The following is the text of a report set out on pages IC-1 to [IC-27], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF NEUROGEN PHARMA (ZHUHAI) CO., LTD TO THE DIRECTORS OF NEUROGEN PHARMA LIMITED (神基製藥有限公司)

Introduction

We report on the historical financial information of NeuroGen Pharma (Zhuhai) Co., Ltd. ("NeuroGen Zhuhai") set out on pages IC-3 to IC-[27], which comprises the statements of financial position of NeuroGen Zhuhai as at December 31, 2023 and November 29, 2024, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of NeuroGen Zhuhai for the year ended December 31, 2023 and period from January 1, 2024 to November 29, 2024 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information of NeuroGen Zhuhai set out on pages IC-3 to IC-[27] forms an integral part of this report, which has been prepared for inclusion in the document of NeuroGen Pharma Limited (神基製藥有限公司) (the "Company") dated [●] (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information of NeuroGen Zhuhai that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information of NeuroGen Zhuhai that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Document in which the Historical Financial Information of NeuroGen Zhuhai is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information of NeuroGen Zhuhai and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information of NeuroGen Zhuhai is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information of NeuroGen Zhuhai. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information of NeuroGen Zhuhai, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information of NeuroGen Zhuhai that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information of NeuroGen Zhuhai.

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

Opinion

In our opinion, the Historical Financial Information of NeuroGen Zhuhai gives, for the purposes of the accountants' report, a true and fair view of NeuroGen Zhuhai's financial position as at December 31, 2023 and November 29, 2024, and of NeuroGen Zhuhai's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information of NeuroGen Zhuhai.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information of NeuroGen Zhuhai, no adjustments to the Underlying Financial Statements of NeuroGen Zhuhai as defined on page [IC-3] have been made.

Dividends

We refer to Note [12] to the Historical Financial Information of NeuroGen Zhuhai which contains information about the dividends declared and paid by NeuroGen Zhuhai in respect of the Relevant Periods.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF NEUROGEN ZHUHAI

Preparation of Historical Financial Information of NeuroGen Zhuhai

Set out below is the Historical Financial Information of NeuroGen Zhuhai which forms an integral part of this accountants' report.

The financial statements of NeuroGen Zhuhai for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information of NeuroGen Zhuhai is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Year ended December 31, 2023**	**Period from January 1, 2024 to November 29, 2024**
		RMB'000	*RMB'000*
Revenue	*6*	935,643	930,680
Cost of sales		(511,592)	(507,933)
Gross profit		**424,051**	**422,747**
Other income	*8*	516	875
Other gains and losses, net	*9*	(4,327)	(2,143)
Selling and distribution expenses		(286,894)	(308,042)
General and administrative expenses		(50,697)	(47,677)
Finance costs	*10*	(1,618)	(1,812)
Profit before tax	*11*	**81,031**	**63,948**
Income tax expense	*14*	(20,668)	(16,305)
Profit and total comprehensive income for the year/period		**60,363**	**47,643**

STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2023	As at November 29, 2024
		RMB'000	*RMB'000*
Non-current assets			
Property and equipment	*15*	99,699	86,431
Right-of-use assets	*16*	48,055	38,304
Intangible assets	*17*	1,432	615
Deferred tax assets	*18*	9,927	13,917
Other receivables	*20*	3,726	3,726
		162,839	**142,993**
Current assets			
Inventories	*19*	252,235	223,490
Trade and other receivables	*20*	130,924	164,911
Tax recoverable		2,782	10,360
Cash and cash equivalents	*21*	36,884	24,066
		422,825	**422,827**
Current liabilities			
Trade and other payables	*22*	336,142	355,918
Lease liabilities	*23*	7,789	8,719
		343,931	**364,637**
Net current assets		**78,894**	**58,190**
Total assets less current liabilities		**241,733**	**201,183**
Non-current liabilities			
Lease liabilities	*23*	31,141	22,405
Provisions	*24*	14,455	14,998
		45,596	**37,403**
Net assets		**196,137**	**163,780**
Capital and reserves			
Paid-in capital	*25*	70,377	70,377
Reserves		125,760	93,403
Total equity		**196,137**	**163,780**

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Capital reserves	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25)	*(Note a)*	*(Note b)*		
As at January 1, 2023	70,377	7,591	35,188	102,618	215,774
Profit and total comprehensive income for the year	–	–	–	60,363	60,363
Dividends recognized as distribution *(Note 12)*	–	–	–	(80,000)	(80,000)
At December 31, 2023	**70,377**	**7,591**	**35,188**	**82,981**	**196,137**
Profit and total comprehensive income for the period	–	–	–	47,643	47,643
Dividends recognized as distribution *(Note 12)*	–	–	–	(80,000)	(80,000)
At November 29, 2024	**70,377**	**7,591**	**35,188**	**50,624**	**163,780**

Notes:

(a) Capital reserve represents the capital injected from the former owners of NeuroGen Zhuhai in excess to its paid-in capital.

(b) Amount represents statutory reserve of NeuroGen Zhuhai in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, NeuroGen Zhuhai is required to transfer at least 10% of its net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners.

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	81,031	63,948
Adjustments for:		
Interest income	(183)	(228)
Interest expenses on lease liabilities	1,618	1,812
Depreciation of property and equipment	18,897	17,142
Depreciation of right-of-use assets	10,870	11,793
Amortisation of intangible assets	636	489
Loss on disposal of property and equipment	110	234
Loss on disposal of intangible assets	–	939
Provision for inventories, net of reversal	9,125	(2,921)
Operating cash flow before movements in working capital	**122,104**	**93,208**
Decrease (increase) in trade and other receivables	17,587	(35,780)
(Decrease) increase in trade and other payables	(77,583)	21,246
Decrease in inventories	51,653	31,666
Cash generated from operations	**113,761**	**110,340**
Income tax paid	(16,468)	(27,550)
NET CASH FROM OPERATING ACTIVITIES	**97,293**	**82,790**
INVESTING ACTIVITIES		
Interest received	183	228
Purchase of property and equipment	(9,683)	(4,108)
Proceeds from disposal of property and equipment	1,038	–
Purchase of intangible assets	(171)	(611)
NET CASH USED IN INVESTING ACTIVITIES	**(8,633)**	**(4,491)**
FINANCING ACTIVITIES		
Repayment of lease liabilities	(11,405)	(9,305)
Lease liabilities interest paid	(1,618)	(1,812)
Dividends paid	(80,000)	(80,000)
NET CASH USED IN FINANCING ACTIVITIES	**(93,023)**	**(91,117)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,363)**	**(12,818)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	**41,247**	**36,884**
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	**36,884**	**24,066**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF NEUROGEN ZHUHAI

1. GENERAL INFORMATION

NeuroGen Pharma (Zhuhai) Co., Ltd. was established in Zhuhai, China on April 8, 1997, as a limited liability company. The principle activities of NeuroGen Zhuhai are manufacturing and distribution of pharmaceutical products.

Prior to the Acquisition, NeuroGen Zhuhai was a wholly-owned subsidiary of UCB S.A.. Immediately after the completion of the acquisition by Concord Acquisition (HK) Limited (the "Acquisition"), a wholly-owned subsidiary of the Company, NeuroGen Zhuhai became a wholly owned subsidiary of NeuroGen Pharma Limited (神基製藥有限公司).

The Historical Financial Information of NeuroGen Zhuhai is presented in RMB, which is also the functional currency of NeuroGen Zhuhai.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by the IASB.

The statutory financial statements of NeuroGen Zhuhai for the year ended December 31, 2023 was prepared in accordance with Chinese Accounting Standard for Business Enterprise and was audited by Forvis Mazars Certified Public Accountants, certified public accountants registered in the PRC.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information of NeuroGen Zhuhai for the Relevant Periods, NeuroGen Zhuhai has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Relevant Periods.

New and amendments to IFRS Accounting Standards in issue but not yet effective

NeuroGen Zhuhai has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statement[3]
IFRS 20	Regulatory Assets and Regulatory Liabilities[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2026.

3 Effective for annual periods beginning on or after January 1, 2027.

4 Effective for annual periods beginning on or after January 1, 2029.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on NeuroGen Zhuhai's Historical Financial Information in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements ("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statements of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of NeuroGen Zhuhai in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the statements of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Revenue from contracts with customers

Information about NeuroGen Zhuhai's accounting policies relating to revenue from contracts with customers is provided in Note 6.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under IFRS 9 Financial Instruments ("IFRS 9")

NeuroGen Zhuhai performs impairment assessment under ECL model on financial assets (including trade and other receivables and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on NeuroGen Zhuhai's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

NeuroGen Zhuhai always recognized lifetime ECL for trade receivables.

For all other instruments, NeuroGen Zhuhai measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case NeuroGen Zhuhai recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, NeuroGen Zhuhai compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, NeuroGen Zhuhai considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which NeuroGen Zhuhai's debtors operate, obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to NeuroGen Zhuhai's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, for example, a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, NeuroGen Zhuhai presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless NeuroGen Zhuhai has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, NeuroGen Zhuhai assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NeuroGen Zhuhai regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, NeuroGen Zhuhai considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including NeuroGen Zhuhai, in full (without taking into account any collaterals held by NeuroGen Zhuhai).

Irrespective of the above analysis, NeuroGen Zhuhai considers that default has occurred when a financial asset is more than 90 days past due unless NeuroGen Zhuhai has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

NeuroGen Zhuhai writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under NeuroGen Zhuhai's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to NeuroGen Zhuhai in accordance with the contract and all the cash flows that NeuroGen Zhuhai expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, NeuroGen Zhuhai takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

NeuroGen Zhuhai recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses, net' line item (Note 9) as part of the net foreign exchange losses.

Derecognition of financial assets

NeuroGen Zhuhai derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by NeuroGen Zhuhai are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities held by NeuroGen Zhuhai are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities, including trade and other payables, are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the other gains and losses, net line item in profit or loss (note 9) as part of net foreign exchange losses.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

NeuroGen Zhuhai recognized financial liabilities when, and only when, NeuroGen Zhuhai's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities recognized and the consideration paid and payable is recognized in profit or loss.

Leases

NeuroGen Zhuhai assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NeuroGen Zhuhai as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, NeuroGen Zhuhai allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by NeuroGen Zhuhai; and
- an estimate of costs to be incurred by NeuroGen Zhuhai in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NeuroGen Zhuhai presents right-of-use assets as a separate line item on the statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, NeuroGen Zhuhai recognized and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, NeuroGen Zhuhai uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and a credit risk adjustment based on bond yields.

The lease payments include fixed payments (including in-substance fixed payment).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NeuroGen Zhuhai remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

NeuroGen Zhuhai presents lease liabilities as a separate line item on the statements of financial position.

Lease modifications

For a lease modification that is not accounted for as a separate lease, NeuroGen Zhuhai remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NeuroGen Zhuhai accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, NeuroGen Zhuhai allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of NeuroGen Zhuhai, transactions in currencies other than functional currency (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when NeuroGen Zhuhai can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "Profit before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. NeuroGen Zhuhai's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recognized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which NeuroGen Zhuhai expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which NeuroGen Zhuhai recognized the right-of-use assets and the related lease liabilities, NeuroGen Zhuhai first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and ultimate costs incurred for provisions for restoration, NeuroGen Zhuhai applies IAS 12 requirements to the lease liabilities, the provisions for restoration and the related assets separately. NeuroGen Zhuhai recognized a deferred tax asset related to lease liabilities and the provisions for restoration to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property and equipment, right-of-use assets and intangible assets

At the end of each reporting period, NeuroGen Zhuhai reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, NeuroGen Zhuhai estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units ("CGUs") for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of CGUs to which the corporate asset belong, and is compared with the carrying amount of the relevant cash-generating unit or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, NeuroGen Zhuhai compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the statements of financial position include:

(a) cash, which comprises of demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which NeuroGen Zhuhai must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when NeuroGen Zhuhai has a present obligation (legal or constructive) as a result of a past event, it is probable that NeuroGen Zhuhai will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In applying NeuroGen Zhuhai's accounting policies, which are described in Note 4, the management are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Accrual of sales rebates

Revenue from sales of pharmaceutical products is recognized based on the price specified in the contract, net of the estimated sales rebates. For contracts that contain sales rebates, NeuroGen Zhuhai estimates the amount of consideration to which it will be entitled using the expected value method at each reporting period end. Revenue is only recognized to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the rebates is subsequently resolved. Accrued sales rebates (included in trade and other payables) are recognized for expected sales rebates payable to customers in relation to sales. As at December 31, 2023 and November 29, 2024, accrued sales rebates are approximately RMB13,962,000 and RMB22,168,000, respectively.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

NeuroGen Zhuhai derives its revenue from the transfer of goods and services over time and at a point in time in the following major revenue sources:

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Type of goods or services		
Sales of pharmaceutical products	921,335	916,152
Service income	14,308	14,528
	935,643	**930,680**

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	921,335	916,152
Over time	14,308	14,528
	935,643	**930,680**

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about NeuroGen Zhuhai's performance obligations and their corresponding revenue recognition policies are summarised as below:

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue from the sales of products is recognized when control of the products has transferred, being when the goods have been delivered to the customer's specific location and accepted by customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Under NeuroGen Zhuhai's standard contract terms, customers can only return or request refund if the goods delivered do not meet required quality standards. Following the delivery, the customer bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 90 days upon delivery.

For contracts that contain variable consideration (eg. volume rebates), NeuroGen Zhuhai estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which NeuroGen Zhuhai will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, NeuroGen Zhuhai updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Service income

NeuroGen Zhuhai entered into services agreements with customers. For the services provided, the management of NeuroGen Zhuhai has assessed and determined that the customers simultaneously receive and consume benefit provided by NeuroGen Zhuhai's performances. As a result, the performance obligation of service agreements is satisfied over time and revenue is recognized over the service period. The customers shall pay NeuroGen Zhuhai amount for the services based on the cost incurred and markup based on cost.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at December 31, 2023 and November 29, 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the NeuroGen Zhuhai, being the chief operating decision maker, focuses and reviews on the overall results and financial position of NeuroGen Zhuhai as a whole which are prepared based on the same accounting policies set out in Note 4. Accordingly, NeuroGen Zhuhai has only one single operating segment and except for entity-wide disclosures, major customers and geographic information, no further analysis of the segment is presented.

Geographical markets

All of NeuroGen Zhuhai's operations and non-current assets are located in the PRC. An analysis of NeuroGen Zhuhai's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
PRC	923,665	919,087
Others	11,978	11,593
	935,643	930,680

Information about major customers

During the year ended December 31, 2023 and period from January 1, 2024 to November 29, 2024, revenue from customers of the corresponding year/period contributing over 10% of the total revenue of NeuroGen Zhuhai are as follows:

Customer concentration	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Customer A	N/A	210,962
Customer B	N/A	99,446
Customer C	242,280	N/A
Customer D	95,469	N/A

N/A: not disclosed as revenue from such customers was less than 10% of total revenue during the corresponding year/period.

8. OTHER INCOME

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Interest income from banks	183	228
Others	333	647
	516	875

9. OTHER GAINS AND LOSSES, NET

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Net foreign exchange losses	(41)	(20)
Losses on disposal of property and equipment and intangible assets	(110)	(1,173)
Disposal of financial assets	(3,266)	(1,000)
Others	(910)	50
	(4,327)	**(2,143)**

10. FINANCE COSTS

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	1,618	1,812

11. PROFIT BEFORE TAX

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Profit before tax for the year/period has been arrived at after charging:		
Cost of inventories recognized as cost of sales (including accrual of write-down of inventories amounting to RMB9,125,000 and reversal of write-down of RMB2,921,000, respectively)	386,328	245,790
Staff costs:		
– Salaries and other benefits	105,438	90,084
– Retirement benefit scheme contributions	5,741	5,571
– Performance-based bonus	8,210	14,733
Total staff costs	**119,389**	**110,388**
Capitalised in inventories	(12,571)	(17,758)
	106,818	**92,630**
Depreciation of property and equipment	18,897	17,142
Depreciation of right-of-use assets	10,870	11,793
Amortisation of intangible assets	636	489
Total depreciation and amortisation	**30,403**	**29,424**
Capitalised in inventories	(11,344)	(14,265)
	19,059	**15,159**

12. DIVIDENDS

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of NeuroGen Zhuhai recognized as distribution during the year/period	80,000	80,000

13. EARNING PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

14. INCOME TAX EXPENSE

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Current tax	23,627	20,295
Deferred tax *(Note 18)*	(2,959)	(3,990)
	20,668	**16,305**

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of NeuroGen Zhuhai is 25% during the Relevant Periods.

The tax expense for the Relevant Periods can be reconciled to the profit before tax per statements of profit or loss and other comprehensive income as follows:

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Profit before tax	81,031	63,948
Tax charge at the PRC EIT rate of 25%	20,258	15,987
Tax effect of expenses not deductible for tax purpose	410	318
Income tax expenses	**20,668**	**16,305**

15. PROPERTY AND EQUIPMENT

	Machinery	Electronic devices, furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
As at January 1, 2023	118,983	22,541	51,351	20,720	213,595
Additions	–	2,870	–	6,813	9,683
Disposals	(845)	(1,847)	–	–	(2,692)
Transfer	2,055	1,159	60	(3,274)	–
As at December 31, 2023	120,193	24,723	51,411	24,259	220,586
Additions	–	97	–	4,011	4,108
Disposals	(696)	(3,310)	–	–	(4,006)
Transfer	2,186	556	188	(2,930)	–
As at November 29, 2024	121,683	22,066	51,599	25,340	220,688
ACCUMULATED DEPRECIATION					
As at January 1, 2023	(57,469)	(16,226)	(29,838)	–	(103,533)
Provided for the year	(11,611)	(2,614)	(4,672)	–	(18,897)
Elimination on disposals	309	1,234	–	–	1,543
As at December 31, 2023	(68,771)	(17,606)	(34,510)	–	(120,887)
Provided for the period	(10,366)	(2,494)	(4,282)	–	(17,142)
Elimination on disposals	636	3,136	–	–	3,772
As at November 29, 2024	(78,501)	(16,964)	(38,792)	–	(134,257)
CARRYING VALUES					
As at December 31, 2023	51,422	7,117	16,901	24,259	99,699
As at November 29, 2024	43,182	5,102	12,807	25,340	86,431

The above items of property and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, as follows:

Machinery	9.5%-19% per annum
Electronic devices, furniture and office equipment	9.5%-31.67% per annum
Leasehold improvements	Over the shorter of the lease term or 10 years

16. RIGHT-OF-USE ASSETS

	Leased properties	Leased vehicle	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount			
As at January 1, 2023	35,446	552	35,998
Additions	22,927	–	22,927
Depreciation charge	(10,318)	(552)	(10,870)
As at December 31, 2023	**48,055**	**–**	**48,055**
Additions	886	1,156	2,042
Depreciation charge	(11,263)	(530)	(11,793)
As at November 29, 2024	**37,678**	**626**	**38,304**

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Total cash outflow for leases	13,023	11,117

During the Relevant Periods, NeuroGen Zhuhai leases a plant, various offices and vehicles for its operations. Lease contracts are entered into for fixed term of 12 months to 122 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, NeuroGen Zhuhai applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

In addition, as at December 31, 2023 and November 29, 2024, lease liabilities of RMB38,930,000 and RMB31,124,000 are recognized with related right-of-use assets of RMB48,055,000 and RMB38,304,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Software
	RMB'000
COST	
As at January 1, 2023	4,137
Addition	171
As at December 31, 2023	4,308
Addition	611
Disposals	(3,854)
As at November 29, 2024	1,065
AMORTISATION	
As at January 1, 2023	(2,240)
Provided for the year	(636)
As at December 31, 2023	(2,876)
Provided for the period	(489)
Elimination on disposals	2,915
As at November 29, 2024	(450)
CARRYING VALUES	
As at December 31, 2023	1,432
As at November 29, 2024	615

Intangible assets are amortised on a straight-line basis over the following periods:

Software	4-10 years

18. DEFERRED TAX ASSETS

For the purpose of presentation in the statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Deferred tax assets	9,927	13,917

The following are the major deferred tax assets (liabilities) recognized and movements thereon before offsetting during the Relevant Periods.

	Accrued expenses	Provision	Right-of-use assets	Lease liabilities	Inventory provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	3,723	3,501	(8,999)	6,964	1,779	6,968
Credited (charged) to profit or loss	1,394	113	(3,014)	2,768	1,698	2,959
As at December 31, 2023	5,117	3,614	(12,013)	9,732	3,477	9,927
Credited (charged) to profit or loss	5,766	136	2,438	(1,952)	(2,398)	3,990
As at November 29, 2024	10,883	3,750	(9,575)	7,780	1,079	13,917

19. INVENTORIES

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Raw materials and consumables	45,911	30,912
Work in progress	2,162	721
Semi-finished goods	9,073	12,905
Goods in transit	9,653	–
Finished goods	185,436	178,952
	252,235	**223,490**

Finished goods are net of a write-down of approximately RMB5,190,000 and RMB788,000 as at December 31, 2023 and November 29, 2024.

Raw materials are net of a write-down of approximately RMB7,871,000 and RMB3,529,000 as at December 31, 2023 and November 29, 2024.

Semi-finished goods are net of a write-down of approximately RMB848,000 and nil as at December 31, 2023 and November 29, 2024.

20. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Trade receivables *(Note)*	117,454	162,763
Less: allowance for expected credit losses	–	–
	117,454	**162,763**
Prepayments	2,690	1,009
Bill receivables	10,663	–
Other receivables	3,843	4,865
	17,196	5,874
	134,650	**168,637**
Analyzed for reporting purposes as:		
Current	130,924	164,911
Non-current	3,726	3,726
	134,650	**168,637**

Note: Included in the balance of trade receivables as of December 31, 2023 and November 29, 2024 is RMB3,967,000 and RMB2,680,000 which was receivable from the fellow subsidiaries of the UCB.

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB145,167,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
0 – 30 days	48,066	66,406
31 – 60 days	69,388	96,217
61 – 90 days	–	140
	117,454	**162,763**

As at December 31, 2023 and November 29, 2024, there is no debtor past due trade receivables.

All bills received by NeuroGen Zhuhai are with a maturity period of less than one year.

The management of NeuroGen Zhuhai have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to NeuroGen Zhuhai. NeuroGen Zhuhai does not hold any collateral over these balances.

As part of NeuroGen Zhuhai's cash flow management, NeuroGen Zhuhai factored certain trade receivables to a financial institution before the receivables are due for payment. The factored trade receivables were derecognized on the basis that NeuroGen Zhuhai had transferred substantially all the risks and rewards to the relevant counterparty. Notwithstanding the derecognition, Neurogen Zhuhai retained continuing involvement in the derecognized trade receivables. As at December 31, 2023, trade receivables amounting to RMB25,658,000 were derecognized with NeuroGen Zhuhai retaining continuing involvement. Such factoring arrangement ended in March 2024.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents only include demand deposits during the Relevant Periods.

Cash and cash equivalents include short-term deposits for the purpose of meeting NeuroGen Zhuhai's short-term cash commitments, which carried interest at market rates range from 0.20% to 0.25%, 0.10% to 0.20% during the year ended December 31, 2023 and the period from January 1, 2024 to November 29, 2024.

All cash and cash equivalent is denominated in RMB.

22. TRADE AND OTHER PAYABLES

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Trade payables (Note a)	138,276	106,708
Other payables (Note b)	144,463	197,649
Payroll payables	31,357	26,899
Accrued sales rebates	13,962	22,168
Accrued expenses	8,084	2,437
Other tax payables	–	57
	336,142	**355,918**

Notes:

(a) Included in the balance of trade payables as of December 31,2023 and November 29, 2024 is RMB127,311,000 and RMB96,155,000 which was payable to the fellow subsidiaries of the UCB.

(b) Included in the balance of other payables as of December 31,2023 and November 29, 2024 is RMB137,298,000 and RMB191,390,000 which was payable to the fellow subsidiaries of the UCB.

The average credit period on purchases of goods of NeuroGen Zhuhai is 60 to 90 days.

The following is an aged analysis of trade payables, presented based on the invoice dates at the end of each reporting period:

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
0-60 days	118,808	106,279
61-120 days	18,760	429
121-365 days	708	–
	138,276	**106,708**

23. LEASE LIABILITIES

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	7,789	8,719
Within a period of more than one year but not exceeding two years	10,023	9,835
Within a period of more than two years but not exceeding five years	13,743	8,436
Within a period of more than five years	7,375	4,134
	38,930	**31,124**
Less: Amount due for settlement within 12 months shown under current liabilities	(7,789)	(8,719)

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Amount due for settlement after 12 months shown under non-current liabilities	**31,141**	**22,405**

The incremental borrowing rates applied to lease liabilities range from 2.54% to 4.73%, 2.54% to 4.73% for the year ended December 31, 2023 and the period from January 1, 2024 to November 29, 2024.

24. PROVISIONS

	Restoration provision
	RMB'000
As at January 1, 2023	14,005
Addition	450
At December 31, 2023	14,455
Addition	543
As at November 29, 2024	**14,998**

NeuroGen Zhuhai has entered several lease contracts with the lessors which the restoration term required NeuroGen Zhuhai to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition at the expiration of the leases and bear the costs thereof.

The restoration provision represent management's best estimate of NeuroGen Zhuhai's liability under lease contract for restoration.

25. PAID-IN CAPITAL

	Paid-in capital	Equivalent to RMB
	United States dollar'000	*'000*
As at January 1, 2023, December 31, 2023 and November 29, 2024	8,500	70,377

26. RELATED PARTY TRANSACTIONS

Save for disclosed elsewhere of the Historical Financial Information, NeuroGen Zhuhai has following transactions and balances with the related parties during the Relevant Periods.

a. Names and relationships with related parties

The following companies are related parties of NeuroGen Zhuhai that had transactions with NeuroGen Zhuhai during the Relevant Periods.

Name of related party	Relationship
UCB Australia Pty Ltd	Fellow subsidiary
UCB Biosciences, Inc.	Fellow subsidiary
UCB Biopharma S.r.l.	Fellow subsidiary
UCB Trading (Shanghai) Co., Ltd.	Fellow subsidiary
UCB Pharmaceuticals (Taiwan) Ltd.	Fellow subsidiary
UCB Pharma (Hong Kong) Ltd	Fellow subsidiary
UCB Pharma S.A.	Fellow subsidiary

b. Transactions with related parties

	Year ended December 31, 2023	Period from January 1, 2024 to November 29, 2024
	RMB'000	*RMB'000*
Service income	14,308	13,906
Procurement of goods	202,135	112,407
Royalty fee expenses	99,161	237,356
Promotion service expenses	225,110	256,376
IT service expenses	2,710	2,921

27. CAPITAL RISK MANAGEMENT

NeuroGen Zhuhai manages its capital to ensure that entities in NeuroGen Zhuhai will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. NeuroGen Zhuhai's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of NeuroGen Zhuhai consists of net debts, which includes the lease liabilities disclosed in Note 23, net of cash and cash equivalents and equity of NeuroGen Zhuhai, comprising paid-in capital, retained profits and other reserves.

The management of NeuroGen Zhuhai regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. NeuroGen Zhuhai will balance its overall capital structure through the new shares issues as well as the issue of new debts or the redemption of existing debt.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31, 2023	As at November 29, 2024
	RMB'000	*RMB'000*
Financial assets		
Amortised cost	168,844	191,694
Financial liabilities		
Amortised cost	304,785	328,962

(b) Financial risk management objectives and policies

NeuroGen Zhuhai's major financial assets and liabilities include trade and other receivables, cash and cash equivalents, trade and other payables. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

(i) Interest rate risk

NeuroGen Zhuhai is exposed to fair value interest rate risk in relation to lease liabilities. NeuroGen Zhuhai is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. NeuroGen Zhuhai's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit risk

NeuroGen Zhuhai's maximum exposure to credit risk which will cause a financial loss to NeuroGen Zhuhai is arising from the amount of each class of financial assets as disclosed in the statements of financial position. NeuroGen Zhuhai does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For trade receivables, NeuroGen Zhuhai has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed collectively, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each year.

For other receivables and bill receivables, NeuroGen Zhuhai has applied 12m ECL in IFRS 9 to measure the loss allowance. The ECL on other receivables and bill receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period.

As at December 31, 2023 and November 29, 2024, NeuroGen Zhuhai has no risk that it would be exposure to credit risk which will cause a financial loss to NeuroGen Zhuhai due to failure to discharge an obligation by the counterparties.

For bank deposits, the management considered those banks and counterparties are with good reputation and transaction record.

Liquidity risk

In the management of the liquidity risk, NeuroGen Zhuhai monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance NeuroGen Zhuhai's operations and mitigate the effects of fluctuations in cash flows.

The following table details NeuroGen Zhuhai's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which NeuroGen Zhuhai can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are based on variable rate, the undiscounted amount is derived based on management's best estimates from interest rate at the end of each reporting period, taking into consideration interest rate curve, if available.

	Weighted average effective interest rate	Within 1 year or on demand	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and other payables	–	304,785	–	–	304,785	304,785
Lease liabilities	3.76	9,941	26,261	7,703	43,905	38,930
		314,726	**26,261**	**7,703**	**348,690**	**343,715**
As at November 29, 2024						
Trade and other payables	–	328,962	–	–	328,962	328,962
Lease liabilities	3.86	11,616	18,999	4,311	34,926	31,124
		340,578	**18,999**	**4,311**	**363,888**	**360,086**

(c) Fair value measurements of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value

The management consider that the carrying amount of NeuroGen Zhuhai's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

29. RETIREMENT BENEFIT PLANS

The employees of NeuroGen Zhuhai are members of state-managed retirement benefit schemes organised by the relevant local government authority in the PRC. NeuroGen Zhuhai is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit schemes to fund the benefits. The only obligation of the NeuroGen Zhuhai with respect to the retirement benefit schemes is to make the specified contributions. The total amount provided by NeuroGen Zhuhai to the schemes in the PRC is RMB5,741,000 and RMB5,571,000 for the year ended December 31, 2023 and the period from January 1, 2024 to November 29, 2024, respectively.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in NeuroGen Zhuhai's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in NeuroGen Zhuhai's statements of cash flows as cash flows from financing activities.

	Lease liabilities
	RMB'000
As at January 1, 2023	27,857
Net financing cash flows	(13,023)
Non-cash change:	
Addition	22,478
Interest expenses	1,618
At December 31, 2023	**38,930**
Net financing cash flows	(11,117)
Non-cash change:	
Addition	1,499
Interest expenses	1,812
At November 29, 2024	**31,124**

31. SUBSEQUENT EVENTS

[There are no material events subsequent to November 29, 2024.]

32. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of NeuroGen Zhuhai have been prepared in respect of any period subsequent to December 31, 2025.]