



ASX Announcement

5 March 2015

EPHRAIM RESOURCES LIMITED SIGNS SHARE PURCHASE AGREEMENT WITH GOLDSON GLOBAL LIMITED

- Ephraim has entered into a Share Purchase Agreement for the acquisition of the whole of the issued capital of Goldson Global Limited (BVI) - an investment holding company incorporated in the British Virgin Islands ("Goldson").
- The main income producing asset of Goldson is a Singapore registered company, Allied Empire System International Pte Ltd ("Allied"), which is engaged in the business of marketing and contracting sales from customers outside of the Peoples' Republic of China and DaYe Environmentally-friendly Architectural Technology Ltd ("DaYe" or the "Company") held through a Singapore registered company Baojianli Construction and Installation Pte Ltd ("BJL"). DaYe is engaged in R&D, design, production, processing, marketing, leasing, subcontracting, and installation of aluminium template (formwork) in the construction of commercial and residential buildings in the Peoples' Republic of China.
- The Share Purchase Agreement is subject to a number of conditions, including the acceptance of the terms of the Share Purchase Agreement by all Goldson shareholders, completion of the acquisition of Allied and BJL by Goldson, approval of the acquisition by Ephraim Shareholders, and any requirements of ASX in relation to the transaction (which may include re-compliance with Chapters 1 and 11 of the ASX Listing Rules).
- If the acquisition is successfully concluded, Ephraim will continue its existing business operation, which will in fact be supported financially by the acquired business.

Description of the Business

The Company is headquartered in Singapore with its main manufacturing facility located in Zhuhai, Guangdong Province, Peoples' Republic of China. It has several branches and offices in other cities in China providing customers with a full range of high-quality services. Allied, its marketing arm, has offices in Malaysia and Thailand besides Singapore.

The Company was established in July 2013. The Company's business includes R&D, design, production, processing, marketing, leasing, subcontracting, warehousing and installation of aluminum template (formwork for the casting of concrete during construction of buildings and structures). The Company's products are being sold all across China, Thailand, Malaysia and other overseas markets.

The Company currently has a staff strength comprising 52 technicians and factory workers and 480 installation workers ('erectors'). It works closely with Guangdong Architectural Design & Research Institute (National Compilation Unit for "Aluminum Alloy Template Technical Specifications") under a Consultancy & Cooperation Agreement on Aluminum Template with the institute. In order to gain national



recognition, the Company undertook two projects in co-operation with the institute, i.e. the Guangzhou R & F Yingyao Building and Guiyang Orchard Twin Towers. By constructing such high-quality projects, the Company has established a good reputation and its product was awarded the "Designated Aluminum Template" supplier at the 10th China International Aviation and Aerospace Exhibition.

Just a year from its establishment, the Company has already been awarded projects worth around RMB100 million in 2014. For 2015, the expected contracts and order book is approximately RMB600 to 700 million. Amongst its partners are Chinese Architecture, Vanke, R & F, New Sky Construction, China Resources Group, CITIC Real Estate, China Railway Construction, Guangzhou Municipal Construction, Beijing Construction Engineering Group and other high-profile local companies in the Chinese property development and construction industries.

The Company expanded its production base by completing the purchase of Pincha Plant in Zhuhai City, Guangdong Province with an annual production capacity of 120,000 square meters of construction aluminum template. Together with its other plants at Bao Gang, Tian Yue and Zheng Gao, the total annual production capacity of the Company is 400,000 square meters of construction aluminum template.

The Company is now actively exploring the global market. It plans to develop the aluminum template market in Southeast Asia, Australia and New Zealand. At the same time, the Company is putting a lot of emphasis on its strategic expansion. It has pre-registered 5 domains related to aluminum template and plans to launch China Aluminum Template Information Network in mid-2015 by using the industrial information website and its branches to establish a national marketing infrastructure and service architecture.

Competitive Advantage:

1. The Company's collaboration with Guangdong Architectural Design & Research Institute (National Compilation Unit for "Aluminum Alloy Template Technical Specifications") provides a competitive advantage in the design, structure and construction plan of high-rise buildings and provide technical support in aluminum template application and projects.
2. The Company undertakes the China's high-profile high-rise construction projects and has been chosen as the strategic partner of China Construction 4th Engineering Division Corp. Ltd.
3. When the national aluminum template specification takes effect in 2015, aluminum template is expected to gradually replace wooden template. The current market share of manufacturers of aluminum template in the local construction market is less than 1% compared to some overseas market where aluminum template command a 30% to 60% market share. The industry therefore has a huge market potential and the Company prospects with its first mover advantage are bright.

The Company's Strategy includes:

1. Technical collaboration with Guangdong Architectural Design & Research Institute and working closely with construction market leaders (Chinese Architecture, New Sky Construction) and influential local property developers (Vanke, Poly, Evergrande).
2. Focusing on the core elite in the industry as they have been engaged in the industry for more than 10 years and have rich practical experience.



New opportunities for development of the Company:

1. Aluminum template conserves energy significantly and reduces greenhouse gas emission. As aluminum is a renewable material, an aluminum template can be recycled 200 to 300 times whereas a wooden template may only be re-used 3-5 times.
2. Good growth opportunities with high-rise building projects in China and globally. Statistics show that the scale of construction in China accounts for 44% of the world's total construction and some developed countries have established regulations prohibiting the use of wooden template on construction projects. The requirement of the use of templates made from recyclable materials coupled with the concept of green construction proposal, aluminum template has a promising future as the template of choice in the construction industry.
3. Labor costs in template installation in China has undergone structural changes in recent years. The labor cost advantage of aluminum template installation became apparent as a percentage of total construction costs.

The advantages of aluminum alloy template:

1. Shorter construction period: aluminum alloy template system is a quick installation/dismantle system. The installation and dismantling of templates on each floor during the construction process requires less man-hours than wooden templates and this significantly reduce costs of construction on an unit basis.
2. Recyclable and low average usage cost: formed through an integrated extruding method, aluminum template construction system uses aluminum alloy extrusion as original material (6061-T6). If the construction standards are followed, a set of template can be used around 300 times and hence its average cost per usage is low compared to wooden template.
3. Convenient and efficient installation: setting up aluminum alloy template system at a construction site is simple and convenient. With an average weight of 30KG per square meters, the installation can be handled manually, without the assistance of any mechanical material handling equipment. As the installation workers usually only need a wrench or a small hammer, the work is convenient and efficient. A skilled erector can install 20-30 square meters of aluminium templates in a day. By contrast the workload of 70-80 aluminum template erectors requires around 100 wooden template installers to complete within the same time frame. Only simple on the job training is required for new workers.
4. Good stability and high bearing capacity: all parts of aluminum template system are assembled from aluminum plates. A general framework will be formed through the assembly of correct sized aluminium templates that is stable with a concrete bearing capacity of up to 60 KiloNewton per square metre.
5. Wide range of applications: aluminum alloy templates are suitable in the construction of building wall, horizontal slab, column, beam, staircase, window sill, floating panels and other building structures.
6. Desirable concrete surface after removal of templates: after the removal of the aluminum alloy template, the concrete surface would be flat and smooth. It meets the requirements of veneer and fair-faced concrete and no rendering is needed thus saving further construction costs.
7. Leaving no construction waste: all the accessories of aluminum alloy template system can be reused, after removal from construction site. There will be no waste left behind and the construction environment is safe, clean and tidy.



8. Versatility of aluminium template: although buildings may be designed differently, on average only 20-30% of the specifications for aluminum alloy template used in each building project would be of non standard design or specification. Hence when constructing a new project with used templates, only 20-30% of the total template requirement will have to be newly manufactured, thereby reducing material cost.

9. High recyclable value: when the Aluminum alloy template is worn out, it has a waste treatment salvage or scrap value. It thus enjoys an advantage in averaging down the costs of template (recovery price is approximately RMB400 per square meters).

10. Reducing carbon emission: all materials from aluminum alloy template system are recyclable materials that meet China's national regulations on energy-saving, environmental protection, and reducing carbon emission from construction projects. Some developed countries have established regulations prohibiting the use of wooden template on construction project and require the use of templates made from recyclable materials.

11. The support system is easy to set up: in traditional construction method, the installation of templates such as floor slab, terrace commonly uses full framing technology, which costs more in labor and material. As less bracing support is required for aluminum template (the interval between two adjacent bracing support is 1200mm), its operating space is bigger, movement of personnel and materials is safer and more convenient and the site is more manageable.

Share Purchase Agreement Conditional

The Share Purchase Agreement is conditional on, among other things:

1. Agreement from all shareholders of Goldson to the terms of the Share Purchase Agreement.
2. Completion of the due diligence on the revenue generating assets of Goldson to the satisfaction of Ephraim.
3. Completion of the acquisition of Allied and BJL by Goldson.
4. Approval of all relevant regulatory agencies.
5. The approval of Ephraim shareholders of:
 - a. Any requirements of the ASX for shareholder approval.
 - b. The consolidation of Ephraim Shares on an approximate 50:1 basis.
 - c. The acquisition of approximately 59% of Ephraim's Shares by Gain Empire Ventures Limited, being the consideration for the acquisition by Ephraim of Goldson.

If the acquisition is successfully concluded, Ephraim will continue its existing business operation, which will in fact be supported financially by the acquired business.

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