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CNGR Advanced Material Co., Ltd.
中偉新材料股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2579)

FURTHER ANNOUNCEMENT
PROFIT FORECAST IN RELATION TO THE DDL TRANSFER

Reference is made to the announcement of CNGR Advanced Material Co., Ltd. (the "**Company**") dated 22 October 2026 (the "**Announcement**") with respect to, inter alia, the DDL Transfer. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the consideration for the DDL Transfer of US$324 million reflects 40.5% of an implied equity valuation of approximately US$800 million for the underlying mining interest, determined with reference to a similar transaction with a cooperation partner of the Company in the first half of 2026 and an independent valuation report (the "**Valuation Report**") obtained by ANHI, pursuant to which the value of the entire equity interest in DDL as of the valuation benchmark date (i.e. August 31, 2026) is approximately US$330 million under the income approach, taking into account the changes in Indonesian nickel mining policy since April 2026 and the resulting increase in nickel ore prices.

As a combination of the income approach, the market approach and the asset-based approach was adopted in the Valuation Report, among which the discounted cash flow (DCF) method was involved, the calculation of the value of the entire equity interest in DDL as set out in the Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is made in compliance with Rule 14.60A of the Listing Rules.

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has engaged its auditor, Ernst & Young ("**EY**"), to report on the arithmetical accuracy of the discounted cash flow calculations adopted in the Valuation Report dated 21 October 2026 prepared by KJPP Kusnanto & Rekan (the "**Independent Valuer**"). EY has reported that, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the valuation. The full text of the letter issued by EY on the arithmetical accuracy of the discounted cash flow calculations is set out in Appendix I to this announcement in accordance with Rule 14.60A(2) of the Listing Rules.

The Board confirms that the profit forecast in respect of DDL as contained in the Valuation Report prepared by the Independent Valuer has been made after due and careful enquiries. The letter from the Board is set out in Appendix II to this announcement in accordance with Rule 14.60A(3) of the Listing Rules.

SUMMARY OF THE VALUATION REPORT

Valuation result

The market value of 100% of the shares of DDL as at 31 August 2026 (the "**Valuation Benchmark Date**") is RMB2,214.98 million, equivalent to approximately US$330 million based on the exchange rate of US$1 to RMB6.7195 on 22 October 2026. The valuation report date is 21 October 2026.

DDL is a Hong Kong investment holding company. Its value is derived almost entirely from its interests in four Indonesian and Chinese companies:

Entity	Abbreviation	Interest held by DDL	Business
PT Karyatama Konawe Utara	KKU	40.50% (associate)	Nickel ore mining, Konawe Utara, Southeast Sulawesi
PT Konutara Sejati	KS	40.50% (associate)	Nickel mining and processing, Konawe Utara, Southeast Sulawesi
PT Hanking Makmur Nickelsmelt	HMN	75.00% (subsidiary)	Non-ferrous metal processing and nickel ore trading
Harvest Globe Limited	HGL	75.00% (subsidiary)	Investment and trading (Hong Kong)
Harvest (Shenyang) Trading Limited	HSTL	100.00% (held through HGL)	Wholesale and import/export trading (PRC)

DDL was valued using a sum-of-the-parts (SOTP) approach, in which each of its investee companies (KKU, KS, HMN, HGL and, through HGL, HSTL) was valued separately using the methods summarised below.

Valuation methodology

The Independent Valuer valued DDL on a sum-of-the-parts basis: each investee of DDL was valued first, and DDL's own value was then derived from those results. The Independent Valuer considered the three generally accepted approaches set out in OJK Regulation No. 35/POJK.04/2020 and the Indonesian Valuation Standards (SPI 300–330): the income approach, the market approach and the asset-based approach.

Entity	Methods applied	Weighting	Main reason given in the Valuation Report
DDL	Adjusted net asset method	100%	DDL is a holding company whose assets are mainly its investments in KKU, KS, HMN and HGL, so its value is best measured by restating those investments at market value and deducting its liabilities.
KKU (40.50%)	DCF; adjusted net asset method	50%/50%	The two methods were considered equally reliable. Under the asset method, fixed assets were taken at the values appraised by KJPP Iwan Bachron dan Rekan, and the mining business license was valued using the multi-period excess earnings method (MEEM).
KS (40.50%)	DCF; adjusted net asset method	50%/50%	Same as for KKU.
HMN (75.00%)	DCF; guideline publicly traded company method (P/E)	90%/10%	The DCF reflects HMN's current operating condition, being based on HMN's own projected financial statements (including its purchases of nickel ore from KKU, KS and third parties), and the Independent Valuer considered the data and information used in the DCF to be more reliable than those used in the guideline publicly traded company method, which was used as a cross-check.
HGL (75.00%)	Adjusted net asset method	100%	Investment holding company whose only significant asset is its interest in HSTL.
HSTL (100%, via HGL)	Adjusted net asset method	100%	Trading company with net liabilities.

The Independent Valuer adopted the DCF method for the operating entities. Their value lies in the cash they will generate from their nickel operations, and their activity is expected to change materially as those operations develop, so their historical results and book values do not reflect it. Their future cash flows were therefore projected and discounted at a rate reflecting their risk. These projections constitute a profit forecast under Rule 14.61 of the Listing Rules.

The adjusted net asset method was used alongside the DCF to measure the market value of the mining licences and fixed assets directly.

No terminal value was included in any DCF. Because each business depends on finite nickel reserves, the Independent Valuer projected cash flows only over the expected concession period.

Summary of valuation results

The valuation of DDL of the RMB2,214.98 million total was mainly driven by the value of KKU and KS. Rupiah values were converted at the Bank Indonesia middle rate on the Valuation Benchmark Date of Rp2,634 to RMB1.

Market value of 100% of DDL (RMB thousand)

Item	Book value	Adjustment	Market value
Cash and cash equivalents	206,786	–	206,786
Other receivables – related parties	43,054	–	43,054
Investments in subsidiaries and associates	457,600	2,729,441	3,187,042
Total assets	**707,441**	**2,729,441**	**3,436,882**
Other payables – related parties	(34,623)	–	(34,623)
Payables for share acquisition	(238,000)	–	(238,000)
Equity/indicative value of 100%	**434,818**	**2,729,441**	**3,164,259**
Discount for lack of marketability (30%)			(949,278)
Market value of 100% of DDL			**2,214,981**

The adjustment of RMB2,729.44 million arises entirely from restating DDL's investments to market value. The investments in KKU and KS increased from RMB446.09 million to RMB3,006.07 million, reflecting mainly the market value of the mining business licences (IUPs) held by KKU and KS, which carry only minimal book values. The investments in HMN and HGL increased from RMB11.52 million to RMB180.97 million. DDL's other assets and liabilities were taken at book value.

Key assumptions underlying the financial projections

The projections were prepared by the management of each operating company and reviewed by the Independent Valuer. Each projection covers the four months ending 31 December 2026, then full calendar years to the end of the expected mine life.

KKU – nickel ore mining

- **Sales:** sales of nickel ore, projected at Rp1,474.96 billion for September–December 2026 and between Rp4,063.82 billion and Rp9,454.31 billion a year from 2027 to 2036.

- **Cost of goods sold:** mainly nickel ore royalties and transport, at 31%–55% of sales.

- **Operating expenses:** mainly jetty fees and salaries, at 5%–6% of sales.

- **Margins and capital expenditure:** annual sales fluctuate in line with the mining plan, with gross profit margins of 45.2%–69.1% over the projection period, reflecting mainly the mining plan, nickel prices and the mining costs of saprolite and limonite ore. As saprolite ore carries a higher margin than limonite ore, the margin in each year varies with the mix of saprolite and limonite ore produced. Capital expenditure totals Rp33.26 billion, mainly in 2027–2028.

KS – nickel mining and processing

- **Sales:** sales of nickel, projected at Rp366.25 billion for September–December 2026 and between Rp1,851.43 billion and Rp4,171.59 billion a year from 2027 to 2049.

- **Cost of goods sold:** mainly nickel ore royalties and transport, at 46%–65% of sales.

- **Operating expenses:** mainly jetty fees and salaries, at 9%–18% of sales.

- **Margins and capital expenditure:** annual sales fluctuate in line with the mining plan, with gross profit margins of 35.3%–53.9% over the projection period, reflecting mainly the mining plan, nickel prices and mining costs. Capital expenditure totals Rp7.20 billion, mainly in 2027.

HMN – nickel processing and ore trading

- **Sales:** net sales of nickel ore sourced from KKU, KS and third parties, projected at Rp1,915.46 billion for September–December 2026 and between Rp2,038.49 billion and Rp13,921.51 billion a year from 2027 to 2049.

- **Cost of goods sold:** mainly purchases of nickel ore, at 94%–96% of sales, leaving a thin trading margin.

- **Operating expenses:** mainly transport, at 3%–6% of sales.

- **Margins and capital expenditure:** annual sales fluctuate in line with the volume of nickel ore sourced from KKU, KS and third parties, with gross profit margins of 3.5%–6.0% over the projection period. No capital expenditure is projected.

All three companies are domiciled in Indonesia and are taxed at the standard corporate income tax rate of 22% throughout the projection period.

Valuation assumptions

The valuation is on a market value basis under POJK 35/2020 and assumes each company continues as a going concern. The Independent Valuer also relied on the following assumptions.

General assumptions

1. Political, economic, legal and regulatory conditions in Indonesia and in the relevant industries will not change materially.

2. Tax rates, customs duties, exchange rates and interest rates will not change materially from those used in the projections.

3. The structure, main activities and main income sources of each company will not change materially, other than as projected.

4. There will be no material change in management.

5. Business activities will not be significantly disrupted by industrial disputes, labour shortages or other events.

6. The supply of raw materials, other materials, products and services will not be significantly obstructed.

7. Prices of materials, products and services, labour costs, manufacturing costs and other expenses will not change materially from current and projected levels.

8. No material fixed-asset purchases will be made other than those projected.

9. No provisions are required for contingent liabilities, arbitration, unusual bad debts, contracts or other unfulfilled obligations.

10. Existing agreements and arrangements will not change materially.

Specific assumptions

1. **Sales:** the Independent Valuer relied on the projection based on the mining plans of KKU and KS.

2. **Cost of goods sold:** These numbers were based on projection of costs that were based on contracts on hand and historical data.

3. **Fixed assets:** the market value of DDL's fixed assets was derived based on the aggregate property valuation of KKU and KS, as set out in the valuation reports prepared by KJPP Iwan Bachron dan Rekan dated 16 October 2026.

4. **Mine life:** cash flows end when reserves are exhausted, with no terminal value.

5. **Currency:** Rupiah values are translated at the Bank Indonesia middle rate of Rp2,634 to RMB1 as at 31 August 2026.

6. **Subsequent events:** management confirmed that no material events occurred between the Valuation Benchmark Date and the date of the Valuation Report.

7. **Information provided:** financial and other information from the Company, DDL and its investees is assumed to be true, complete and not misleading.

Income approach and key inputs

The DCF method discounts Free Cash Flow to Firm (FCFF) using the Weighted Average Cost of Capital (WACC), resulting in an implied WACC range of 11.52%–11.60%. The range reflects differences in the yields of long-term Rupiah-denominated government bonds, aligned with the respective projection periods of each subsidiary based on its concession period.

The cost of equity and WACC are 12.75% and 11.52% for KKU, whose risk-free rate is based on an 11-year bond tenor, and 12.84% and 11.60% for KS and HMN, whose risk-free rate is based on a 24-year bond tenor.

No terminal growth rate was used, as no terminal value was included in any DCF.

Calculation model

Equity value equals the present value of operations, plus non-operating assets, less non-current and other non-operating liabilities:

$$P' = \sum_{t=1}^{n} \frac{FCFF_t}{(1 + WACC)^t} + D - L$$

P' represents the value of 100% of the company's equity. The valuation is calculated as the present value of projected Free Cash Flow to the Firm over the remaining mine life, plus non-operating assets and less non-current liabilities.

Free cash flow

FCFF was derived using the direct method:

FCFF = cash received from customers − cash paid to suppliers − operating expenses paid − income tax paid ± other receipts and payments − additions to fixed assets

Discount rate

$$WACC = K_e \times W_e + K_d \times (1 - t) \times W_d$$
$$K_e = R_f + \beta_L \times RP_m - RBDS$$
$$\beta_L = \beta_U \times [1 + (1 - t) \times DER]$$

Parameter	Range	*Note*
Risk-free rate (R_f)	7.05%–7.14%	*a*
Equity risk premium (RP_m)	6.56%	*b*
Unlevered beta ($ß_u$)	0.93	*c*
Debt-to-equity ratio (DER)	23.85%	*c*
Relevered beta ($ß_l$)	1.10	
Rating-based default spread (RBDS)	1.52%	*d*
Cost of equity (K_e)	12.75%–12.84%	
Pre-tax cost of debt (K_x)	8.18%	*e*
Corporate tax rate (t)	22.00%	*f*
Weight of equity (W_e)	80.74%	*c*
Weight of debt (W_x)	19.26%	*c*
WACC	**11.52%–11.60%**	

Notes:

a. Average yield on long-term Rupiah government bonds published by the Indonesia Bond Pricing Agency (IBPA), using the tenor that matches each investee company's remaining concession period.

b. Equity risk premium for Indonesia from Aswath Damodaran's (New York University) 2025 data, released in July 2026.

c. Averages for comparable listed nickel and metals companies: PT Central Omega Resources Tbk, PT Merdeka Battery Materials Tbk, PT Antam (Persero) Tbk, PT Trimegah Bangun Persada Tbk, Global Ferronickel Holdings Inc., Nickel Asia Corporation, PT Bumi Resources Minerals Tbk and Sumitomo Metal Mining Co., Ltd. The capital-structure weights are derived from the average DER.

d. Deducted from the cost of equity because the Damodaran equity risk premium already includes a country default spread.

e. Bank Indonesia's published investment loan rate of state-owned (Persero) banks for August 2026.

f. Standard Indonesian corporate income tax rate.

DCF results (Rp billion)

Item	KKU, KS and HMN
Projection period	Sep 2026–2049
Present value of operations	19,788.66
Add: non-operating assets	477.67
Less: non-current liabilities	(543.95)
Value of 100% of equity	**19,722.38**
Interest held by DDL	• KKU: 40.5% • KS: 40.5% • HMN: 75.0%
Value of DDL's interest	**8,265.91**

Non-operating assets are cash and related-party receivables (for HMN, cash and an investment in shares). The liabilities deducted are related-party payables.

Of the value of DDL's interests of Rp8,265.91 billion, Rp5,396.15 billion is attributable to KKU, Rp2,264.66 billion to KS and Rp605.10 billion to HMN.

Asset and market approach inputs

The Independent Valuer valued KKU, KS, HGL and HSTL using the asset approach (adjusted net asset method), restating each company's assets and liabilities to market value, with the main adjustment being the market value of the mining licences. Meanwhile, HMN was also valued using the market approach.

Adjusted net assets of KKU, KS and HGL

On an adjusted net asset basis, the value attributable to DDL is about Rp8,092.12 billion. It is DDL's 40.50% share of the combined net assets of KS and KKU, which is their total assets after a market-value uplift on their mining licences and fixed assets (where each license was valued as the present value of the cash flows attributable to it), less their total liabilities. From that is deducted DDL's 75% share of HGL's net asset value, which is negative after HGL's investment in HSTL is restated to HSTL's negative net assets.

Mining business licences: the IUPs of KKU and KS were valued using the MEEM, as the present value of the projected cash flows attributable to each licence (based on the same projections as the DCF, after contributory asset charges for working capital, fixed assets and the workforce), discounted at the cost of equity of 12.75% (KKU) and 12.84% (KS). This gave market values of Rp13,182.56 billion and Rp5,534.48 billion, against book values of Rp10.71 billion and Rp7.83 billion respectively.

Fixed assets: the fixed assets of KKU and KS were taken at the values appraised by KJPP Iwan Bachron dan Rekan in its reports dated 16 October 2026, being Rp336.46 billion and Rp295.28 billion respectively (book values: Rp315.43 billion and Rp184.09 billion). All other assets and liabilities of KKU and KS were taken at book value.

HGL and HSTL: HGL's assets and liabilities were taken at book value, except that its investment in HSTL was restated to HSTL's net liabilities of RMB65.93 million.

Reconciliation: weighting the two methods equally, DDL's 40.50% interests in KKU and KS were valued at Rp5,636.69 billion and Rp2,281.49 billion respectively.

HMN – guideline publicly traded company method

The Independent Valuer selected eight listed nickel and metals companies, having regard to industry and product, growth and leverage, profitability, total assets and market share, and applied the median price-to-earnings (P/E) multiple of the comparables, 5.38x.

Selection criteria: in accordance with POJK 35/2020, the comparable companies were selected from listed companies having regard to industry, business activities, products and business risk (all related to the nickel industry), growth and leverage, profitability, asset size and market position. As the business and scale of listed companies differ from those of HMN, the guideline publicly traded company method was given a weighting of 10% and used as a cross-check to the DCF. Selected data of the comparable companies are set out below.

Selected data of the comparable companies

Company	**Total assets** *(Rp billion)*	**Net profit margin**
PT Trimegah Bangun Persada Tbk	70,985.38	55.50%
Global Ferronickel Holdings Inc.	5,257.40	21.06%
PT Central Omega Resources Tbk	3,219.67	38.20%
PT Timah Tbk	16,448.97	18.71%
Nickel Asia Corporation	21,077.30	59.02%
PT Aneka Tambang Tbk	61,272.87	10.19%
Xinjiang Xinxin Mining Industry Co., Ltd.	27,746.33	13.01%
Sumitomo Metal Mining Co., Ltd.	402,576.36	14.19%

Choice of multiple: having regard to HMN's business of non-ferrous metal processing and metal ore trading, the Independent Valuer considered P/E to be the appropriate equity multiple under POJK 35/2020 and applied the median P/E of the comparable companies of 5.38x, as set out below.

Comparable company	**P/E (x)**
PT Trimegah Bangun Persada Tbk	2.42
Global Ferronickel Holdings Inc.	4.28
PT Central Omega Resources Tbk	4.65
PT Timah Tbk	5.38
Nickel Asia Corporation	5.39
PT Aneka Tambang Tbk	5.54
Xinjiang Xinxin Mining Industry Co., Ltd.	7.80
Sumitomo Metal Mining Co., Ltd.	7.87
Median	**5.38**

Application: applying the P/E of 5.38x to HMN's annualised net profit of Rp30.74 billion (the earnings of the comparable companies having been annualised on the same basis), and adding a 25% control premium and investments in shares, gave a value of Rp207.00 billion for 100% of HMN (Rp155.25 billion for DDL's 75% interest). This was weighted at 10% against the DCF value (weighted at 90%), giving a value of Rp560.11 billion for DDL's 75% interest in HMN.

Discounts and premiums

A 30% discount for lack of marketability reduced the value of DDL from RMB3,164.26 million to RMB2,214.98 million, a reduction of RMB949.28 million.

Adjustment	Rate	Applied to	Basis in the Valuation Report
Discount for lack of marketability (DLOM)	30%	100% of DDL	POJK 35/2020 sets a DLOM range of 20%–40% for majority interests in private companies. DDL is a privately held Hong Kong company whose shares cannot be traded on a capital market.
Control premium	25%	HMN, guideline company method only	Listed-company multiples reflect liquid minority trades, so a premium was added to reach a controlling-interest value.

The 40.50% interests in KKU and KS were valued pro rata to their share of total equity. No discount for lack of control was applied, even though DDL does not hold a majority in either company.

Other valuation-related information

Scope of work and limitations

In preparing the Valuation Report, the Independent Valuer reviewed the historical financial statements and operational data of DDL and its investees, reviewed the projected financial statements of KKU, KS and HMN (including discussing them with management and assessing their reasonableness against historical performance), inspected the fixed assets, interviewed the management of ANHI and applied the valuation methods described above.

As the Independent Valuer's engagement was limited to the valuation, its work does not constitute an audit, review or tax advice. The Independent Valuer relied on the information provided by ANHI and DDL, the mining plans of KKU and KS reports and the property valuation reports of KJPP Iwan Bachron dan Rekan, and the valuation reflects conditions up to the date of the Valuation Report.

Nature and source of information

The principal information relied upon by the Independent Valuer comprised the audited financial statements of DDL, KKU, KS and HMN (including for the eight months ended 31 August 2026), the projected financial statements prepared by the management of KKU, KS and HMN, the property valuation reports of KJPP Iwan Bachron dan Rekan, the mining plans and IUPs of KKU and KS, information from and interviews with the management of ANHI and DDL, and public market data (including from Bloomberg, IBPA, Bank Indonesia and Aswath Damodaran).

Valuation standards

The Valuation Report was prepared in accordance with OJK Regulation No. 35/POJK.04/2020 concerning Business Valuation and Presentation of Business Valuation Reports in the Capital Market and the Indonesian Valuation Standards 2018, Revised Edition (SPI 300, SPI 310, SPI 320 and SPI 330), and in compliance with the Indonesian Valuers Code of Ethics (KEPI).

EXPERTS AND CONSENTS

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	**Qualification**
Ernst & Young	Certified Public Accountants
KJPP Kusnanto & Rekan	Independent professional valuer

Each of the Independent Valuer and EY has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its independent report/letter in this announcement and the references to its name (including its qualifications) in the form and context of this announcement in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Independent Valuer and EY is a third party independent of the Company and is not a connected person of the Company. As at the date of this announcement, neither the Independent Valuer nor EY has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

GENERAL

This announcement shall be read in conjunction with the Announcement.

By order of the Board
CNGR Advanced Material Co., Ltd.
Mr. Deng Weiming
Chairman, Executive Director and President

Tongren, Guizhou, November 12, 2026

As at the date of this announcement, directors of the Company include: (i) Mr. Deng Weiming, Mr. Tao Wu, Mr. Liao Hengxing, Mr. Li Weihua, Mr. Liu Xingguo and Mr. Deng Jing as executive directors; and (ii) Mr. Cao Feng, Mr. Hong Yuan, Mr. Jiang Liangxing and Ms. Wong Sze Wing as independent non-executive directors.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF THE MARKET VALUE OF THE 100% EQUITY INTERESTS IN DENWAY DEVELOPMENT LIMITED

To the Directors of CNGR Advanced Material Co., Ltd.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation dated 21 October 2026 prepared by KJPP Kusnanto & Rekan in respect of the market value of 100% equity interests in Denway Development Limited (the "**Target Company**") as at 31 August 2026 is based. The valuation is set out in the announcement of CNGR Advanced Material Co., Ltd. (the "**Company**") dated 12 November 2026 (the "**Announcement**") in connection with the transfer of 100% equity interests in the Target Company. The valuation based on the Forecast is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The directors (the "**Directors**") of the Company are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions (the "**Assumptions**") determined by the Directors and as set out in the section headed "SUMMARY OF THE VALUATION REPORT" of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* as issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast, in all material respects, in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Company. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

12 November 2026

12 November 2026

Dear Sirs,

DISCLOSEABLE TRANSACTION IN RELATION TO THE RESTRUCTURING

Reference is made to the announcement of CNGR Advanced Material Co., Ltd. (the "**Company**") dated 22 October 2026 (the "**Announcement**") with respect to, inter alia, the DDL Transfer. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Reference is made to the Valuation Report dated 21 October 2026 prepared by KJPP Kusnanto & Rekan (the "**Independent Valuer**") using the income approach in respect of the valuation of the entire equity interest in DDL as at 31 August 2026, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**").

We have reviewed the basis and assumptions upon which the Profit Forecast in the valuation of DDL prepared by the Independent Valuer is made, for which the Independent Valuer is responsible. We have also considered the letter from the Company's auditor, Ernst & Young, regarding whether the Profit Forecast, so far as the calculations are concerned, has been properly compiled, in all material respects, in accordance with their respective basis and assumptions. Based on the above, we are of the opinion that the Profit Forecast has been made after due and careful enquiries.

By order of the Board
CNGR Advanced Material Co., Ltd.
Mr. Deng Weiming
Chairman, Executive Director and President