



GDS
Global Limited

GDS GLOBAL LIMITED

(Company Registration No.: 201217895H)
(Incorporated in the Republic of Singapore on 19 July 2012)

DISPOSAL OF THE ENTIRE 55% INTEREST HELD BY GDS GLOBAL LIMITED IN THE ISSUED AND PAID-UP SHARE CAPITAL OF GLIDEROL DOORS ASIA LIMITED

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of GDS Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 11 August 2017 entered into a conditional sale and purchase agreement (the “**Agreement**”) with Mr Franco Liu Fang-Kai (the “**Purchaser**”), pursuant to which, the Company has sold, and the Purchaser has purchased, an aggregate of 1,650,000 ordinary shares (“**Sale Shares**”) in the share capital of Gliderol Doors Asia Limited (“**GDA**”), representing 55% of the issued and paid-up share capital of GDA (the “**Disposal**”), for a total cash consideration of S\$50,000 (the “**Consideration**”).

The Purchaser is currently the chairman and managing director of GDA and is also the general manager of the Group’s manufacturing business unit in Singapore, Gliderol Doors (S) Pte Ltd (“**Gliderol Doors**”).

The Sale Shares will be transferred to the Purchaser, upon fulfilment of payment of the Consideration, on the date of completion of the Disposal (“**Completion**”). Completion is pending the fulfilment of conditions precedent which include *inter alia* the Purchaser obtaining all approvals required by the regulatory authorities in Taiwan and is expected to take place by 31 December 2017 (being the long-stop date for Completion).

Following Completion, the Company will cease to have any interest in GDA and GDA will cease to be a subsidiary of the Company. This announcement is made pursuant to Rule 704(17)(c) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”).

2. BACKGROUND AND RATIONALE FOR THE DISPOSAL

GDA was incorporated in Taiwan on 9 November 2012 pursuant to a shareholders’ agreement entered into between the Company and Gladoor Taiwan Ltd (“**GTL**”) (formerly known as Gliderol Taiwan Ltd) for the purpose of distribution of industrial doors and doors components of Gliderol Doors in Taiwan.

Prior to the Disposal, the Company and GTL held 55% and 45% shareholding interests in GDA respectively. The Purchaser and his family collectively hold a majority shareholding interest in GTL.

The Board considers the Disposal to be in the interest of the Company as GDA has been loss-making since the financial year ended 30 September 2013.

3. CONSIDERATION

The Consideration was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis. The Consideration was derived after taking into consideration amongst others the unaudited net asset value of 55% of GDA of approximately S\$129,000 based on the latest management accounts as at 30 June 2017, potential exposure relating to product warranties and that the Disposal allows the Company a complete and immediate exit from its investment in GDA upon Completion.

The Consideration shall be satisfied by way of cash payment upon Completion.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

1006(a) The net asset value attributable to GDA, compared with the Group's net asset value ⁽¹⁾	1.1%
1006(b) The net loss attributable to GDA, compared with the Group's net profit ⁽²⁾	(8.9)%
1006(c) The value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	0.1%
1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) The net asset value of 100% of GDA as at 30 June 2017 was approximately S\$235,000 and the Group's unaudited consolidated net asset value was approximately S\$20.863 million as at 31 March 2017.
- (2) "Net profit" means profit or loss before income tax, minority interests and extraordinary items as defined under Rule 1002(3).

The relative figure in the table above is computed based on the results of the Group and GDA for the six months ended 31 March 2017 ("HY2017"). In HY2017, GDA recorded a net loss of approximately S\$90,000 as compared to the Group's net profits of approximately S\$1.011 million.

In the financial year ended 30 September 2016 (“FY2016”), GDA recorded a net loss of approximately S\$94,000 as compared to the Group’s net profit of S\$3.292 million. On this basis, the relative figure would have been negative 2.9%.

- (3) The Company’s market capitalisation of approximately S\$33.5 million is determined by multiplying 112,000,000 shares by the volume weighted average price of the shares transacted on 31 May 2017 (being the last market day preceding the date of the Agreement where there were trades in the shares with published transaction prices) of S\$0.2993.

As none of the relative figures computed under Rule 1006 of the Catalist Rules exceeds 5% and considering that GDA was loss-making in FY2016 and HY2017, the Disposal is a non-discloseable transaction for the purposes of Chapter 10 of the Catalist Rules.

5. FINANCIAL IMPACT

The Consideration represents a deficit of approximately S\$79,000 compared to the net book value of GDA as at 30 June 2017. Accordingly, the Group is expected to incur an estimated loss arising from the Disposal of approximately S\$79,000. The cash proceeds from the Disposal will be used for the Group’s working capital.

The Disposal is not expected to have any material impact on the Group’s consolidated net tangible assets or earnings per share for the current financial year ending 30 September 2017.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors or the controlling shareholders of the Company have any interest, direct or indirect, in the Disposal.

For good governance, as the Purchaser is also an executive officer of the Company, any material transaction between GDA or GTL (as the case may be) and the Group will be properly documented and submitted to the Company’s Audit Committee for periodic review to ensure that they are carried out on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interest of the Company and its shareholders.

By Order of the Board

Wong Lok Yung
Chairman and Chief Executive Officer
11 August 2017

This announcement has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.