Addendum and the Third Addendum.

We, the Issuer of our structured products, are publishing this document in order to obtain a listing on the Stock Exchange of our structured products.

The structured products are complex products. You should exercise caution in relation to them. Investors are warned that the price of the structured products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the structured products and carefully study the risk factors set out in the Base Listing Document and, where necessary, seek professional advice, before they invest in the structured products.

The structured products constitute general unsecured contractual obligations of the Issuer and of no other person and the guarantee constitutes the general unsecured contractual obligations of the Guarantor and of no other person and will rank equally among themselves and with all our and the Guarantor's other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the structured products, you are relying upon the creditworthiness of the Issuer and the Guarantor, and have no rights under the structured products against (a) the company which has issued the underlying securities, (b) the fund which has issued the underlying securities or its trustee (if applicable) or manager, or (c) the index sponsor of any underlying index or any other person. If the Issuer becomes insolvent, enters into liquidation, administration or an analogous action, or defaults on its obligations under the structured products or the Guarantor becomes insolvent, enters into liquidation, administration or an analogous action, or defaults on its obligations under the guarantee, you may not be able to recover all or even part of the amount due under the structured products (if any).

The structured products are not bank deposits or protected deposits for the purposes of the Deposit Protection Scheme in Hong Kong and are not insured or guaranteed by the United States Federal Deposit Insurance Corporation ("**FDIC**"), or any other governmental agency. The structured products are guaranteed by Morgan Stanley and the guarantee will rank *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of Morgan Stanley.

The distribution of this document, the Base Listing Document, the First Addendum, the Second Addendum, the Third Addendum, the relevant supplemental listing document, any addendum and the offering, sale and delivery of structured products in certain jurisdictions may be restricted by law. You are required to inform yourselves about and to observe such restrictions. Please read Annex 3 "Purchase and Sale" in the Base Listing Document. The structured products have not been approved or disapproved by the SEC or any state securities commission in the United States or regulatory authority, nor has the SEC or any state securities commission or any regulatory authority passed upon the accuracy or the adequacy of this document. Any representation to the contrary is a criminal offence. **The structured products and the guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act"), and the structured products may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act).**

Dated 30 September 2026

IMPORTANT

If you are in doubt as to the contents of this document, you should obtain independent professional advice.

This document contains the extracts of the Issuer's interim financial report for the six months ended 30 June 2026. You should read this document, the Base Listing Document, the First Addendum, the Second Addendum, the Third Addendum and the relevant supplemental listing document published by us in relation to the particular series of structured products you are considering for investment to understand our structured products before deciding whether to buy our structured products.

Copies of this document, the Base Listing Document, the First Addendum, the Second Addendum, the Third Addendum and the relevant supplemental listing document (together with a Chinese translation of each of these documents) and other documents listed under the section "Where can I read copies of the Issuer's and Guarantor's documentation?" in the Base Listing Document are available on the website of the Stock Exchange at www.hkexnews.hk and the Issuer's website at www.mswarrants.com.hk.

本文件、基本上市文件、第一份增編、第二份增編、第三份增編及相關補充上市文件(及以上各份文件的英文本)連同基本上市文件的「本人從何處可查閱發行人及擔保人的文件副本？」一節所列的其他文件，可於香港交易所披露易網站(www.hkexnews.hk)以及發行人網站(www.mswarrants.com.hk)瀏覽。

We do not give you investment advice; you must decide for yourself, after reading the listing documents for the relevant structured products and, if necessary, seeking professional advice, whether our structured products meet your investment needs.

What are our Guarantor's credit ratings?

Our Guarantor's long term credit ratings (as of the day immediately preceding the date of this document) are: A1 (Stable) by Moody's Investors Service, Inc., A- (Stable) by S&P Global Ratings and A+ (Stable) by Fitch Ratings, Inc..

Rating agencies usually receive a fee from the companies that they rate. When evaluating our Guarantor's creditworthiness, you should not solely rely on our Guarantor's credit ratings because:

- (a) a credit rating is not a recommendation to buy, sell or hold our structured products;
- (b) ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- (c) a high credit rating is not necessarily indicative of low risk. Our Guarantor's credit ratings as of the day immediately preceding the date of this document are for reference only. Any downgrading of our Guarantor's credit ratings could result in a reduction in the value of our structured products;
- (d) a credit rating is not an indication of the liquidity or volatility of our structured products; and
- (e) a credit rating may be downgraded if the credit quality of our Guarantor declines.

Our structured products are not rated. Our Guarantor's credit ratings and ratings outlooks are subject to change or withdrawal at any time within each rating agency's sole discretion and are set out for investors' reference only. You should conduct your own research using publicly available sources to obtain the latest information with respect to our Guarantor's credit ratings and ratings outlooks from time to time.

Is the Issuer or our Guarantor regulated by any authorities referred to in Rule 15A.13(3) of the Stock Exchange's Listing Rules?

We are not regulated by any of the bodies referred to in Rule 15A.13(3). Our Guarantor is a corporation organised under the laws of the State of Delaware, and is a financial holding company regulated by the Board of Governors of the Federal Reserve System, being a regulatory authority referred to in Rule 15A.13(3). Many of our Guarantor's subsidiaries are regulated by various regulatory bodies throughout the world, including broker dealer and investment advisor subsidiaries registered with the U.S. Securities and Exchange Commission and subsidiaries regulated by the U.S. Commodity Futures Trading Commission with respect to certain futures-related activities.

Is the Issuer or our Guarantor subject to any litigation?

Save as disclosed in the Base Listing Document, the First Addendum, the Second Addendum, the Third Addendum and this document, the Issuer and our Guarantor are not aware, to the best of our and our Guarantor's knowledge and belief, of any litigation or claims of material importance pending or threatened against us or our Guarantor.

Have the Issuer's and our Guarantor's financial positions changed since last financial year-end?

Save as disclosed in Annex 5 and Annex 6 to the Base Listing Document, the First Addendum, the Second Addendum, the Third Addendum and this document, there has been no material adverse change in the Issuer's and our Guarantor's financial or trading position since the date of the most recently published audited consolidated financial statements of the Issuer and our Guarantor that would have a material adverse effect on the Issuer's and our Guarantor's ability to perform their respective obligations in respect of the structured products.

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EXTRACT OF THE ISSUER'S INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2026

This information set out in the following pages has been extracted from the Issuer's interim financial report for the six months ended 30 June 2026. References to page numbers in this extract are to the pages in the Issuer's interim financial report for the six months ended 30 June 2026 and not to the pages in this document.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2026

		Six months ended 30 June 2026 US\$'000 (unaudited)	Six months ended 30 June 2025 US\$'000 (unaudited)
	Notes		
Net trading expenses	2	(953)	(1,699)
Other revenue	3	7,286	5,684
Total non-interest revenues		<u>6,333</u>	<u>3,985</u>
Interest income	4	<u>942</u>	<u>1,621</u>
Net revenues		<u>7,275</u>	<u>5,606</u>
Non-interest expense:			
Other expense	5	(7,275)	(5,606)
RESULT BEFORE INCOME TAX		<u>—</u>	<u>—</u>
Income tax	6	<u>—</u>	<u>—</u>
RESULT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>—</u></u>	<u><u>—</u></u>

All results were derived from continuing operations.

The notes on pages 14 to 45 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 2026

	Share capital US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2026	50	—	50
Result and total comprehensive income for the period	—	—	—
Balance at 30 June 2026 (unaudited)	<u>50</u>	<u>—</u>	<u>50</u>
Balance at 1 January 2025	50	—	50
Result and total comprehensive income for the period	—	—	—
Balance at 30 June 2025 (unaudited)	<u>50</u>	<u>—</u>	<u>50</u>

The notes on pages 14 to 45 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION As at 30 June 2026

		30 June 2026	31 December 2025
		US\$'000	US\$'000
	Notes	(unaudited)	(audited)
ASSETS			
Cash		884	439
Trading financial assets	8	11,289	22,675
Trade and other receivables	9	50,370	53,764
TOTAL ASSETS		62,543	76,878
LIABILITIES AND EQUITY			
LIABILITIES			
Trading financial liabilities	8	61,720	75,231
Trade and other payables	10	773	1,597
TOTAL LIABILITIES		62,493	76,828
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		62,543	76,878

These condensed financial statements were approved by the Board and authorised for issue on **28 SEP 2026**

Signed on behalf of the Board



Director: Jack Clein

The notes on pages 14 to 45 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

CONDENSED STATEMENT OF CASH FLOWS

Six months ended 30 June 2026

		30 June 2026	30 June 2025
		US\$'000	US\$'000
	Notes	(unaudited)	(unaudited)
NET CASH FLOWS (USED IN)/ FROM OPERATING ACTIVITIES	12b	(9,651)	37,122
INVESTING ACTIVITIES			
Issuance of loan to other Morgan Stanley Group undertakings		—	(38,552)
Proceeds from loan repayment by other Morgan Stanley Group undertakings		9,154	—
Interest received		942	1,621
NET CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		10,096	(36,931)
NET INCREASE IN CASH AND CASH EQUIVALENTS		445	191
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		439	809
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12a	884	1,000

The notes on pages 14 to 45 form an integral part of the condensed financial statements.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 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 2025.

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 IFRS 9 '*Financial Instruments*' ("IFRS 9") and IFRS 7 '*Financial Instruments: Disclosures*' ("IFRS 7") were issued by the IASB in May 2024 for retrospective application, except where otherwise prescribed by transitional provisions of the standard and is effective for annual periods beginning on or after 1 January 2026.

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.

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 2026. Except where otherwise stated, 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.

Morgan Stanley Group entities will implement IFRS 18 '*Presentation and Disclosure in Financial Statements*' for annual reporting periods beginning 1 January 2027. The standard revises the structure of the Condensed Statement of Comprehensive Income, requiring income and expenses to be classified into defined categories (Operating, Investing and Financing), and introduces new subtotals, enhanced disclosures, and requirements for management-defined performance measures ("MPMs").

Based on a preliminary assessment, the Company has concluded that it does not have a specified main business activity of investing in assets or providing finance to customers; its principal activity is the issuance of financial instruments and the hedging of the related obligations. Accordingly, the Company expects to apply the general IFRS 18 requirements for classifying income and expenses into the Operating, Investing and Financing categories. The Company expects presentational and disaggregation differences, but no impact on reported profit or loss or net assets. The assessment is ongoing under the Morgan Stanley Group-wide implementation project during 2026, and this disclosure is preliminary and subject to change.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

2. NET TRADING EXPENSE

	30 June 2026 US\$'000	30 June 2025 US\$'000
(Losses)/ gains on bilateral OTC derivative contracts	(43,766)	32,421
Gains/ (losses) on issued listed derivative contracts	58,542	(33,257)
Losses on other listed derivative contracts	(15,729)	(863)
	<u>(953)</u>	<u>(1,699)</u>

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 2026 US\$'000	30 June 2025 US\$'000
Fees paid	<u>7,275</u>	<u>5,606</u>

The Company issues derivative contracts listed on the Stock Exchange. Fees paid in the above table represent 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% (2025: 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 2026 and 30 June 2025.

The Company has no current tax exposure in relation to the OECD Pillar Two Model Rules because the Pillar Two legislation is not effective at the reporting date. Based on preliminary assessments of potential future exposure, the financial impact is expected to be immaterial.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026 and at 31 December 2025 .

30 June 2026

	FVPL (mandatorily) US\$'000	Amortised cost US\$'000	Total US\$'000
Cash	—	884	884
Trading financial assets	11,289	—	11,289
Trade and other receivables	—	50,370	50,370
Total financial assets	<u>11,289</u>	<u>51,254</u>	<u>62,543</u>
Trading financial liabilities	61,720	—	61,720
Trade and other payables	—	773	773
Total financial liabilities	<u>61,720</u>	<u>773</u>	<u>62,493</u>

31 December 2025

	FVPL (mandatorily) US\$'000	Amortised cost US\$'000	Total US\$'000
Cash	—	439	439
Trading financial assets	22,675	—	22,675
Trade and other receivables	—	53,764	53,764
Total financial assets	<u>22,675</u>	<u>54,203</u>	<u>76,878</u>
Trading financial liabilities	75,231	—	75,231
Trade and other payables	—	1,597	1,597
Total financial liabilities	<u>75,231</u>	<u>1,597</u>	<u>76,828</u>

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS Six months ended 30 June 2026

8. TRADING FINANCIAL ASSETS AND LIABILITIES

Trading assets and trading liabilities are summarised as follows:

	30 June 2026		31 December 2025	
	Assets	Liabilities	Assets	Liabilities
	US\$'000	US\$'000	US\$'000	US\$'000
Derivatives- Equity contracts				
Bilateral OTC derivative contracts	1,469	10,197	1,267	9,622
Issued listed derivative contracts	—	51,523	—	65,609
Other listed derivative contracts	9,820	—	21,408	—
	<u>11,289</u>	<u>61,720</u>	<u>22,675</u>	<u>75,231</u>

9. TRADE AND OTHER RECEIVABLES

	30 June 2026	31 December 2025
	US\$'000	US\$'000
Trade and other receivables (amortised cost)		
Trade receivables	12,375	6,517
Other receivables		
Amounts due from the Company's direct parent undertaking	37,995	47,247
	<u>50,370</u>	<u>53,764</u>

10. TRADE AND OTHER PAYABLES

	30 June 2026	31 December 2025
	US\$'000	US\$'000
Trade and other payables (amortised cost)		
Trade payables	685	1,452
Other payables		
Amounts due to other Morgan Stanley Group undertakings	48	49
Other amounts payable	40	96
	<u>773</u>	<u>1,597</u>

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS Six months ended 30 June 2026

11. EQUITY

	Ordinary shares of US\$1 each	
	Number	
Authorised		
At 1 January 2025, 31 December 2025 and 30 June 2026	50,000	
	Ordinary shares of US\$1 each	
	Number	US\$'000
Issued and fully paid		
At 1 January 2025, 31 December 2025 and 30 June 2026	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 2026	30 June 2025
	US\$'000	US\$'000
Result for the period	—	—
<i>Adjustments for:</i>		
Interest income	(942)	(1,621)
Operating cash flows before changes in operating assets and liabilities	(942)	(1,621)
Changes in operating assets		
Decrease/ (Increase) in trading financial assets	11,386	(12,920)
Increase in trade and other receivables	(5,760)	(3,052)
	5,626	(15,972)
Changes in operating liabilities		
(Decrease)/ Increase in trading financial liabilities	(13,511)	55,148
Decrease in trade and other payables	(824)	(433)
	(14,335)	54,715
Net cash flows (used in)/ from operating activities	(9,651)	37,122

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026 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

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026

	Gross credit exposure ⁽¹⁾⁽²⁾ US\$'000	Counterparty	Rating	Credit Grade
Subject to ECL⁽³⁾:				
Cash	12	Standard Chartered Bank	A	Investment Grade
	46	Standard Chartered Bank (Hong Kong) Limited	BBB	Investment Grade
	53	ANZ Bank New Zealand Limited	A	Investment Grade
	77	HSBC Bank Australia Limited	A	Investment Grade
	631	HSBC Bank (Mauritius) Limited	A	Investment Grade
	65	Sumitomo Mitsui Banking Corporation	A	Investment Grade
Total Cash	884			
Trade and other receivables	37,995	Morgan Stanley Asia Securities Products LLC	BBB	Investment Grade
	11,970	Morgan Stanley & Co. International plc	A	Investment Grade
Total trade and other receivables ⁽⁴⁾	49,965			
Not subject to ECL⁽⁵⁾:				
Trading financial assets	1,469	Morgan Stanley & Co. International plc	A	Investment Grade
	4,908	BNP Paribas Issuance B.V.	NR	
	526	Guotai Junan Securities (Hong Kong) Limited	BB	Non-investment Grade
	822	UBS AG	A	Investment Grade
	23	J. P. Morgan Structured Products B.V.	NR	
	11	Citigroup Global	BBB	Investment Grade
	4	Citic Securities	BB	Non-investment Grade
	977	SG Issuer	NR	
	1,036	BOCI Asia Ltd	NR	
	1,510	DBS Bank Ltd	AA	Investment Grade
	3	HK Bank	NR	
Total trading financial assets	11,289			

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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\$10,602,000 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\$2,543 on trade and other receivables.
4. Financial assets measured at FVPL are not subject to ECL
5. This table does not include receivables arising from pending securities transactions with market counterparties as credit risk is considered to be insignificant.
6. NR represents entities with unrated internal credit ratings.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS Six months ended 30 June 2026

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit quality (continued)

Exposure to credit risk by internal rating grades (continued)

31 December 2025

	Gross credit exposure ⁽¹⁾⁽²⁾ US\$'000	Counterparty	Rating	Credit Grade
Subject to ECL⁽³⁾:				
Cash	216	HSBC Bank (Mauritius) Limited	BBB	Investment Grade
	72	HSBC Bank Australia Ltd.	A	Investment Grade
	66	Sumitomo Mitsui Banking Corporation	A	Investment Grade
	52	ANZ Bank New Zealand Limited	A	Investment Grade
	21	Standard Chartered Bank (Hong Kong) Limited	BBB	Investment Grade
	12	Standard Chartered Bank	A	Investment Grade
Total Cash	439			
Trade and other receivables	47,247	Morgan Stanley Asia Securities Products LLC	BBB	Investment Grade
	6,066	Morgan Stanley & Co. International plc	A	Investment Grade
Total trade and other receivables	53,313			
Not subject to ECL⁽⁴⁾:				
Trading financial assets	1,267	Morgan Stanley & Co. International plc	A	Investment Grade
	11,033	BNP Paribas Issuance B.V.	NR	
	1,985	Guotai Junan Securities (Hong Kong) Limited	BB	Non-investment Grade
	1,714	UBS AG	A	Investment Grade
	1,448	Citic Securities	BB	Non-investment Grade
	1,448	DBS Bank Ltd.	AA	Investment Grade
	1,374	Citigroup Global	BBB	Investment Grade
	491	The Hongkong and Shanghai Banking Corporation Limited	A	Investment Grade
	717	SG Issuer	NR	
	896	Boci Asia Ltd	NR	
	209	J P Morgan Sp Bv	NR	
	93	Huatai Financial Holdings (Hong Kong) Limited	NR	
Total Trading financial assets	22,675			

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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\$7,784,000 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\$4,797 on trade and other receivables.
4. Financial assets measured at FVPL are not subject to ECL.
5. This table does not include receivables arising from pending securities transactions with market counterparties as credit risk is considered to be insignificant.
6. NR represents entities with unrated internal credit ratings.

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).

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026 and 31 December 2025. 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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

30 June 2026	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	884	—	—	—	—	—	884
Trading financial assets	—	—	4	—	10,841	444	11,289
Trade and other receivables ⁽¹⁾	13,374	—	—	—	36,996	—	50,370
Total financial assets	14,258	—	4	—	47,837	444	62,543
Financial liabilities							
Trading financial liabilities	—	1,866	7,009	17,185	35,660	—	61,720
Trade and other payables	773	—	—	—	—	—	773
Total financial liabilities	773	1,866	7,009	17,185	35,660	—	62,493

- (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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

31 December 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	439	—	—	—	—	—	439
Trading financial assets	—	—	1	—	22,060	614	22,675
Trade and other receivables ⁽¹⁾	7,616	—	—	—	46,148	—	53,764
Total financial assets	8,055	—	1	—	68,208	614	76,878
Financial liabilities							
Trading financial liabilities	—	3,057	8,780	13,844	49,550	—	75,231
Trade and other payables	1,597	—	—	—	—	—	1,597
Total financial liabilities	1,597	3,057	8,780	13,844	49,550	—	76,828

- (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 the 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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026 and 31 December 2025 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 2026	31 December 2025
	US\$'000	US\$'000
Bilateral OTC derivative contracts	(19,862)	(25,283)
Issued listed derivative contracts	19,862	25,283
	<u>—</u>	<u>—</u>

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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\$526 (31 December 2025: US\$1,325) 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:

	Gross amounts	Amounts offset in the condensed statement of financial position	Net amounts presented in the condensed statement of financial position
30 June 2026	US\$'000	US\$'000	US\$'000
Assets			
Trading financial assets	11,289	—	11,289
Trade and other receivables	259,886	(209,516)	50,370
TOTAL	271,175	(209,516)	61,659
Liabilities			
Trading financial liabilities	61,720	—	61,720
Trade and other payables	210,289	(209,516)	773
TOTAL	272,009	(209,516)	62,493

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

30 June 2026	Net amounts presented in the condensed statement of financial position US\$'000	Amounts not offset in the condensed statement of financial position ⁽¹⁾		Net exposure US\$'000
		Financial instruments US\$'000	Cash collateral ⁽²⁾ US\$'000	
Assets				
Morgan Stanley & Co. International plc	13,439	(1,469)	(8,728)	3,242
Morgan Stanley Asia Securities Products LLC	37,995	—	—	37,995
Morgan Stanley Hong Kong Securities Limited	405	(405)	—	—
Others ⁽³⁾	9,820	—	—	9,820
TOTAL	61,659	(1,874)	(8,728)	51,057
Liabilities				
Morgan Stanley & Co. International plc	10,197	(10,197)	—	—
Morgan Stanley Hong Kong Securities Limited	685	(405)	—	280
Morgan Stanley & Co. LLC	47	—	—	47
Others ⁽³⁾	51,564	—	—	51,564
TOTAL	62,493	(10,602)	—	51,891

- 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.
- 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.
- Counterparties for amount reported under category as 'others' are external in nature.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

31 December 2025	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	22,675	—	22,675
Trade and other receivables	260,013	(206,249)	53,764
TOTAL	282,688	(206,249)	76,439
Liabilities			
Trading financial liabilities	75,231	—	75,231
Trade and other payables	207,846	(206,249)	1,597
TOTAL	283,077	(206,249)	76,828

31 December 2025	Net amounts presented in the condensed statement of financial position US\$'000	Amounts not offset in the condensed statement of financial position ⁽¹⁾ Financial instruments US\$'000	Cash collateral ⁽²⁾ US\$'000	Net exposure US\$'000
Assets				
Morgan Stanley & Co. International plc	7,333	(1,267)	(6,066)	—
Morgan Stanley Asia Securities Products LLC	47,247	—	—	47,247
Morgan Stanley Hong Kong Securities Limited	451	(451)	—	—
Others ⁽³⁾	21,408	—	—	21,408
TOTAL	76,439	(1,718)	(6,066)	68,655
Liabilities				
Morgan Stanley & Co. International plc	9,622	(7,333)	—	2,289
Morgan Stanley Hong Kong Securities Limited	1,452	(451)	—	1,001
Morgan Stanley & Co. LLC	48	—	—	48
Others ⁽³⁾	65,706	—	—	65,706
TOTAL	76,828	(7,784)	—	69,044

- 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.
- 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.
- Counterparties for amount reported under category as 'others' are external in nature.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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.

	Quoted prices in active market (Level 1)	Valuation techniques using observable inputs (Level 2)	Valuation techniques with significant unobservable inputs (Level 3)	Total
	US\$'000	US\$'000	US\$'000	US\$'000
30 June 2026				
Trading financial assets: Derivatives- Equity contracts	—	11,269	20	11,289
Trading financial liabilities: Derivatives- Equity contracts	—	59,861	1,859	61,720
31 December 2025				
Trading financial assets: Derivatives- Equity contracts	—	21,920	755	22,675
Trading financial liabilities: Derivatives- Equity contracts	—	74,850	381	75,231

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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	- 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
- 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.	
OTC Derivative Contracts	- 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.
- 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. - Certain Equity OTC derivative products are typically less liquid and require more judgement in the implementation of the valuation technique since direct trading activity or quotes are unobservable. Where required inputs are unobservable, relationships to observable data points, based on historical and/or implied observations, may be employed as a technique to estimate the model input values.	

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

The following table only represents the changes in the fair value of the Company's Level 3 financial assets and financial liabilities for the six months ended 30 June 2026 and 31 December 2025. Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realised and unrealised gains/(losses) for assets and liabilities within the Level 3 category presented in the following tables do not reflect the related realised and unrealised gains/(losses) on hedging instruments that have been classified by the Company within the Level 1 and/or Level 2 categories.

The unrealised gains/(losses) during the year for assets and liabilities within the Level 3 category presented in the following tables herein may include changes in fair value during the period that were attributable to both observable and unobservable inputs.

The Morgan Stanley Group operates a number of intra-group policies to ensure that, where possible, revenues and related costs are matched. Where the trading positions included in the below table are risk managed using financial instruments held by other Morgan Stanley Group undertakings, these policies potentially result in the recognition of offsetting gains or losses in the Company.

	Balance at 1 January 2026 US\$'000	Total gains or (losses) recognised in SOCI ⁽¹⁾⁽³⁾ US\$'000	Purchases US\$'000	Sales and Issuances US\$'000	Net transfers into US\$'00	Net transfers out US\$'000	Balance at 30 June 2026 US\$'00	Unrealised gains or (losses) ⁽²⁾ US\$'000
30 June 2026					0		0	
Trading financial assets: Derivatives- Equity contracts	755	(155)	171	—	252	(1,003)	20	(118)
Trading financial liabilities: Derivatives- Equity contracts	(381)	4,654	(3,535)	(2,401)	(1,579)	1,383	(1,859)	(4,648)

(1) The total gains or (losses) are recognised in the statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)) in the Company's annual financial statements for the year ended 31 December 2025.

(2) Amounts represent unrealised gains or (losses) for the six months ended 30 June 2026 related to assets and liabilities still outstanding at 30 June 2026. The unrealised gains or (losses) are recognised in the income statement or statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)) in the Company's annual financial statements for the year ended 31 December 2025.

(3) SOCI denotes Statement of Comprehensive Income.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

	Balance at 1 January 2025	Total gains or (losses) recognised in SOCI (1)(3)	Purchases	Sales and Issuances	Net transfers into	Net transfers out	Balance at 31 December 2025	Unrealised gains or (losses) (2)
31 December 2025	US\$'000	US\$'000	US\$'000	US\$'00	US\$'00	US\$'00	US\$'00	US\$'000
				0	0	0	0	
Trading financial assets:								
Derivatives- Equity contracts	—	5,637	(4,882)	—	—	—	755	5,637
Trading financial liabilities: Derivatives- Equity contracts	—	4,193	(3,416)	(1,158)	—	—	(381)	4,193

(1) The total gains or (losses) are recognised in the statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)) in the Company's annual financial statements for the year ended 31 December 2025.

(2) Amounts represent unrealised gains or (losses) for the year ended 31 December 2025 related to assets and liabilities still outstanding at 31 December 2025. The unrealised gains or (losses) are recognised in the income statement or statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)) in the Company's annual financial statements for the year ended 31 December 2025.

(3) SOCI denotes Statement of Comprehensive Income.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis

The following disclosures provide information on the sensitivity of fair value measurements to key inputs and assumptions.

1. Quantitative information about and qualitative sensitivity of significant unobservable inputs

The following table provides information on the valuation techniques, significant unobservable inputs and the ranges and averages for each material category of assets and liabilities measured at fair value on a recurring basis.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across groups in the financial services industry because of diversity in the types of products included in each group's inventory.

The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs. There are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

	Fair Value		Predominant valuation technique/ Significant unobservable inputs	Range (Average(1))	
	30 June	31 December		30 June 2026	31 December 2025
	2026	2025			
	\$'000	\$'000		\$'000	\$'000
Trading financial assets: Derivatives			Equity Volatility	Range 15% to 107% (Average 58%)	Range 15% to 55% (Average 31%)
			Equity Volatility Skew	Range -4% to 2% (Average -1%)	Range -1% to 1% (Average 0%)
			Equity Borrow	Range 0% to 2% (Average 0%)	Range -1% to 0% (Average -1%)
	<u>20</u>	<u>755</u>			
Trading financial liabilities: Derivatives			Equity Volatility	Range 15% to 107% (Average 58%)	Range 15% to 55% (Average 31%)
			Equity Volatility Skew	Range -4% to 2% (Average -1%)	Range -1% to 1% (Average 0%)
			Equity Borrow	Range 0% to 2% (Average 0%)	Range -1% to 0% (Average -1%)
	<u>1,859</u>	<u>381</u>			

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

Points are a percentage of par.

(1) A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

Significant Unobservable Inputs – Description and Sensitivity

During the year, there were no significant revisions made to the descriptions of the significant unobservable inputs.

An increase / (decrease) to the following significant unobservable inputs would generally result in a higher / (lower) fair value:

- Comparable equity price: A price derived from equity raises, share buybacks and external bid levels, etc. A discount or premium may be included in the fair value estimate.
- Contingency probability: Probability associated with the realisation of an underlying event upon which the value of an asset is contingent.
- EBITDA multiple / Exit multiple: The ratio of the Enterprise Value to EBITDA, where Enterprise Value is the aggregate value of equity and debt minus cash and cash equivalents. The EBITDA multiple reflects the value of a company in terms of its full-year EBITDA, whereas the exit multiple reflects the value of a company in terms of its full-year expected EBITDA at exit. Either multiple allows comparison between companies from an operational perspective as the effect of capital structure, taxation and depreciation/amortisation is excluded.
- Recovery rate: Amount expressed as a percentage of par that is expected to be received when a credit event occurs.

An increase / (decrease) to the following significant unobservable inputs would generally result in a lower / (higher) fair value:

- Cash synthetic basis: The measure of the price differential between cash financial instruments and their synthetic derivative-based equivalents. The range disclosed in the previous table signifies the number of points by which the synthetic bond equivalent price is higher than the quoted price of the underlying cash bonds.
- Funding spread: The cost of borrowing defined as the incremental spread over the OIS rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).
- Weighted average cost of capital (“WACC”): WACC represents the rate of return required to debt and equity investors. The WACC is used in a discounted cash flow model that calculates the value of the equity. The model assumes that the cash flow assumptions, including projections, are fully reflected in the current equity value, while the debt to equity ratio is held constant.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

An increase / (decrease) to the following significant unobservable inputs would generally result in an impact to the fair value, but the magnitude and direction of the impact would depend on whether the Company is long or short the exposure:

- Correlation: A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movements of two variables (i.e. how the change in one variable influences a change in the other variable).
- Credit spread: The credit spread reflects the additional net yield an investor can earn from a security with more credit risk relative to one with less credit risk. The credit spread of a particular security is often quoted in relation to the yield on a credit risk-free benchmark security or reference rate. Interest rate curve: The term structure of interest rates (relationship between interest rates and the time to maturity) and a market's measure of future interest rates at the time of observation. An interest rate curve is used to set interest rate and foreign exchange derivative cash flows and is a pricing input used in the discounting of any OTC derivative cash flow.
- Volatility: The measure of the variability in possible returns for an instrument given how much that instrument changes in value over time. Volatility is a pricing input for options, and, generally, the lower the volatility, the less risky the option. The level of volatility used in the valuation of a particular option depends on a number of factors, including the nature of the risk underlying that option, the tenor and the strike price of the option.
- Volatility skew: The measure of the difference in implied volatility for options with identical underliers and expiry dates but with different strikes.

2. Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

As detailed in note 1, the valuation of Level 3 financial instruments requires the application of critical accounting judgement, involving estimations and assumptions and it is recognised that there could be a range of reasonably possible alternative values.

The Company has reviewed the unobservable parameters to identify those which would change the fair value measurement significantly if replaced by a reasonably possible alternative assumption.

In estimating the potential variability, the unobservable parameters were varied individually using statistical techniques and historic data. The potential variability estimated is likely to be greater than the actual uncertainty relating to the financial instruments as any diversification effect has been excluded.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

The following table presents the potential impact of both favourable and unfavourable changes, both of which would be reflected in the income statement.

Particulars	30 June 2026		31 December 2025	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	\$'000	\$'000	\$'000	\$'000
Trading financial assets:				
Derivatives	14	(14)	81	(81)
Trading financial liabilities: Derivatives	266	(277)	87	(89)

e. 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 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 year.

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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2025: 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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 have 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.

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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 2026		31 December 2025	
	Interest	Balance	Interest	Balance
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Rolling 395 day term</i>				
Amounts due from the Company's direct parent undertaking	871	36,996	2,857	46,148
<i>Undated</i>				
Amounts due from the Company's direct parent undertaking	—	999	—	1,099
Amounts due to other Morgan Stanley Group undertakings	—	48	—	48

During the period, the Company has recognised ECL expense of US\$2,543 (31 December 2025: US\$4,797) on the above outstanding balance due 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 2026	31 December 2025
	US\$'000	US\$'000
Amounts due from other Morgan Stanley Group undertakings ⁽¹⁾	13,844	7,784
Amounts due to other Morgan Stanley Group undertakings	10,881	11,075

MORGAN STANLEY ASIA PRODUCTS LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2026

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\$11,970,000 (31 December 2025: US\$6,066,000) 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\$69,000 (31 December 2025: US\$110,000) on the cash collateral pledged to MSIP.

Fees and commissions

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

	30 June 2026	30 June 2025
	US\$'000	US\$'000
Fees paid to other Morgan Stanley Group undertaking	<u>1,980</u>	<u>1,181</u>

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 2026, a management charge of US\$7,286,000 (30 June 2025: US\$5,684,000) 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.

PARTIES

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