

AIA MACAU RETIREMENT FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU RETIREMENT FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 20

AIA MACAU RETIREMENT FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU RETIREMENT FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Retirement Fund (the "Fund") set out on pages 4 to 20, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetária de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU RETIREMENT FUND
(CONTINUED)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU RETIREMENT FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	9,164,668,988	8,339,619,879
Amounts receivable on subscription		8,312,922	711,172
Cash and bank deposits		51,821	51,820
Total assets		<u>9,173,033,731</u>	<u>8,340,382,871</u>
Liabilities			
Benefits payable		678,140	737,787
Accrued expenses		1,084,592	1,337,957
Total liabilities		<u>1,762,732</u>	<u>2,075,744</u>
Net assets		<u>9,171,270,999</u>	<u>8,338,307,127</u>
Total units in issue	6	<u>47,716,546</u>	<u>44,321,792</u>
Unit price	6	<u>192.20</u>	<u>188.13</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU RETIREMENT FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Income		
Change in unrealised gains on investments	183,945,659	364,858,272
Realised gains/(losses) on sale of investments	7,377,945	(8,222,725)
Investment income (including interest income)	-	6,637,000
Exchange gains	142	274
Total income	<u>191,323,746</u>	<u>363,272,821</u>
Expenses		
Investment management fee	<u>2,210,834</u>	<u>1,671,286</u>
Total expenses	<u>2,210,834</u>	<u>1,671,286</u>
Total net income	<u><u>189,112,912</u></u>	<u><u>361,601,535</u></u>

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU RETIREMENT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		<u>8,338,307,127</u>	<u>7,672,067,707</u>
Proceeds on subscription	6	1,374,048,344	1,069,659,721
Payments on redemption	6	<u>(730,197,384)</u>	<u>(765,021,836)</u>
Net subscription		<u>643,850,960</u>	<u>304,637,885</u>
Total net income for the year		<u>189,112,912</u>	<u>361,601,535</u>
Balance at the end of the year		<u><u>9,171,270,999</u></u>	<u><u>8,338,307,127</u></u>

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU RETIREMENT FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Cash flows from operating activities		
Total net income for the year	189,112,912	361,601,535
Operating profit before working capital changes	189,112,912	361,601,535
Net increase in investments	(825,049,109)	(672,244,704)
Net decrease in other receivables	-	2,370,869
Net (decrease)/increase in accruals and other payables	(253,365)	120,042
Net cash used in operating activities	(636,189,562)	(308,152,258)
Cash flows from financing activities		
Proceeds on subscription	1,366,446,594	1,072,679,583
Payments on redemption	(730,257,031)	(764,527,325)
Net cash generated from financing activities	636,189,563	308,152,258
Net increase in cash and cash equivalents	1	-
Cash and cash equivalents at the beginning of the year	51,820	51,820
Cash and cash equivalents at the end of the year	51,821	51,820
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	51,821	51,820

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Retirement Fund (the “Fund”) on 15th August 2002 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as measured at fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange gains/(losses)”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised loss on sale of investments”.

(e) Redeemable Units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the terms or conditions of the redeemable units change such that they no longer meet the strict criteria set out in IAS 32 (Amendment), the redeemable units shall be reclassified as financial liabilities from the date they cease to meet the criteria. The financial liability shall be measured at the fair value of the instrument on the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability on the reclassification date shall be recognised in equity.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to minimise its short-term capital risk and enhance returns over the long term by investing in once or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Unit trusts	9,164,668,988	99.93	8,339,619,879	100.02
Total investments	9,164,668,988	99.93	8,339,619,879	100.02

The Fund invests in unit trusts.

The net exposure of the investments in the unit trusts to market price risk is MOP9,164,668,988 (2023: MOP8,339,619,879). Consequently, an increase or decrease of 1% (2023: 3%) in market price across all instruments in the portfolios of the unit trusts would result in an increase or decrease of MOP91,646,690 (2023: MOP250,188,596) in the Fund's net assets.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had bank balances of MOP51,821 at 31st December 2024 (2023: MOP51,820) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>9,164,720,809</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>8,339,671,699</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, subscription contributions receivable and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	678,140	-
Accrued expenses and other payables	-	1,084,592
	<u>678,140</u>	<u>1,084,592</u>
At 31st December 2023		
Benefits payable	737,787	-
Accrued expenses and other payables	-	1,337,957
	<u>737,787</u>	<u>1,337,957</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>9,173,033,731</u>
At 31st December 2023	
Total assets	<u>8,340,382,871</u>

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency) or Hong Kong Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar, exchange rate fluctuations between these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2	Total balance
	MOP	MOP
At 31st December 2024		
Assets		
Investments	<u>9,164,668,988</u>	<u>9,164,668,988</u>
At 31st December 2023		
Assets		
Investments	<u>8,339,619,879</u>	<u>8,339,619,879</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

5 Investments

	2024 MOP	2023 MOP
<u>Investment funds</u>		
AIA Corporate Bond Fund ¹	7,046,479,835	6,369,869,096
AIA Government Bond Fund ¹	<u>2,118,189,153</u>	<u>1,969,750,783</u>
	<u>9,164,668,988</u>	<u>8,339,619,879</u>

¹ The trustee of AIA Corporate Bond Fund and AIA Government Bond Fund, AIA Company (Trustee) Limited, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.93% (2023: 100.02%) of net assets attributable to members.

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments (continued)

	% of investments of the underlying funds	
	2024	2023
Australia	5	4
Canada	1	3
Chile	1	1
China	8	8
France	1	-
Germany	1	1
Hong Kong	43	46
Japan	3	3
Luxembourg	1	2
New Zealand	1	1
Philippines	1	-
Qatar	2	3
Saudi Arabia	1	1
Singapore	2	3
South Korea	6	5
United Arab Emirates	2	3
United Kingdom	4	5
United States	14	9
Other	3	2
	<u>100</u>	<u>100</u>

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

6 Units in issue

	2024	2023
	Units	Units
Balance at the beginning of the year	44,321,792	42,657,195
Units issued	7,223,694	5,855,843
Units redeemed	<u>(3,828,940)</u>	<u>(4,191,246)</u>
Balance at the end of the year	<u><u>47,716,546</u></u>	<u><u>44,321,792</u></u>
	MOP	MOP
Net assets attributable to members per unit	<u><u>192.20</u></u>	<u><u>188.13</u></u>

AIA MACAU RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

7 Transactions with related-parties

Except as disclosed in note 5, the Fund had no material related-party transactions and balances during the year.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU CAPITAL STABLE FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU CAPITAL STABLE FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 19

AIA MACAU CAPITAL STABLE FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU CAPITAL STABLE FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Capital Stable Fund (the "Fund") set out on pages 4 to 19, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetária de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU CAPITAL STABLE FUND
(CONTINUED)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU CAPITAL STABLE FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Assets			
Fund investments			
Investments	5	1,811,996,890	1,640,792,976
Amounts receivable on subscription		941,313	525,381
Other receivables and accruals		44,315	44,315
Cash and bank deposits		5	5
Total assets		<u>1,812,982,523</u>	<u>1,641,362,677</u>
Liabilities			
Benefits payable		1,025,461	262,888
Accrued expenses		24,156	149,276
Total liabilities		<u>1,049,617</u>	<u>412,164</u>
Net assets		<u>1,811,932,906</u>	<u>1,640,950,513</u>
Total units in issue	6	<u>8,338,942</u>	<u>7,963,787</u>
Unit price	6	<u>217.28</u>	<u>206.05</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU CAPITAL STABLE FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	2024	2023
	MOP	MOP
Income		
Change in unrealised gains on investments	92,184,285	102,957,483
Realised losses on sale of investments	(529,134)	(9,740,624)
Investment income (including interest income)	-	1
Exchange gains/(losses)	1,590	(972)
Total income	<u>91,656,741</u>	<u>93,215,888</u>
Expenses		
Investment management fee	218,842	217,916
Total expenses	<u>218,842</u>	<u>217,916</u>
Total net income	<u>91,437,899</u>	<u>92,997,972</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU CAPITAL STABLE FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		<u>1,640,950,513</u>	<u>1,461,045,442</u>
Proceeds on subscription	6	292,337,696	243,123,935
Payments on redemption	6	<u>(212,793,202)</u>	<u>(156,216,836)</u>
Net subscription		<u>79,544,494</u>	<u>86,907,099</u>
Total net income for the year		<u>91,437,899</u>	<u>92,997,972</u>
Balance at the end of the year		<u><u>1,811,932,906</u></u>	<u><u>1,640,950,513</u></u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU CAPITAL STABLE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Cash flows from operating activities		
Total net income	91,437,899	92,997,972
Adjustment for:		
Interest on bank deposits	-	(1)
	91,437,899	92,997,971
Net increase in investments	(171,203,914)	(180,020,804)
Net decrease in other receivables	-	145,212
Net decrease in accruals and other payables	(125,120)	(140,728)
Cash used in operations	(79,891,135)	(87,018,349)
Interest received on bank deposits	-	1
Net cash used in operating activities	<u>(79,891,135)</u>	<u>(87,018,348)</u>
Cash flows from financing activities		
Proceeds on subscription	291,921,764	243,435,281
Payments on redemption	(212,030,629)	(156,416,932)
Net cash generated from financing activities	<u>79,891,135</u>	<u>87,018,349</u>
Net increase in cash and cash equivalents	-	1
Cash and cash equivalents at the beginning of the year	5	4
Cash and cash equivalents at the end of the year	<u>5</u>	<u>5</u>
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	<u>5</u>	<u>5</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Capital Stable Fund (the “Fund”) on 28th November 2002 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange losses”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised loss on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to minimise its short-term capital risk and enhance returns over the long term by investing in once or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Unit trust	1,182,148,445	65.24	1,100,027,163	67.04
Other investment funds	629,848,445	34.76	540,765,813	32.95
Total investments	1,811,996,890	100.00	1,640,792,976	99.99

The Fund invests in a unit trust and other investment funds.

The net exposure of the investments in the unit trust to market price risk is MOP1,182,148,445 (2023: MOP1,100,027,163). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP11,821,484 (2023: MOP11,000,272) in the Fund's net assets attributable to members.

Other investment funds are also subject to market price risk arising from uncertainties about their future prices. The market price risk is managed through diversification of the underlying investment portfolio of the investment funds held.

The table below summarises the impact on the net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment funds are exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investments moved according to the historical correlation with the benchmark indices.

	Change in market index	Impact on the net asset value	
		2024 MOP	2023 MOP
	% +/-		
Towers Watson MPF Benchmark (Equity > 80%)	5	28,872,653	25,701,837

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, change and impacts could be positive or negative. Change in benchmark indices percentage is revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had bank balances of MOP5 at 31st December 2024 and 2023 (2023: MOP5) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>1,811,996,895</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>1,640,792,981</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and accruals are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	1,025,461	-
Accrued expenses	-	24,156
	<u>1,025,461</u>	<u>24,156</u>
At 31st December 2023		
Benefits payable	262,888	-
Accrued expenses	-	149,276
	<u>262,888</u>	<u>149,276</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>1,812,982,523</u>
At 31st December 2023	
Total assets	<u>1,641,362,677</u>

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency), Hong Kong Dollars or United States Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar and the Hong Kong Dollar is pegged to the United States Dollar, exchange rate fluctuations among these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2 MOP	Total balance MOP
At 31st December 2024		
Assets		
Investments	1,811,996,890	1,811,996,890
	Level 2 MOP	Total balance MOP
At 31st December 2023		
Assets		
Investments	1,640,792,976	1,640,792,976

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments

	2024	2023
<u>Investment funds</u>	<u>MOP</u>	<u>MOP</u>
AIA Corporate Bond Fund ¹	1,182,148,445	1,100,027,163
AIA Growth Fund ¹	629,848,445	540,765,813
	<u>1,811,996,890</u>	<u>1,640,792,976</u>

¹ The trustee of AIA Corporate Bond Fund and AIA Growth Fund is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 100.00% (2023: 99.99%) of net assets attributable to members.

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	65	67
Investment funds - investing mainly in equities with balance in bonds and cash	35	33
	<u>100</u>	<u>100</u>

	% of investments of the underlying funds	
	2024	2023
Europe	11	11
Hong Kong	44	48
Japan	6	5
United States	15	14
Other Asia	24	22
	<u>100</u>	<u>100</u>

AIA MACAU CAPITAL STABLE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

6	Units in issue	2024	2023
		Units	Units
	Balance at the beginning of the year	7,963,787	7,529,867
	Units issued	1,370,860	1,215,386
	Units redeemed	<u>(995,705)</u>	<u>(781,466)</u>
	Balance at the end of the year	<u>8,338,942</u>	<u>7,963,787</u>
		MOP	MOP
	Net assets attributable to members per unit	<u>217.28</u>	<u>206.05</u>

7 Transactions with related-parties

Except as disclosed in note 5, the Fund had no material related-party transactions and balances during the year.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The Fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU BALANCED FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU BALANCED FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 19

AIA MACAU BALANCED FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU BALANCED FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Balanced Fund (the "Fund") set out on pages 4 to 19, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetária de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU BALANCED FUND (CONTINUED)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU BALANCED FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2024**

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	2,880,197,898	2,579,838,685
Amounts receivable on subscription		1,205,846	774,121
Cash and bank deposits		9	9
Total assets		<u>2,881,403,753</u>	<u>2,580,612,815</u>
Liabilities			
Benefits payable		507,134	214,293
Accrued expenses		73,905	306,037
Total liabilities		<u>581,039</u>	<u>520,330</u>
Net assets		<u>2,880,822,714</u>	<u>2,580,092,485</u>
Total units in issue	6	<u>10,493,388</u>	<u>10,093,099</u>
Unit price	6	<u>274.53</u>	<u>255.62</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU BALANCED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024	2023
	MOP	MOP
Income		
Change in unrealised gains on investments	181,455,319	154,748,577
Realised gains on sale of investments	12,930,794	5,069,231
Investment income (including interest income)	-	1
Exchange gains/(losses)	838	(210)
Total income	<u>194,386,951</u>	<u>159,817,599</u>
Expenses		
Investment management fee	<u>499,718</u>	<u>459,181</u>
Total expenses	<u>499,718</u>	<u>459,181</u>
Total net income	<u><u>193,887,233</u></u>	<u><u>159,358,418</u></u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU BALANCED FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		<u>2,580,092,485</u>	<u>2,317,331,936</u>
Proceeds on subscription	6	370,719,456	296,819,450
Payments on redemption	6	(263,876,460)	(193,417,319)
Net subscription		<u>106,842,996</u>	<u>103,402,131</u>
Total net income for the year		<u>193,887,233</u>	<u>159,358,418</u>
Balance at the end of the year		<u><u>2,880,822,714</u></u>	<u><u>2,580,092,485</u></u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU BALANCED FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024	2023
	MOP	MOP
Cash flows from operating activities		
Total net income/(loss) for the year	193,887,233	159,358,418
Adjustment for:		
Interest on bank deposits	-	(2)
	<u>193,887,233</u>	<u>159,358,416</u>
Net increase in investments	(300,359,213)	(263,241,205)
Net decrease in other receivables	-	273,244
Net decrease in accruals and other payables	(232,132)	(74,911)
Cash used in operations	<u>(106,704,112)</u>	<u>(103,684,456)</u>
Interest received on bank deposits	-	2
Net cash used in operating activities	<u>(106,704,112)</u>	<u>(103,684,454)</u>
Cash flows from financing activities		
Proceeds on subscription	370,287,731	297,002,774
Payments on redemption	(263,583,619)	(193,318,318)
Net cash generated from financing activities	<u>106,704,112</u>	<u>103,684,456</u>
Net increase in cash and cash equivalents	-	2
Cash and cash equivalents at the beginning of the year	<u>9</u>	<u>7</u>
Cash and cash equivalents at the end of the year	<u>9</u>	<u>9</u>
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	<u>9</u>	<u>9</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Balanced Fund (the “Fund”) on 28th November 2002 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss. The Fund’s policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments (continued)

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “Investments” category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund’s interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange losses”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised gain on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to maximise its long-term capital appreciation by investing in one or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Unit trust	1,240,113,089	43.05	1,162,228,207	45.05
Other investment funds	1,640,084,809	56.93	1,417,610,478	54.94
Total investments	2,880,197,898	99.98	2,579,838,685	99.99

The Fund invests in a unit trust and other investment funds. The net exposure of the investment in the unit trust to market price risk is MOP1,240,113,089 (2023: MOP1,162,228,207). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP12,401,131 (2023: MOP11,622,282) in the Fund's net assets attributable to members.

Other investment funds are also subject to market price risk arising from uncertainties about their future prices. The market price risk is managed through diversification of the underlying investment portfolio of the investment funds held.

The table below summarises the impact on net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment funds are exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investments moved according to the historical correlation with the benchmark indices.

	Change in market index	Impact on the net asset value	
		2024 MOP	2023 MOP
	% +/-		
Towers Watson MPF Benchmark (Equity > 80%)	5	75,182,531	67,377,027

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Change in benchmark indices percentage are revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had bank balances of MOP9 at 31st December 2024 and 2023 (2023: MOP9) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>2,880,197,907</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>2,579,838,694</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	507,134	-
Accrued expenses	-	73,905
	<u>507,134</u>	<u>73,905</u>
At 31st December 2023		
Benefits payable	214,293	-
Accrued expenses	-	306,037
	<u>214,293</u>	<u>306,037</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>2,881,403,753</u>
At 31st December 2023	
Total assets	<u>2,580,612,815</u>

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency), Hong Kong Dollars or United States Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar and the Hong Kong Dollar is pegged to the United States Dollar, exchange rate fluctuations among these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation (continued)

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2 MOP	Total balance MOP
At 31st December 2024		
Assets		
Investments	<u>2,880,197,898</u>	<u>2,880,197,898</u>
At 31st December 2023		
Assets		
Investments	<u>2,579,838,685</u>	<u>2,579,838,685</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments

	2024	2023
<u>Investment funds</u>	MOP	MOP
AIA Corporate Bond Fund ¹	1,240,113,089	1,162,228,207
AIA Growth Fund ¹	1,640,084,809	1,417,610,478
	<u>2,880,197,898</u>	<u>2,579,838,685</u>

¹ The trustee of AIA Corporate Bond Fund and AIA Growth Fund, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.98% (2023: 99.99%) of net assets attributable to members.

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	43	45
Investment funds - investing mainly in equities with balance in bonds and cash	57	55
	<u>100</u>	<u>100</u>

	% of investments of the underlying funds	
	2024	2023
Europe	14	14
Hong Kong	37	41
Japan	8	8
North America	19	18
Other Asia	22	19
	<u>100</u>	<u>100</u>

AIA MACAU BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

6 Units in issue

	2024	2023
	Units	Units
Balance at the beginning of the year	10,093,099	9,676,403
Units issued	1,384,089	1,195,619
Units redeemed	<u>(983,800)</u>	<u>(778,923)</u>
Balance at the end of the year	<u>10,493,388</u>	<u>10,093,099</u>
	MOP	MOP
Net assets attributable to members per unit	<u>274.53</u>	<u>255.62</u>

7 Transactions with related-parties

Except as disclosed in note 5, the Fund had no material related-party transactions and balances during the year.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU GROWTH FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU GROWTH FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 20

AIA MACAU GROWTH FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

AIA MACAU GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU GROWTH FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Growth Fund (the "Fund") set out on pages 4 to 20, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetaria de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AIA MACAU GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU GROWTH FUND (CONTINUED)

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	4,192,500,863	3,748,854,897
Amounts receivable on subscription		1,560,720	541,805
Cash and bank deposits		12	12
Total assets		<u>4,194,061,595</u>	<u>3,749,396,714</u>
Current liabilities			
Benefits payable		548,319	772,221
Accrued expenses		605,508	692,637
Total liabilities		<u>1,153,827</u>	<u>1,464,858</u>
Net assets		<u>4,192,907,768</u>	<u>3,747,931,856</u>
Total units in issue	6	<u>11,878,779</u>	<u>11,542,873</u>
Unit price	6	<u>352.97</u>	<u>324.69</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU GROWTH FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	2024	2023
	MOP	MOP
Income		
Change in unrealised gains on investments	307,554,791	232,653,382
Realised gains on sale of investments	24,601,910	9,512,121
Investment income (including interest income)	-	2
Exchange gains	10,065	17,454
Total income	<u>332,166,766</u>	<u>242,182,959</u>
Expenses		
Investment management fee	974,339	814,804
Total expenses	<u>974,339</u>	<u>814,804</u>
Total net income	<u><u>331,192,427</u></u>	<u><u>241,368,155</u></u>

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU GROWTH FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		<u>3,747,931,856</u>	<u>3,326,307,906</u>
Proceeds on subscription	6	512,722,810	434,524,128
Payments on redemption	6	(398,939,325)	(254,268,333)
Net subscription		<u>113,783,485</u>	<u>180,255,795</u>
Total net income for the year		<u>331,192,427</u>	<u>241,368,155</u>
Balance at the end of the year		<u><u>4,192,907,768</u></u>	<u><u>3,747,931,856</u></u>

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU GROWTH FUND**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	2024	2023
	MOP	MOP
Cash flows from operating activities		
Total net income for the year	331,192,427	241,368,155
Adjustment for:		
Interest on bank deposits	-	(2)
	<u>331,192,427</u>	<u>241,368,153</u>
Net increase in investments	(443,645,966)	(425,637,559)
Net decrease in other receivables	-	12,381
Net (decrease)/increase in accruals and other payables	(87,129)	202,449
Cash used in operations	<u>(112,540,668)</u>	<u>(184,054,576)</u>
Interest received on bank deposits	-	2
Net cash used in operating activities	<u>(112,540,668)</u>	<u>(184,054,574)</u>
Cash flows from financing activities		
Proceeds on subscription	511,703,895	437,665,499
Payments on redemption	(399,163,227)	(253,610,923)
Net cash generated from financing activities	<u>112,540,668</u>	<u>184,054,576</u>
Net increase in cash and cash equivalents	-	2
Cash and cash equivalents at the beginning of the year	<u>12</u>	<u>10</u>
Cash and cash equivalents at the end of the year	<u><u>12</u></u>	<u><u>12</u></u>
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	<u><u>12</u></u>	<u><u>12</u></u>

The notes on pages 8 to 20 are an integral part of these financial statements.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Growth Fund (the “Fund”) on 28th November 2002 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Declared investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange gains”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised gain on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to maximise its long-term capital appreciation by investing in one or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Unit trust	1,203,495,977	28.70	1,126,313,887	30.05
Other investment funds	2,989,004,886	71.29	2,622,541,010	69.97
Total investments	4,192,500,863	99.99	3,748,854,897	100.02

The Fund invests in a unit trust and other investment funds.

The net exposure of the investment in the unit trust to market price risk is MOP1,203,495,977 (2023: MOP1,126,313,887). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP12,034,960 (2023: MOP11,263,139) in the Fund's net assets attributable to members.

Other investment funds are also subject to market price risk arising from uncertainties about their future prices. The market price risk is managed through diversification of the underlying investment portfolio of the investment funds held.

The table below summarises the impact on the net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment funds are exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investments moved according to the historical correlation with the benchmark indices.

	Change in market index	Impact on the net asset value	
		2024 MOP	2023 MOP
	% +/-		
Towers Watson MPF Benchmark (Equity > 80%)	5	137,017,885	124,645,677

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, change and impacts could be positive or negative. Change in benchmark indices percentage is revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had bank balances of MOP12 as at 31st December 2024 (2023: MOP12) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>4,192,500,875</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>3,748,854,909</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	548,319	-
Accrued expenses	-	605,508
	<u>548,319</u>	<u>605,508</u>
At 31st December 2023		
Benefits payable	772,221	-
Accrued expenses	-	692,637
	<u>772,221</u>	<u>692,637</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>4,194,061,595</u>
At 31st December 2023	
Total assets	<u>3,749,396,714</u>

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency), Hong Kong Dollars or United States Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar and the Hong Kong Dollar is pegged to the United States Dollar, exchange rate fluctuations among these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2 MOP	Total balance MOP
At 31st December 2024		
Assets		
Investments	<u>4,192,500,863</u>	<u>4,192,500,863</u>
At 31st December 2023		
Assets		
Investments	<u>3,748,854,897</u>	<u>3,748,854,897</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

5 Investments

	2024	2023
<u>Investment funds</u>	<u>MOP</u>	<u>MOP</u>
AIA Growth Fund ¹	2,989,004,886	2,622,541,010
AIA Corporate Bond Fund ¹	<u>1,203,495,977</u>	<u>1,126,313,887</u>
	<u>4,192,500,863</u>	<u>3,748,854,897</u>

¹ The trustee of AIA Corporate Bond Fund and AIA Growth Fund, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.99% (2023: 100.02%) of net assets attributable to members.

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments (continued)

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	29	30
Investment funds - investing mainly in equities with balance in bonds and cash	71	70
	<u>100</u>	<u>100</u>
	% of investments of the underlying funds	
	2024	2023
Europe	16	16
Hong Kong	32	38
Japan	9	9
North America	22	20
Other Asia	21	17
	<u>100</u>	<u>100</u>

6 Units in issue

	2024	2023
	Units	Units
Balance at the beginning of the year	11,542,873	10,972,035
Units issued	1,493,367	1,376,789
Units redeemed	<u>(1,157,461)</u>	<u>(805,951)</u>
Balance at the end of the year	<u>11,878,779</u>	<u>11,542,873</u>
	MOP	MOP
Net assets attributable to members per unit	<u>352.97</u>	<u>324.69</u>

AIA MACAU GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

7 Transactions with related-parties

Except as disclosed in note 5, the Fund had no material related-party transactions and balances during the year.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU MANAGER'S CHOICE FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU MANAGER'S CHOICE FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 19

AIA MACAU MANAGER'S CHOICE FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

AIA MACAU MANAGER'S CHOICE FUND

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU MANAGER'S CHOICE FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Manager's Choice Fund (the "Fund") set out on pages 4 to 19, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetaria de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AIA MACAU MANAGER'S CHOICE FUND

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT COMPANY OF AIA MACAU MANAGER'S CHOICE FUND (CONTINUED)

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU MANAGER'S CHOICE FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	703,457,318	633,071,674
Amounts receivable on subscription		485,948	435,691
Cash and bank deposits		1	1
Total assets		<u>703,943,267</u>	<u>633,507,366</u>
Liabilities			
Benefits payable		229,999	170,984
Accrued expenses		27,899	15,018
Total liabilities		<u>257,898</u>	<u>186,002</u>
Net assets		<u>703,685,369</u>	<u>633,321,364</u>
Total units in issue	6	<u>5,323,325</u>	<u>5,019,711</u>
Unit price	6	<u>132.18</u>	<u>126.16</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU MANAGER'S CHOICE FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	2024	2023
	MOP	MOP
Income		
Change in unrealised gains on investments	28,442,463	31,914,819
Realised gains on sale of investments	2,203,963	66,448
Investment income (including interest income)	-	4,359,361
Exchange losses	(16)	(5,045)
Total income	<u>30,646,410</u>	<u>36,335,583</u>
Expenses		
Investment management fee	<u>163,807</u>	<u>79,192</u>
Total expenses	<u>163,807</u>	<u>79,192</u>
Total net income	<u>30,482,603</u>	<u>36,256,391</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU MANAGER'S CHOICE FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		633,321,364	548,485,267
Proceeds on subscription	6	128,426,600	99,706,033
Payments on redemption	6	(88,545,198)	(51,126,327)
Net subscription		39,881,402	48,579,706
Total net income for the year		30,482,603	36,256,391
Balance at the end of the year		703,685,369	633,321,364

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU MANAGER'S CHOICE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Cash flows from operating activities		
Total net income for the year	30,482,603	36,256,391
Adjustment for:		
Interest on bank deposits	-	(1)
	30,482,603	36,256,390
Net increase in investments	(70,385,644)	(85,622,482)
Net decrease in other receivables	-	203,192
Net increase/(decrease) in accruals and other payables	12,881	(20,015)
Cash used in operations	(39,890,160)	(49,182,915)
Interest received on bank deposits	-	1
Net cash used in operating activities	(39,890,160)	(49,182,914)
Cash flows from financing activities		
Proceeds on subscription	128,376,343	100,208,155
Payments on redemption	(88,486,183)	(51,025,240)
Net cash generated from financing activities	39,890,160	49,182,915
Net increase in cash and cash equivalents	-	1
Cash and cash equivalents at the beginning of the year	1	-
Cash and cash equivalents at the end of the year	1	1
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	1	1

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Manager’s Choice Fund (the “Fund”) on 9th January 2014 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange losses”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised gain/(losses) on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to maximise its long-term capital appreciation by investing in one or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Unit trust	211,070,702	30.00	194,141,763	30.65
Other investment funds	492,386,616	69.97	438,929,911	69.31
Total investments	703,457,318	99.97	633,071,674	99.96

The Fund invests in a unit trust and other investment funds.

The net exposure of the investments in the unit trust to market price risk is MOP211,070,702 (2023: MOP194,141,763). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP2,110,707 (2023: MOP1,941,418) in the Fund's net assets attributable to members.

Other investment funds are also subject to market price risk arising from uncertainties about their future prices. The market price risk is managed through diversification of the underlying investment portfolio of the investment funds held.

The table below summarises the impact on net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment funds are exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investments moved according to the historical correlation with the benchmark indices

	Change in market index	Impact on the net asset value	
		2024	2023
	% +/-	MOP	MOP
Towers Watson MPF			
Benchmark (Equity 40% - 60%)	5	21,367,812	20,150,483

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, change and impacts could be positive or negative. Change in benchmark indices percentage is revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had MOP1 bank balances at 31st December 2024 (2023: MOP1) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>703,457,319</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>633,071,675</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	229,999	-
Accrued expenses	-	27,899
	<u>229,999</u>	<u>27,899</u>
At 31st December 2023		
Benefits payable	170,984	-
Accrued expenses	-	15,018
	<u>170,984</u>	<u>15,018</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>703,943,267</u>
At 31st December 2023	
Total assets	<u>633,507,366</u>

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards ("IFRS") 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund's assets and liabilities are denominated in Macau Patacas (the Fund's functional currency) or Hong Kong Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar, exchange rate fluctuations between these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund's financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2 MOP	Total balance MOP
At 31st December 2024		
Assets		
Investments	<u>703,457,318</u>	<u>703,457,318</u>
At 31st December 2023		
Assets		
Investments	<u>633,071,674</u>	<u>633,071,674</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

5 Investments

	2024	2023
<u>Investment funds</u>	<u>MOP</u>	<u>MOP</u>
AIA Manager's Choice Fund ¹	492,386,616	438,929,911
AIA Corporate Bond Fund ¹	<u>211,070,702</u>	<u>194,141,763</u>
	<u>703,457,318</u>	<u>633,071,674</u>

¹ The trustee of AIA Manager's Choice Fund and AIA Corporate Bond Fund, AIA Company (Trustee) Limited, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.97% (2023: 99.96%) of net assets attributable to members.

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments (continued)

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	30	31
Investment funds - investing mainly in equities with balance in bonds and cash	70	69
	<u>100</u>	<u>100</u>

	% of investments of the underlying funds	
	2024	2023
Europe	18	19
Hong Kong	29	30
Japan	6	7
North America	28	28
Other Asia	19	16
	<u>100</u>	<u>100</u>

6 Units in issue

	2024 Units	2023 Units
Balance at the beginning of the year	5,019,711	4,621,490
Units issued	983,454	818,409
Units redeemed	(679,840)	(420,188)
Balance at the end of the year	<u>5,323,325</u>	<u>5,019,711</u>
	MOP	MOP
Net assets attributable to members per unit	<u>132.18</u>	<u>126.16</u>

AIA MACAU MANAGER'S CHOICE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

7 Transactions with related-parties

Except as disclosed in note 5, the Fund had no material related-party transactions and balances during the year.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU HONG KONG EQUITY FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU HONG KONG EQUITY FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 19

AIA MACAU HONG KONG EQUITY FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU HONG KONG EQUITY FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau Hong Kong Equity Fund (the "Fund") set out on pages 4 to 19, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetaria de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU HONG KONG EQUITY FUND
(CONTINUED)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU HONG KONG EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Assets			
Fund investments			
Investments	5	345,078,539	222,161,421
Amounts receivable on subscription		626,516	529,690
Other receivables and accruals		45,654	26,622
Cash and bank deposits		9,435	1
Total assets		<u>345,760,144</u>	<u>222,717,734</u>
Liabilities			
Benefits payable		21,229	324,743
Accrued expenses		70,407	12,782
Total liabilities		<u>91,636</u>	<u>337,525</u>
Net assets		<u>345,668,508</u>	<u>222,380,209</u>
Total units in issue	6	<u>3,453,279</u>	<u>2,367,578</u>
Unit price	6	<u>100.09</u>	<u>93.92</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU HONG KONG EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Income		
Change in unrealised gains/(losses) on investments	19,237,644	(16,490,168)
Realised losses on sale of investments	(3,009,213)	(2,285,100)
Investment income (including interest income)	-	1,895,267
Exchange losses	(6)	(3,635)
Total gains/(losses)	<u>16,228,425</u>	<u>(16,883,636)</u>
Expenses		
Investment management fee	<u>328,946</u>	<u>5,173</u>
Total expenses	<u>328,946</u>	<u>5,173</u>
Total net income/(loss)	<u>15,899,479</u>	<u>(16,888,809)</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU HONG KONG EQUITY FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		222,380,209	183,554,087
Proceeds on subscription	6	221,497,950	113,546,401
Payments on redemption	6	(114,109,130)	(57,831,470)
Net subscription		107,388,820	55,714,931
Total net income/(loss) for the year		15,899,479	(16,888,809)
Balance at the end of the year		345,668,508	222,380,209

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU HONG KONG EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Cash flows from operating activities		
Total net income/(loss) for the year	15,899,479	(16,888,809)
Adjustment for:		
Interest on bank deposits	-	(1)
	15,899,479	(16,888,810)
Net increase in investments	(122,917,118)	(37,847,212)
Net (increase)/decrease in other receivables	(19,032)	75,460
Net increase/(decrease) in accruals and other payables	57,625	(6,247)
Cash used in operations	(106,979,046)	(54,666,809)
Interest received on bank deposits	-	1
Net cash used in operating activities	(106,979,046)	(54,666,808)
Cash flows from financing activities		
Proceeds on subscription	221,401,124	113,187,191
Payments on redemption	(114,412,644)	(58,520,382)
Net cash generated from financing activities	106,988,480	54,666,809
Net increase in cash and cash equivalents	9,434	1
Cash and cash equivalents at the beginning of the year	1	-
Cash and cash equivalents at the end of the year	9,435	1
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	9,435	1

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Hong Kong Equity Fund (the “Fund”) on 4th April 2019 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange losses”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised losses on investments” and “realised losses on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to maximise its long-term capital appreciation by investing in one or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value	% of net	Fair value	% of net
	MOP	assets	MOP	assets
Unit trust	123,684,533	35.78	89,178,452	40.10
Other investment fund	221,394,006	64.05	132,982,969	59.80
Total investments	345,078,539	99.83	222,161,421	99.90

The Fund invests in a unit trust and other investment fund.

The net exposure of the investments in the unit trust to market price risk is MOP123,684,533 (2023: MOP89,178,452). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP1,236,845 (2023: MOP891,785) in the Fund's net assets attributable to members.

Other investment fund is also subject to market price risk arising from uncertainties about its future price. The market price risk is managed through diversification of the underlying investment portfolio of the investment fund held.

The table below summarises the impact on net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment fund is exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investment moved according to the historical correlation with the benchmark indices

	Change in market index	Impact on the net asset value	
		2024	2023
	%	MOP	MOP
	+/-		
FTSE MPF			
Hong Kong Index			
(Total Return)	5	10,459,338	6,075,366

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, change and impacts could be positive or negative. Change in benchmark indices percentage is revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had MOP9,435 bank balances at 31st December 2024 (2023: MOP1) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>345,087,974</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>222,161,422</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	21,229	-
Accrued expenses	-	70,407
	<u>21,229</u>	<u>70,407</u>
At 31st December 2023		
Benefits payable	324,743	-
Accrued expenses	-	12,782
	<u>324,743</u>	<u>12,782</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>345,760,144</u>
At 31st December 2023	
Total assets	<u>222,717,734</u>

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency) or Hong Kong Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar, exchange rate fluctuations between these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2	Total balance
	MOP	MOP
At 31st December 2024		
Assets		
Investments	<u>345,078,539</u>	<u>345,078,539</u>
At 31st December 2023		
Assets		
Investments	<u>222,161,421</u>	<u>222,161,421</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

5 Investments

	2024 MOP	2023 MOP
<u>Investment funds</u>		
AIA Corporate Bond Fund ¹	123,684,533	89,178,452
AIA Hong Kong Equity Fund ¹	184,669,871	132,982,969
iShares Hong Kong Equity Index Fund X2	<u>36,724,135</u>	<u>-</u>
	<u>345,078,539</u>	<u>222,161,421</u>

¹ The trustee of AIA Corporate Bond Fund and AIA Hong Kong Equity Fund, AIA Company (Trustee) Limited, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.83% (2023: 99.90%) of net assets attributable to members.

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments (continued)

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	36	40
Investment funds - investing mainly in equities with balance in bonds and cash	64	60
	100	100

	% of investments of the underlying funds	
	2024	2023
Europe	3	5
Hong Kong	66	59
Japan	1	1
North America	4	4
Other Asia	26	31
	100	100

6 Units in issue

	2024	2023
	Units	Units
Balance at the beginning of the year	2,367,578	1,813,033
Units issued	2,261,579	1,137,856
Units redeemed	(1,175,878)	(583,311)
Balance at the end of the year	3,453,279	2,367,578
	MOP	MOP
Net assets attributable to members per unit	100.09	93.92

AIA MACAU HONG KONG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

7 Transactions with related-parties

Except as disclosed in note 5 and below, the Fund had no material related-party transactions and balances during the period.

Investment management fee

The Management Company is entitled to receive an annual investment management fee of 0.3% (2023: 0.3%) of the Fund's net asset value. This fee is calculated and accrued on each valuation day and paid monthly.

For the year ended 31st December 2024, the total investment management fee charged by the Management Company amounted to MOP247,275 (2023: MOP 0). As at year-end, the investment management fee payable to the Management Company was MOP60,078 (2023: MOP 0).

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU AMERICAN EQUITY FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU AMERICAN EQUITY FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 19

AIA MACAU AMERICAN EQUITY FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU AMERICAN EQUITY FUND

Auditor's report on the financial statements

We have audited the financial statements of AIA Macau American Equity Fund (the "Fund") set out on pages 4 to 19, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 ("Legal Framework of Private Pension Funds"), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the year ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetaria de Macau ("AMCM"), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU AMERICAN EQUITY FUND
(Continued)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU AMERICAN EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	605,493,735	357,617,036
Amounts receivable on subscription		1,513,512	789,285
Other receivables and accruals		678,985	627,749
Cash and bank deposits		27,616	1
Total assets		<u>607,713,848</u>	<u>359,034,071</u>
Liabilities			
Benefits payable		625,077	251,207
Accrued expenses		<u>246,569</u>	<u>21,032</u>
Total liabilities		<u>871,646</u>	<u>272,239</u>
Net assets		<u>606,842,202</u>	<u>358,761,832</u>
Total units in issue	6	<u>3,426,193</u>	<u>2,360,005</u>
Unit price	6	<u>177.11</u>	<u>152.01</u>

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU AMERICAN EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Income		
Change in unrealised gains on investments	61,023,384	50,706,373
Realised gains on sale of investments	7,343,361	2,298,798
Investment income (including interest income)	-	2,470,259
Exchange gains/(losses)	1,289	(3,885)
Rebate income	-	284,749
Total income	<u>68,368,034</u>	<u>55,756,294</u>
Expenses		
Investment management fee	<u>335,832</u>	<u>30,612</u>
Total expenses	<u>335,832</u>	<u>30,612</u>
Total net income	<u><u>68,032,202</u></u>	<u><u>55,725,682</u></u>

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU AMERICAN EQUITY FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 MOP	2023 MOP
Balance at the beginning of the year		358,761,832	235,587,009
Proceeds on subscription	6	321,735,339	122,210,740
Payments on redemption	6	(141,687,171)	(54,761,599)
Net subscription		180,048,168	67,449,141
Total net income for the year		68,032,202	55,725,682
Balance at the end of the year		606,842,202	358,761,832

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU AMERICAN EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	2023 MOP
Cash flows from operating activities		
Total net income for the year	68,032,202	55,725,682
Adjustment for:		
Interest on bank deposits	-	(1)
	68,032,202	55,725,681
Net increase in investments	(247,876,699)	(122,102,808)
Net increase in other receivables	(51,236)	(177,361)
Net increase/(decrease) in accruals and other payables	225,537	(2,300)
Cash used in operations	(179,670,196)	(66,556,788)
Interest received on bank deposits	-	1
Net cash used in operating activities	(179,670,196)	(66,556,787)
Cash flows from financing activities		
Proceeds on subscription	321,011,112	121,558,964
Payments on redemption	(141,313,301)	(55,002,176)
Net cash generated from financing activities	179,697,811	66,556,788
Net increase in cash and cash equivalents	27,615	1
Cash and cash equivalents at the beginning of the year	1	-
Cash and cash equivalents at the end of the year	27,616	1
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	27,616	1

The notes on pages 8 to 19 are an integral part of these financial statements.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau American Equity Fund (the “Fund”) on 4th April 2019 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange (losses)/ gains”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains/(losses) on investments” and “realised gains on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to maximise its long-term capital appreciation by investing in one or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value	% of net	Fair value	% of net
	MOP	assets	MOP	assets
Unit trust	207,455,469	34.19	123,285,553	34.36
Other investment fund	398,038,266	65.59	234,331,483	65.32
Total investments	605,493,735	99.78	357,617,036	99.68

The Fund invests in a unit trust and another investment fund.

The net exposure of the investments in the unit trust to market price risk is MOP207,455,469 (2023: MOP123,285,553). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP2,074,555 (2023: MOP1,232,856) in the Fund's net assets attributable to members.

Other investment fund is also subject to market price risk arising from uncertainties about its future prices. The market price risk is managed through diversification of the underlying investment portfolio of the investment fund held.

The table below summarises the impact on net assets attributable to members as a result of increases/decreases of the key benchmark indices to which other investment fund is exposed. The analysis is based on the assumption that the benchmark indices had increased/decreased by the respective percentage with all other variables held constant and the fair value of the Fund's investments moved according to the historical correlation with the benchmark indices

	Change in market index	Impact on the net asset value	
		2024	2023
	%	MOP	MOP
	+/-		
S&P 500 Net Total Return Index	5	1,926,733	1,366,176
FTSE MPF North America Index (HKD Hedged)	5	3,077,672	-

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk (continued)

The Management Company has used its view of what would be a reasonable shift in each key market to estimate the change for use in the market sensitivity above.

Disclosures above are shown in absolute terms, change and impacts could be positive or negative. Change in benchmark indices percentage is revised annually depending on the Management Company's current view of market volatility and other relevant factors.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had MOP27,616 bank balances at 31st December 2024 (2023: MOP1) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>605,521,351</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>357,617,037</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the member units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days	8 days to
	MOP	12 months
		MOP
At 31st December 2024		
Benefits payable	625,077	-
Accrued expenses	-	246,569
	<u>625,077</u>	<u>246,569</u>
At 31st December 2023		
Benefits payable	251,207	-
Accrued expenses	-	21,032
	<u>251,207</u>	<u>21,032</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>607,713,848</u>
At 31st December 2023	
Total assets	<u>359,034,071</u>

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency), Hong Kong Dollars or United States Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar and the Hong Kong Dollar is pegged to the United States Dollar, exchange rate fluctuations among these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2 MOP	Total balance MOP
At 31st December 2024		
Assets		
Investments	<u>605,493,735</u>	<u>605,493,735</u>
At 31st December 2023		
Assets		
Investments	<u>357,617,036</u>	<u>357,617,036</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs, and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and 2023.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

5 Investments

	2024 MOP	2023 MOP
Investment funds		
AIA American Equity Fund ¹	336,484,834	234,331,483
AIA Corporate Bond Fund ¹	207,455,469	123,285,553
Schroder Institutional Pooled Fund Smart North American Equity Fund - Class B Acc HKD	<u>61,553,432</u>	<u>-</u>
	<u>605,493,735</u>	<u>357,617,036</u>

¹ The trustee of AIA American Equity Fund and AIA Corporate Bond Fund, AIA Company (Trustee) Limited, is an associate of the Management Company of the Fund.

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.78% (2023: 99.68%) of net assets attributable to members.

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments (continued)

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Debt securities	34	34
Investment funds - investing mainly in equities with balance in bonds and cash	66	66
	<u>100</u>	<u>100</u>

	% of investments of the underlying funds	
	2024	2023
Europe	3	3
Hong Kong	19	19
Japan	1	1
North America	68	68
Other Asia	9	9
	<u>100</u>	<u>100</u>

6 Units in issue

	2024 Units	2023 Units
Balance at the beginning of the year	2,360,005	1,881,658
Units issued	1,909,505	878,150
Units redeemed	<u>(843,317)</u>	<u>(399,803)</u>
Balance at the end of the year	<u>3,426,193</u>	<u>2,360,005</u>
	MOP	MOP
Net assets attributable to members per unit	<u>177.11</u>	<u>152.01</u>

AIA MACAU AMERICAN EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

7 Transactions with related-parties

Except as disclosed in note 5 and below, the Fund had no material related-party transactions and balances during the period.

Investment management fee

The Management Company is entitled to receive an annual investment management fee of 0.3% (2023: 0.3%) of the Fund's net asset value. This fee is calculated and accrued on each valuation day and paid monthly.

For the year ended 31st December 2024, the total investment management fee charged by the Management Company amounted to MOP237,024 (2023: MOP 0). As at year-end, the investment management fee payable to the Management Company was MOP237,024 (2023: MOP 0).

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Subsequent Events

There were no significant events requiring disclosure that have taken place after 31st December 2024 and up to the date of this report.

10 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.

AIA MACAU CONSERVATIVE FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024

AIA MACAU CONSERVATIVE FUND

CONTENTS	Pages
Management and professional service details	1
Independent auditor's report	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 18

AIA MACAU CONSERVATIVE FUND

MANAGEMENT AND PROFESSIONAL SERVICE DETAILS

Management Company

AIA International Limited Macau Branch
1903, AIA Tower
251A-301 Avenida Comercial de Macau
Macau

Fund Administrator and Custodian

Citibank N.A., Hong Kong Branch
50/F, Champion Tower, 3 Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
14G, Finance and IT Center of Macau
Avenida Doutor Mário Soares No. 320
Macau

INDEPENDENT AUDITOR’S REPORT TO THE MANAGEMENT COMPANY OF AIA MACAU CONSERVATIVE FUND

Auditor’s report on the financial statements

We have audited the financial statements of AIA Macau Conservative Fund (the “Fund”) set out on pages 4 to 18, which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company’s responsibility for the financial statements

The Management Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and in compliance with the Legal Framework of Private Pension Funds under Decree-Law No. 6/99/M of 8th February as amended by Law No. 10/2001 (“Legal Framework of Private Pension Funds”), and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Management Company is responsible for maintaining appropriate records of the activities of the Fund for the period ended 31st December 2024 in accordance with the Legal Framework of Private Pension Funds.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and in accordance with Notice No. 011/2021-AMCM issued by the Autoridade Monetária de Macau (“AMCM”), and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMPANY OF AIA MACAU CONSERVATIVE FUND
(CONTINUED)**

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024 and of its financial transactions and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and has been properly prepared in accordance with the relevant provisions of the Legal Framework of Private Pension Funds.

Report on Notice No. 011/2021-AMCM

In our opinion, the accounting books of the Fund record the activities of the Fund for the year ended 31st December 2024 appropriately.

The Management Company has provided us with the information and explanations required for the audit of the financial statements of the Fund.

Li Ching Lap Bernard
PricewaterhouseCoopers
Certified Public Accountants

Macau, 23rd June 2025

AIA MACAU CONSERVATIVE FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2024**

		2024	2023
	Note	MOP	MOP
Assets			
Fund investments			
Investments	5	85,143,757	26,055,932
Amounts receivable on subscription		393,922	143,688
Other receivables and accruals		332,332	1,113,160
Cash and bank deposits		634,775	166,843
Total assets		86,504,786	27,479,623
Liabilities			
Benefits payable		726,506	1,331,503
Accrued expenses		73,827	21,440
Total liabilities		800,333	1,352,943
Net assets		85,704,453	26,126,680
Total units in issue	6	829,489	259,461
Unit price	6	103.32	100.69

For and on behalf of AIA International Limited Macau Branch

Mr. Louie Ho
Chief Executive Officer, Macau Branch
Authorised signer of the Management Company

The notes on pages 8 to 18 are an integral part of these financial statements.

AIA MACAU CONSERVATIVE FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	5th May 2023 (commencement of operations) to 31st December 2023 MOP
Income		
Change in unrealised gains on investments	1,591,350	199,955
Realised gains/(losses) on sale of investments	391,817	(4,101)
Exchange gains/(losses)	2	(4)
Total income	<u>1,983,169</u>	<u>195,850</u>
Expenses		
Investment management fee	<u>559,295</u>	<u>56,757</u>
Total expenses	<u>559,295</u>	<u>56,757</u>
Total net income	<u>1,423,874</u>	<u>139,093</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

AIA MACAU CONSERVATIVE FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

		2024	5th May 2023 (commencement of operations) to 31st December 2023
	Note	MOP	MOP
Balance at the beginning of the period		26,126,680	-
Proceeds on subscription	6	111,378,214	36,776,365
Payments on redemption	6	(53,224,315)	(10,788,778)
Net subscription		58,153,899	25,987,587
Total net income for the year/period		1,423,874	139,093
Balance at the end of the period		85,704,453	26,126,680

The notes on pages 8 to 18 are an integral part of these financial statements.

AIA MACAU CONSERVATIVE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024 MOP	5th May 2023 (commencement of operations) to 31st December 2023 MOP
Cash flows from operating activities		
Total net income for the year/period	1,423,874	139,093
	1,423,874	139,093
Net increase in investments	(59,087,825)	(26,055,932)
Net decrease/(increase) in amount receivable on sales of investments	780,829	(1,113,160)
Net increase in accruals and other payables	52,386	21,440
Net cash used in operating activities	(56,830,736)	(27,008,559)
Cash flows from financing activities		
Proceeds on subscription	111,127,980	36,632,677
Payments on redemption	(53,829,312)	(9,457,275)
Net cash generated from financing activities	57,298,668	27,175,402
Net increase in cash and cash equivalents	467,932	166,843
Cash and cash equivalents at the beginning of the year/period	166,843	-
Cash and cash equivalents at the end of the year/period	634,775	166,843
Analysis of balance of cash and cash equivalents		
Cash and bank deposits	634,775	166,843

The notes on pages 8 to 18 are an integral part of these financial statements.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1 The Fund

AIA International Limited Macau Branch (the “Management Company”) established AIA Macau Conservative Fund (the “Fund”) on 5th May 2023 under the provisions of Article 14 paragraphs 1 and 3 of Decree-Law No. 6/99/M in accordance with the Management Regulation. The Fund has been approved by the Monetary Authority of Macau. The Fund was set up for the execution of the pension plans relating to early retirement, old age retirement, termination of employment and permanent loss of work capacity or death. The Fund is an investment choice for the participating schemes to invest. An employer can become a participant in the Fund by entering into a participating agreement with the Management Company whereby the employer agrees to participate in and contribute to the Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statement is a translation from the original, which was prepared in Chinese and that all possible care has been taken to ensure that the translation is an accurate representation of the original, however, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translated version.

The financial statements of the Fund for the year ended 31st December 2024 have been prepared in accordance with the Legal Framework of Private Pension Funds and the Macao Financial Reporting Standards (“New MFRSs”) promulgated by the Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27th March 2020.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through other comprehensive income.

The preparation of financial statements in accordance with the Macao Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Standards, amendments and interpretations issued but not yet effective or adopted

The Financial Reporting Standards (“New MFRSs”) were promulgated by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region on 19th December 2024 under Notice No. 2/2024/CPC. The New MFRSs will become effective on 1st January 2026 and will be mandatorily adopted for financial years beginning on or after 1st January 2028. Management is currently assessing the impact of the New MFRSs on the Fund’s financial statements.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(b) Investments

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Fund's policy requires the Management Company to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Investments" category are presented in the statement of comprehensive income in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Fund's interests in the underlying funds are based on the fair values of the underlying funds. The fair values of the underlying funds are based on quoted market prices at the close of trading on the reporting date.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Investment return is recognised on an accrual basis. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Macau Pataca (“MOP”), which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange losses”.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gains on investments” and “realised loss on sale of investments”.

(e) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as equity in accordance with International Accounting Standard (“IAS”) 32 (Amendment).

Should the redeemable units’ terms or conditions change such that they do not comply with the strict criteria contained in the IAS 32 (Amendment), the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument’s fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

(f) Proceeds and payments on subscription and redemption of units

The net asset value of the Fund is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the closing valuation of that business day. Proceeds and payments for units subscribed for and redeemed are included in the statement of changes in equity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities at acquisition of three months or less from the date of placement. Bank overdrafts, if any, are shown in current liabilities in the statement of financial position.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

2 Summary of significant accounting policies (continued)

(i) Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The underlying investment funds in which the Fund invests are determined as structured entities.

(j) Comparative figures

Certain comparative figures have been adjusted to conform with the presentation adopted for the current year.

3 Critical judgements

In preparing these financial statements, the Management Company has made judgements that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Functional currency

The Management Company of the Fund considers the MOP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The MOP is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its members. This determination also considers the competitive environment in which the Fund is compared to other Macanese investment products.

4 Financial risk management

(a) Strategy in using financial instruments

The investment objective of the Fund is to minimise its short-term capital risk and enhance returns over the long term by investing in once or more pooled retirement funds authorised by the Securities and Futures Commission of Hong Kong that invest in a diversified portfolio of global equities and debt securities.

The Fund may be exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

At 31st December 2024 and 2023, the overall market exposures of the Fund were as follows:

	2024		2023	
	Fair value MOP	% of net assets	Fair value MOP	% of net assets
Other investment fund	85,143,757	99.35	26,055,932	99.73
Total investments	85,143,757	99.35	26,055,932	99.73

The net exposure of the investments in the other investment funds to market price risk is MOP85,143,757 (2023: MOP26,055,932). Consequently, an increase or decrease of 1% in market price across all instruments in the portfolio of the unit trust would result in an increase or decrease of MOP851,438 (2023: MOP260,559) in the Fund's net assets attributable to members.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Fund had bank balances of MOP634,775 at 31st December 2024 (2023: MOP166,843) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Certain transactions entered into by the Fund may expose it to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the Fund only buys and sells through brokers who have been approved as an acceptable counterparty according to the Management Company's internal counterparty credit review procedures.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(d) Credit and custody risk (continued)

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian.

The table below summarises the assets placed with the bank and custodian:

	MOP	Credit rating	Source of credit rating
At 31st December 2024			
<u>Bank and custodian</u>			
Citibank N.A.	<u>85,778,532</u>	<u>A+</u>	<u>S&P</u>
At 31st December 2023			
<u>Bank and custodian</u>			
Citibank N.A.	<u>26,222,775</u>	<u>A+</u>	<u>S&P</u>

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as shown in the statement of financial position.

None of the assets is impaired nor past due but not impaired.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management Company considers both historical analysis and forward looking information in determining any expected credit loss. At 31st December 2024 and 2023, amounts receivable on subscription and other receivables and accruals are due to be settled within 1 week. In addition, as at 31st December 2024 and 2023, cash at banks and investments are held with a counterparty with a credit rating of A+. The Management Company considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Fund is exposed to daily cash redemptions of the units in the Fund. The Fund invests in investment funds that are considered to be readily realisable.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 8 days MOP	8 days to 12 months MOP
At 31st December 2024		
Benefits payable	726,506	-
Accrued expenses	-	73,827
	<u>726,506</u>	<u>73,827</u>
At 31st December 2023		
Benefits payable	1,331,503	-
Accrued expenses	-	21,440
	<u>1,331,503</u>	<u>21,440</u>

The Management Company has the final and conclusive right to restrict the total number of units redeemed under any participating scheme on any valuation day to 10% of the total units issued. No individual member held more than 10% of the Fund's net assets at 31st December 2024 and 2023.

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of the assets held:

	Less than 1 month MOP
At 31st December 2024	
Total assets	<u>86,504,786</u>
At 31st December 2023	
Total assets	<u>27,479,623</u>

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(f) Currency risk

The majority of assets and liabilities of the Fund are denominated in currencies other than Macau Pataca, the functional currency.

Currency risk, as defined in International Financial Reporting Standards (“IFRS”) 7, arises as the value of future transactions, recognised monetary assets and liabilities fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk and this is disclosed in note 4(b). However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund’s assets and liabilities are denominated in Macau Patacas (the Fund’s functional currency) or Hong Kong Dollars. As the Macau Pataca is currently pegged to the Hong Kong Dollar, exchange rate fluctuations between these currencies are considered limited. Accordingly, the Management Company entity considers the Fund to have no significant foreign exchange exposure and, therefore, no sensitivity analysis disclosure is required.

(g) Fair value estimation

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

4 Financial risk management (continued)

(g) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Management Company. The Fund considers observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the net assets attributable to members of the Fund’s financial assets (by class) measured at fair value at 31st December 2024 and 2023:

	Level 2	Total balance
	MOP	MOP
At 31st December 2024		
Assets		
Investments	<u>85,143,757</u>	<u>85,143,757</u>
At 31st December 2023		
Assets		
Investments	<u>26,055,932</u>	<u>26,055,932</u>

The investment funds held by the Fund are not traded in active markets and are valued based on quoted market prices supported by observable inputs and are therefore classified within level 2.

The other financial assets and liabilities held by the Fund are carried at amortised cost. The carrying amounts are a reasonable approximation of their fair value.

There has been no transfer between levels for the year ended 31st December 2024 and for the period from 5th May 2023 (commencement of operations) to 31st December 2023.

(h) Capital risk management

The capital of the Fund is represented by the units in the Fund, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the period are shown in the statement of changes in equity. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide investment returns to members. In order to achieve the investment objectives, the Fund endeavours to invest its capital in accordance with the investment policies as outlined in note 4(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments. The Management Company monitors capital on the basis of the value of net assets attributable to members.

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

5 Investments

	2024	2023
<u>Investment funds</u>	MOP	MOP
Schroder Institutional Pooled Fund HK Money		
Market Fund B Accumulation HKD	85,143,757	26,055,932
	<u>85,143,757</u>	<u>26,055,932</u>

The maximum exposure to loss from these investment funds is equal to their total carrying amounts which represent 99.35% (2023: 99.73%) of net assets attributable to members.

The overall market exposure for the underlying investment funds as at 31st December 2024 and 2023 were as follows:

	% of investments of the underlying funds	
	2024	2023
Investment funds - investing mainly in bonds and money market instruments	100%	100%
	<u>100%</u>	<u>100%</u>

	% of investments of the underlying funds	
	2024	2023
Hong Kong	29	36
China	27	26
Other Asia	26	35
Europe	13	3
North America	5	-
	<u>100</u>	<u>100</u>

AIA MACAU CONSERVATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

6 Units in issue

	2024	5th May 2023 (commencement of operations) to 31st December 2023
	Units	Units
Balance at the beginning of the year/period	259,461	-
Units issued	1,090,480	367,058
Units redeemed	(520,452)	(107,597)
Balance at the end of the period	829,489	259,461
	MOP	MOP
Net assets attributable to members per unit	100.32	100.69

7 Transactions with related-parties

Except as disclosed in note 5 and below, the Fund had no material related-party transactions and balances during the period.

Investment management fee

The Management Company is entitled to receive an annual investment management fee of 1.0% (2023: 1.0%) of the Fund's net asset value. This fee is calculated and accrued on each valuation day and paid monthly.

For the year ended 31st December 2024, the total investment management fee charged by the Management Company amounted to MOP559,295 (2023: MOP56,757). As at year-end, the investment management fee payable to the Management Company was MOP73,827 (2023: MOP21,440).

All transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Taxation

The Fund is established under Decree-Law No. 6/99/M and hence is exempted from Macao complementary tax.

9 Approval of financial statements

The financial statements were approved by the Management Company on 23rd June 2025.