



ACQUISITION OF 51% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF GRIMM INDUSTRIES PTE. LTD. FROM CCM INTERNATIONAL HOLDINGS PTE. LTD.

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 today entered into a sale and purchase agreement (the “**Agreement**”) with CCM International Holdings Pte. Ltd. (the “**Vendor**”), pursuant to which, the Vendor has sold, and the Company has purchased, an aggregate of 51,000 ordinary shares (“**Sale Shares**”) in the share capital of Grimm Industries Pte. Ltd. (the “**Target**”), representing 51% of the entire issued and paid-up share capital of the Target (the “**Acquisition**”).

The Acquisition was completed (“**Completion**”) concurrent with the execution of the Agreement. Accordingly, the Target has become a subsidiary of the Company upon Completion.

2 INFORMATION ON THE ACQUISITION

2.1 Information on the Target

The Target is a private company limited by shares incorporated in Singapore on 6 May 1995. It is principally engaged in the trading and designing of, *inter alia*, engineering and machinery tools, hardware, industrial metal parts and fixtures. As at the date of this announcement, the Target has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares.

Based on the audited financial statements of the Target for the financial year ended 30 June 2015, the net tangible asset (“**NTA**”) value of the Target as at 30 June 2015 was approximately S\$2,034,000 and the net profit attributable to the Sale Shares for the financial year ended 30 June 2015 amounted to approximately S\$332,000. No independent valuation was conducted on the Target.

2.2 Information on the Vendor

The Vendor is a private company limited by shares incorporated in Singapore on 22 July 2008 and is an investment holding company. The Vendor is an independent third party and is not related to the Company, its Directors or its controlling shareholders.

2.3 Rationale for and benefits of the Acquisition

The Acquisition is a strategic investment by the Group and will allow the Group to strengthen its competitive advantage and its positioning as a leading specialist provider of commercial and industrial door and shutter solutions. It would enable the Group to leverage on the strength of the Target’s expertise and network to design and procure proprietary components to be used in the manufacturing of its commercial and industrial door and shutter systems. This may lead to synergies that will result in better quality of proprietary components and increased cost savings.

Having considered the terms of the Acquisition and based on the benefits of the Acquisition to the Group, the Directors are of the view that the Acquisition is in the best interests of the Company.

2.4 Principal terms of the Acquisition

(a) Purchase consideration

The Sale Shares were purchased by the Company at an aggregate purchase consideration of S\$2,040,000 (the “**Purchase Consideration**”), which was satisfied wholly in cash on Completion.

The Purchase Consideration was determined based on arm’s length negotiations between the Company and the Vendor, and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the net asset value and the earnings potential of the Target.

(b) No other material condition

There is no other material condition attached to the Acquisition.

3 **SOURCE OF FUNDS**

The Acquisition was funded by internal resources of the Group.

4 **FINANCIAL EFFECTS OF THE ACQUISITION**

The financial effects of the Acquisition are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the Acquisition. The figures presented below are based on the Group’s audited consolidated financial statements for the financial year ended 30 September 2015 (“**FY2015**”) and the audited financial statements of the Target for the financial year ended 30 June 2015.

(a) NTA per Share

Had the Acquisition been effected on 30 September 2015, the Acquisition would have had the following financial effects on the Group’s NTA per share as at 30 September 2015:

	Before the Acquisition	After the Acquisition
NTA attributable to owners of the Company (S\$’000)	17,835	16,322 ⁽¹⁾
Number of shares (‘000)	112,000	112,000
NTA per share (cents)	15.92	14.57

Note:

- (1) This takes into account the payment of interim dividends of S\$1,000,000 made by the Target to its existing shareholders subsequent to 30 June 2015 and prior to Completion.

(b) Earnings per Share (“EPS”)

Had the Acquisition been effected on 1 October 2014, the Acquisition would have had the following financial effects on the Group’s EPS for FY2015:

	Before the Acquisition	After the Acquisition
Profit attributable to owners of the Company (S\$’000)	3,288	3,621
Weighted average number of shares (’000)	112,000	112,000
EPS (cents)	2.94	3.23

5 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Relative figures under Rule 1006 of the Catalist Rules

The relative figures computed on the applicable bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable as this transaction is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group’s net profits	10.0%
Rule 1006(c) – the aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	4.8%
Rule 1006(d) – the number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities was issued as consideration for the Acquisition.
Rule 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	Not applicable as the Company is not a mineral, oil and gas company.

5.2 Discloseable transaction

As the relative figure computed under Rule 1006(b) above exceeds 5% but does not exceed 75%, the Acquisition constitutes a “discloseable transaction” for the purposes of Chapter 10 of the Catalist Rules. Accordingly, the Acquisition is not subject to the approval of the shareholders of the Company.

6 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition (other than through their respective shareholding interests in the Company, if any).

7 SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Acquisition. As such, no service agreements will be entered into with any new director of the Company in connection with the Acquisition.

8 DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Agreement will be available for inspection during normal business hours at the Company’s registered office at 86 International Road, Singapore 629176 for a period of three (3) months from the date hereof.

By Order of the Board

Wong Lok Yung
Chairman and Chief Executive Officer
29 January 2016

*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*