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April 2, 2020

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### GDS Holdings Limited

Share Price in USD	\$55.97
Market Cap (mln)	\$8,673.2
Average volume (shares)	1,309,819

GDS last share price in USD (blue, left) and volume (green, right, mln shares)



Source: Bloomberg April 2, 2020

## GDS Self-Dealing?



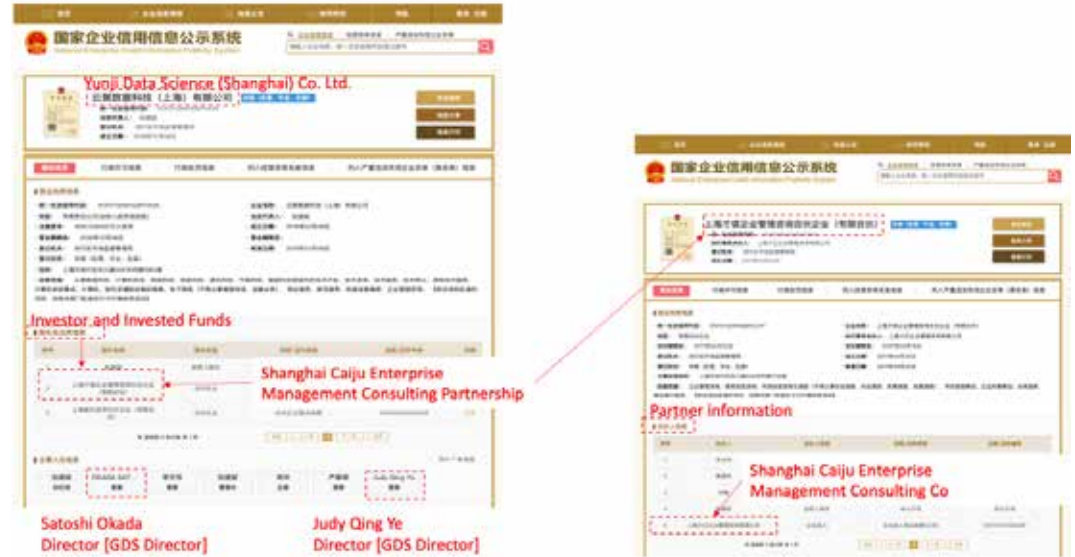
Source: <http://caijuservice.com/index.html>

**W**e have discovered that GDS board members control at least two undisclosed service companies that contract with GDS for services. These companies serve as conduits for cash to management.

According to multiple interviews with former GDS executives, GDS pays fees to Yunju Data Science (Shanghai) Co. Ltd. and its sister company Caiju Company Management Service (Shanghai) Co. Ltd., which provide server and power supply maintenance, cleaning services, and more. The companies share a website at <http://caijuservice.com/>. Directors of Yunji Data are many of the same people as on the board of GDS, including Judy Qing Ye and Okada Satoshi.

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Chart 1. Government Record for the companies Yunji and Caiju



Source: Administration of Industry and Commerce via Qixin data service

Caiju boasts about its relationship with GDS on its website.

Chart 2. Caiju Showcased Client: GDS

The diagram shows '万国数据中心' (Wan Guo Data Center) in a blue oval, connected by a blue line to 'GDS Data Centers' in red text. Below this, a text box provides client details for GDS:
 

- Client Name:** GDS
- Service:** Facility operation and maintenance, IT operation and maintenance, security and cleaning (some of these services), operation and maintenance consulting
- No of Centers:** Nationally exceeding 11 buildings
- Locations:** Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu

 Two photos of data center buildings are shown below the text box. The top photo is an aerial view of a large data center complex with multiple buildings and green spaces. The bottom photo is a ground-level view of a modern data center building with a glass facade.

Source: <http://caijuservice.com/caseDetail.html?id=6>

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We interviewed an engineer who had worked at GDS Shanghai for two years then went to Caiju in 2017. He told us that Caiju has about 1,000 staff, all deployed to GDS data centers around the country. Caiju, according to this executive and two others, pays all GDS staff benefits. “Before I left [in September 2017], all the data center staff were from Caiju,” the manager said.

“There were about 100 of us [from Shanghai Yunji] at GDS,” said another engineer who was employed by Shanghai Yunji from mid 2017 to February 2019 to do operation and maintenance at the GDS data centers in Shanghai.

One of our GDS interviewees, in Chengdu, said: GDS “uses two outsourcing companies. Shanghai Yunji Service Co. Ltd. handles air conditioning and power. Another company, also from Shanghai, Caiju, handles machine room inspection. In each location, GDS data centers use people from these two outsourcing companies.”

If GDS has nothing to hide, why not disclose the relationship?

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