

## 2 INFORMATION SUMMARY

The following is only a summary of the salient information about the Group and that investors shall read and understand the whole Prospectus prior to deciding whether to invest.

### 2.1 HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE

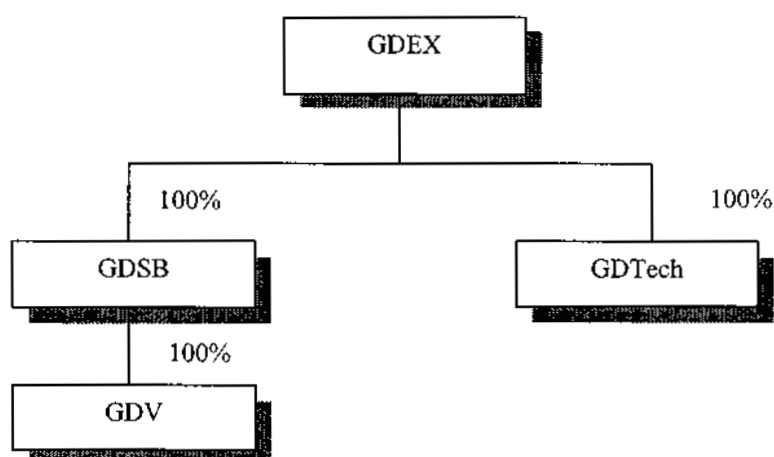
GDSB was incorporated in Malaysia on 21 June 1995 under the Act as a private limited company and commenced its operations on 1 March 1996. In year 2000, a new management team led by Mr. Teong Teck Lean took over the helm at GDSB and transformed its business model. Starting from year 2000, the new management team undertook a major revamp exercise and adopted an entirely new business model to transform GDSB from a courier firm into an established express carrier service provider. Since then, GDSB has expanded its business aggressively on both the express delivery and Customised Logistics Solutions services.

The principal activities of GDEX Group are express delivery services and Customised Logistics Solutions. In view of the high growth of the Customised Logistics Solutions services segment, GDEX Group has repositioned itself and capitalised on the rising demand by offering a wide variety of highly customised express delivery and logistics services and supply chain solutions, which include logistics management, warehousing, packaging services and others.

In conjunction with the Listing, GDEX was incorporated on 7 October 2003 under the Act as a private limited company. GDEX was subsequently converted to a public company on 8 November 2003. On 21 November 2003, GDEX entered into a Conditional Sale and Purchase Agreement with GDH, for the Acquisition of GDSB and GDTech. As part of the corporate restructuring to secure GDEX's ownership of the IT Software System, GDEX had on 21 November 2003 entered into a Conditional Sale and Purchase Agreement with GD (BVI) to purchase modules of the highly customised IT Software System, which is essential to the daily operations of GDEX. The IT Software System was subsequently injected by GDEX into GDTech. Upon completion of the Acquisitions on 8 February 2005, GDSB, GDTech and GDV (via GDSB) became wholly-owned subsidiary companies of GDEX.

GDTech is responsible for providing IT support services to the Group's entire network system, whereas GDV is principally engaged in operating and maintenance of most of the Group's fleet of trucks and vans.

A graphical representation of the Group structure is as follows:-



Further information on the GDEX Group is disclosed in Section 5 of this Prospectus.

**2. INFORMATION SUMMARY (CONTINUED)****2.2 OWNERSHIP AND MANAGEMENT**

The direct and indirect interests of the Promoters, substantial shareholders, Directors of the Company as well as key management and technical personnel of the GDEX Group, in the issued and paid-up share capital of the GDEX upon completion of the Public Issue are as follows:-

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
<b>Promoters</b>					
GDH	-	75,246,315	36.57	43,000,000 <sup>1</sup>	20.90
GD (BVI)	-	43,000,000	20.90	-	-
Leong Chee Tong	Executive Director	8,029,995*	3.90	-	-
Lau Wing Tat	Non-Independent Non-Executive Director	7,530,000*	3.66	-	-
<b>Substantial Shareholders</b>					
GDH	-	75,246,315	36.57	43,000,000 <sup>1</sup>	20.90
GD (BVI)	-	43,000,000	20.90	-	-
Teong Teck Lean	Chief Executive Officer/ Managing Director	30,000*	0.01	118,246,315 <sup>2</sup>	57.47
<b>Directors</b>					
Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Chairman	4,040,000*	1.96	-	-
Teong Teck Lean	Chief Executive Officer/ Managing Director	30,000*	0.01	118,246,315 <sup>2</sup>	57.47
Leong Chee Tong	Executive Director	8,029,995*	3.90	-	-
Lau Wing Tat	Non-Independent Non-Executive Director	7,530,000*	3.66	-	-
Kong Hwai Ming	Independent Non-Executive Director	5,000,000*	2.43	-	-
Nolee Ashilin Binti Mohammed Radzi	Independent Non-Executive Director	50,000*	0.02	-	-
Liew Heng Heng	Independent Non-Executive Director	50,000*	0.02	-	-
<b>Key Management and Technical Personnel</b>					
Yong Phie Loong	Head of Courier Division	2,040,500*	0.99	-	-
Cheng Kee Leong	Head of Transport Division	58,000*	0.03	-	-
Earnest Jude David	Head of Projects	37,000*	0.02	-	-
Lam Yew Kwan	Head of Finance	58,000*	0.03	-	-
Tiang Chen Chen	Head of Network Development Unit	98,000*	0.05	-	-

**2. INFORMATION SUMMARY (CONTINUED)**

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Wong Eng Su	Head of Sales and Credit	98,000*	0.05	-	-

*Notes:-*

1. *Deemed interested by virtue of GD (BVI)'s interest in GDEX, pursuant to Section 6A of the Act;*
  2. *Deemed interested by virtue of GDH's and GD (BVI)'s interest in GDEX, pursuant to Section 6A of the Act*
- \* *Assuming full subscription of their respective entitlements pursuant to the Pink Form Allocation*

A description of the Promoters, substantial shareholders, Directors of the Company as well as key management and technical personnel of the GDEX Group are disclosed under Section 9 of this Prospectus.

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**2. INFORMATION SUMMARY (CONTINUED)**

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**2.3 BUSINESS ACTIVITIES**

The Group's business activities can be broadly classified into two (2) distinct categories, namely express delivery and Customised Logistics Solutions service provider.

**2.3.1 Express Delivery Service Provider**

GDEX operates a distribution network, comprising 72 stations, which includes branches, affiliates and agents to provide domestic door-to-door express delivery services throughout Malaysia. In addition, the company is able to cater for deliveries which go beyond the local frontier to over 100 countries through alliances with foreign established express carrier companies, namely Federal Express, DHL Worldwide Express, TNT Express and United Parcel Service. As at the Latest Practicable Date, international express delivery service accounts for about 8.1% of the Group's revenue.

The Group's express delivery service operations are structured along the principles of a "Hub and Spoke" concept, whereby customers' documents and parcels are collected by the stations and sent by a fleet of line-haul vehicles to a Central Clearing Hub (Group Headquarters located at Petaling Jaya). Documents and parcels are resorted and redirected to other relevant stations within the network for final delivery to the intended recipients.

**2.3.2 Customised Logistics Solutions Service Provider**

Today's fast moving world of business and deep structural changes in global commerce has posed challenges to the logistics systems of businesses. The Group has leveraged on this opportunity by customising services offered to accommodate customers' unique logistical needs and create a "one-stop shopping" experience for them. Customised Logistics Services include the following:-

**Security Handling**

This service involves the delivery of high value items. Shipments are closely monitored by the Company's specially trained internal security personnel.

**Mailroom Handling**

This service is targeted at customers who wish to outsource their mailroom activities of handling incoming and outgoing mails and parcels. The Company will station its staff at customer's mailrooms to handle the mailroom processes on customers' behalf.

**Project Handling**

The Company acts as an integrator or express carrier, whereby it handles customers' goods from arrival in Malaysia to distribution to end-users. The whole range of services includes express delivery of documents and parcels, bulk breaking and repacking and other distribution services.

**2.4 MARKETING CHANNELS**

The Group has formulated a marketing strategy to increase brand awareness and its market share. Marketing strategies include the followings:-

- i. Direct marketing by submitting proposals to various corporate customers. The marketing team will also continue to cultivate new customers and secure new orders;
- ii. Series of aggressive marketing campaigns through presentations on new services offered to potential customers to create the awareness towards the comprehensive and innovative logistics solutions that the Group would be able to offer; and

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## **2. INFORMATION SUMMARY (CONTINUED)**

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- iii. Capitalize on the various awards received by the Group and the establishment of business ties with international express carriers to generate publicity of the "GDEX" brand. Further details on the various key achievements of the Group are tabulated at Section 6.13.

### **2.4.1 Marketing of Current Services to New Customers**

The Group will beef up its marketing and sales functions to aggressively target on acquisition of new customers. Besides standard overnight express delivery, the Group is also considering the introduction of special "lane discounts" - introductory discounts for new customers on certain express delivery routes (e.g. Kuala Lumpur to Penang) for a limited period of time to entice potential customers to try out the Group's services. These services, coupled with other value added services such as "tracking and tracing", is to present a total customer satisfaction experience and ultimately "lock in" these potential customers.

### **2.4.2 Marketing of New Services to Existing and New Customers**

The Group will continue to roll out its offer of Customised Logistics Solutions service to both existing and new customers. A new Projects Division has been set up to focus on offering this service and promoting its adoption by both existing and new customers.

In particular, this new division would be aggressively pursuing outsourcing contracts for logistical services from customers. In addition, the Group intends to launch new services (e.g. Premium Plus same day express delivery service within the Klang Valley) to attract new business from both existing and new customers.

## **2.5 TECHNOLOGY AND INTELLECTUAL PROPERTY**

In order to protect the Group's trademarks in Malaysia, the Group has filed such trademark application with the relevant authorities in Malaysia. Details of the trademark application are disclosed in Section 6.12 of this Prospectus.

## **2.6 KEY ACHIEVEMENTS / AWARDS**

The Group has obtained a number of achievement awards and recognition for its services from various organisations. Details of the achievement / awards are disclosed in Section 6.13 of this Prospectus.

**2. INFORMATION SUMMARY (CONTINUED)****2.7 PROFORMA CONSOLIDATED INCOME STATEMENTS**

The table below sets out a summary of the audited proforma consolidated income statements of the Group for the past five (5) financial years ended 30 June 2004 and the four (4)-month period ended 31 October 2004, reproduced from the Accountants' Report enclosed in Section 13 of this Prospectus and based on the assumption that the structure of the Group had been in existence throughout the period under review:-

	<-----Financial Year Ended 30 June----->					4 month Financial Period Ended 31 October 2004
	2000	2001	2002	2003	2004	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	8,606	10,639	13,284	20,826	29,473	12,182
(Loss)/Profit before depreciation, interest expense and tax	(735)	209	(1,086)	2,104	4,064	1,432
Less:						
Depreciation	(421)	(599)	(717)	(915)	(1,219)	(575)
Interest expense	(168)	(123)	(105)	(151)	(157)	(71)
(Loss)/Profit before tax	(1,324)	(513)	(1,908)	1,038	2,688	786
Income tax credit/ (expense)	129	219	554	(390)	(1,085)	(236)
(Loss)/Profit after taxation	(1,195)	(294)	(1,354)	648	1,603	550
Number of ordinary shares of RM0.10 each assumed in issue*	170,749	170,749	170,749	170,749	170,749	170,749
Net (loss)/ earnings per ordinary share of RM0.10 each (Sen)	(0.70)	(0.17)	(0.79)	0.38	0.94	0.32

**Notes:**

i. There were no exceptional nor extraordinary items in the financial years / periods under review, except for the allowance of doubtful debt of RM1.56 million made by GDSB for FYE 2002.

\* The number of ordinary shares assumed in issue throughout the financial years/period under review represents the number of ordinary shares in issue after the Acquisitions and the share split but before the Public Issue.

Please refer to Section 12 for the GDEX Group's financial performance throughout the financial years/periods under review.

**2.7.1 Auditor's Qualification**

In 2002, a "subject to" type of qualified audit opinion was issued on the financial statements of GDSB concerning the appropriateness of presenting the financial statements on the basis of accounting principles applicable to a going-concern entity as GDSB has a capital deficiency of RM1,266,354.

For the four (4)-month period ended 31 October 2004, an 'except for' type of qualified audit opinion was issued on the financial statements of GDEX, GDSB,

**2. INFORMATION SUMMARY (CONTINUED)**

GDV and GDTech as the companies did not present comparative statements of income, cash flows and changes in equity for the corresponding interim period. The presentation of such comparative statements is required under the Malaysian Accounting Standards Board Standard 26, Interim Financial Reporting

Except as mentioned above, the financial statements of GDEX, GDSEB, GDV and GDTech for the respective years/period under review were not subject to any audit qualification.

**2.8 PROFORMA CONSOLIDATED BALANCE SHEETS**

The table below sets out the proforma consolidated balance sheets of the Group as at 31 October 2004, prepared for illustration purposes only to show the effects of the Listing Proposal on the assumption that the Listing Proposal was completed on 31 October 2004. The proforma consolidated balance sheets have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated balance sheets set out in Section 12.4 of this Prospectus:-

	Audited as of 31 October 2004 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Proforma I and Share Split RM'000	Proforma III After Proforma II and Public Issue RM'000	Proforma IV After Proforma III and Utilisation of Proceeds of RM'000
<b>Property, plant and equipment</b>	-	12,688	12,688	12,688	17,488
<b>Goodwill</b>	-	156	156	156	156
<b>Deferred Tax Assets</b>	-	139	139	139	139
<b>Current assets</b>					
Inventories	-	350	350	350	350
Trade receivables	-	10,175	10,175	10,175	10,175
Other receivables and prepaid expenses	2	1,610	1,610	1,610	1,610
Deposits with licensed banks	-	1,589	1,589	1,589	1,589
Cash and bank balances	-	915	915	11,415	4,615
	2	14,639	14,639	25,139	18,339
<b>Current liabilities</b>					
Trade Payables		3,054	3,054	3,054	3,054
Other Payables and accrued expenses	80	2,173	2,173	2,173	2,173
Finance lease payables – current portion	-	42	42	42	42
Hire-purchase payables – current portion	-	694	694	694	694
Borrowings (secured) – current portion	-	221	221	221	221
	80	6,184	6,184	6,184	6,184
<b>Net current assets/(liabilities)</b>	(78)	8,455	8,455	18,955	12,155

**2. INFORMATION SUMMARY (CONTINUED)**

	Audited as of 31 October 2004 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Proforma I and Share Split RM'000	Proforma III After Proforma II and Public Issue RM'000	Proforma IV After Proforma III and Utilisation of Proceeds RM'000
<b>Long-term and deferred liabilities</b>					
Finance lease payables – non – current portion	-	(4)	(4)	(4)	(4)
Hire-purchase payables – non - current portion	-	(651)	(651)	(651)	(651)
Borrowings (secured) – non -current portion	-	(1,465)	(1,465)	(1,465)	(1,465)
Deferred tax liabilities	-	(86)	(86)	(86)	(86)
	-	(2,206)	(2,206)	(2,206)	(2,206)
<b>Net assets/(liabilities)</b>	<b>(78)</b>	<b>19,232</b>	<b>19,232</b>	<b>29,732</b>	<b>27,732</b>
<b>Represented by:</b>					
Issued capital	-	17,075	17,075	20,575	20,575
Accumulated loss	(78)	(78)	(78)	(78)	(78)
Share premium	-	-	-	7,000	5,000
Reserve on consolidation	-	2,235	2,235	2,235	2,235
<b>Shareholders' equity/ (capital deficiency)</b>	<b>(78)</b>	<b>19,232</b>	<b>19,232</b>	<b>29,732</b>	<b>27,732</b>
<b>NTA/(NTL) per share (RM)</b>					
Number of ordinary shares of RM1 each in issue	(39,876)	1.12	N/A	N/A	N/A
Number of ordinary shares of RM0.10 each in issue	N/A	N/A	0.11	0.14	0.13
<i>Note:-</i>					
<i>N/A: Not available</i>					

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## 2. INFORMATION SUMMARY (CONTINUED)

### 2.9 RISK FACTORS

Prospective investors should, prior to making an investment in the Company, carefully consider the following risk factors (which may not be exhaustive) inherent in and affecting the business of the GDEX Group and this Public Issue. Factors that could cause or contribute to such differences are not limited to those discussed in Section 4 “Risk Factors”, but include those discussed throughout this Prospectus.

The key risk factors that may affect the Group’s future profitability are not limited to financial risks, market risks and industry risks. The following are some of the risk factors that may affect the Group:-

- i. Business risks
- ii. Competition
- iii. Dependence on directors and key personnel
- iv. Vulnerability to security risks
- v. Long term Customised Logistics Solutions project risks
- vi. Litigation risks
- vii. Political and economic considerations
- viii. No prior market for GDEX Shares and possible adverse volatility of share price
- iv. Ownership and control by the substantial shareholders
- x. Government regulations
- xi. Brand loyalty
- xii. Risk of over expansion of the Group’s business
- xiii. Uncertainty of the proposed five (5) - year business development plan
- xiv. Failure or delay in the Listing
- xv. Disclosure regarding forward-looking statements
- xvi. Disaster recovery
- xvii. Adequacy of insurance coverage on the GDEX Group’s assets
- xviii. Profit forecast
- xix. Borrowing risk
- xx. Dependence on protection of intellectual property
- xxi. Changes in technology and technological obsolescence
- xxii. Restrictive covenants under credit facility agreements

Investors are advised to carefully consider the above risk factors, which may not be exhaustive, together with other information contained in this Prospectus before subscribing to any of the Issue Shares, which are the subject of this Prospectus.

### 2.10 PROSPECTS AND OUTLOOK

The Group is principally engaged in the provision of express delivery services and Customised Logistics Solutions services. Since the change of the management control on GDEX was effected, GDEX has expanded aggressively and will continue to penetrate the domestic market and leverage on the growth the management foresees in the Customised Logistics Solutions services.

The prospects of the Group for the next few years are set out in detail in Section 7.4 of this Prospectus.

**2. INFORMATION SUMMARY (CONTINUED)****2.11 CONSOLIDATED PROFIT FORECAST**

<b>Forecast FYE 30 June 2005</b>	<b>RM</b>
Revenue for the year	43,617,000
Less: Pre-acquisition revenue of subsidiary companies	(24,053,000)
<b>Net revenue (see note below)</b>	<b>19,564,000</b>
Profit before tax	5,572,000
Income tax expense	(1,954,000)
<b>Profit after tax</b>	<b>3,618,000</b>
<b>Less: Pre-acquisition profit</b>	<b>(1,660,000)</b>
<b>Profit after tax and pre-acquisition profit (see note below)</b>	<b>1,958,000</b>
<b>Weighted average number of ordinary shares of RM0.10 each in issue</b>	<b>72,457,762</b>
<b>Net profit per share</b>	<b>0.03</b>
Net price-earning multiple based on the issue price of RM0.30 per share (times)	10

*Note:*

*The consolidated revenue and profit forecast of the GDEX Group for the year ending 30 June 2005 incorporates the post-acquisition revenue and results of the new subsidiary companies acquired on 8 February 2005 for the period 8 February 2005 to 30 June 2005.*

Further details on the consolidated profit forecast of the GDEX Group are set out in Section 12.3.1 of this Prospectus.

**2.12 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**

The following statistics relate to the Public Issue:-

<b>Authorised share capital:</b>	<b>RM</b>
500,000,000 ordinary shares of RM0.10 each	50,000,000
<b>Issued and fully paid-up share capital:</b>	
170,748,830 ordinary shares of RM0.10 each	17,074,883
<b>To be issued pursuant to the Public Issue:</b>	
35,000,000 ordinary shares of RM0.10 each	3,500,000
<b>Enlarged share capital</b>	
205,748,830 ordinary shares of RM0.10 each	20,574,883
<b>Issue Price</b>	<b>0.30</b>
<b>Market capitalisation based on Issue Price</b>	<b>61,724,649</b>

**2. INFORMATION SUMMARY (CONTINUED)**

**Proforma NTA based on the proforma consolidated balance sheet as at 31 October 2004:-**

**Proforma NTA upon listing (RM'000)** 27,576

**Proforma NTA per share upon listing (sen)** 13

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Issue Shares will rank pari passu in all respects with the other existing issued Shares of the Company including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

**2.13 UTILISATION OF PROCEEDS RAISED FROM THE PUBLIC ISSUE**

Based on the Issue Price, the Company expects the gross proceeds of the Public Issue of RM10.5 million to accrue to the Company. This amount is expected to be utilised in the manner specified below:-

<b>Purpose</b>	<b>RM'000</b>
Proposed upgrading of GDEX's network and infrastructure	4,800
Working capital	3,700
Estimated listing expenses	2,000
<b>Total</b>	<b>10,500</b>

Further details on the utilisation of proceeds are set out in Section 3.8 of this Prospectus.

**2.14 WORKING CAPITAL, BORROWINGS, MATERIAL LITIGATION, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****2.14.1 Working Capital**

The Directors of the Company are of the opinion that after taking into consideration the cash flow position including the proceeds of the Public Issue and banking facilities available, the GDEX Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

**2.14.2 Borrowings**

As at 31 October 2004, total borrowings of the GDEX Group amounted to approximately RM 3.076 million and comprise the following:-

<b>Outstanding borrowings</b>	<b>Payable within 12 months RM</b>	<b>Payable after 12 months RM</b>	<b>Total RM</b>
<b><u>Interest bearing</u></b>			
Hire-purchase creditors	693,999	650,625	1,344,624
Leasing	42,054	4,022	46,076
Term loans	220,789	1,464,644	1,685,433
<b><u>Non-interest bearing</u></b>			
<b>Total</b>	<b>956,842</b>	<b>2,119,291</b>	<b>3,076,133</b>

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**2. INFORMATION SUMMARY (CONTINUED)**

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The GDEX Group has no foreign currency borrowings.

The GDEX Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof up to the Last Practicable Date.

**2.14.3 Material Litigation**

As at the Latest Practicable Date, save as disclosed below, the GDEX Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant:

- (i) On 10 May 2004, Panglima Ribuan Sdn. Bhd. commenced legal proceedings against GDSB vide Shah Alam High Court suit no. MT1-22-369-2004 in respect of an alleged breach by GDSB for allegedly failing to erect a signboard for the Plaintiff. The Plaintiff who is an ex-courier service agent or affiliate of GDSB for the Subang area is also suing GDSB for alleged loss of business due to GDSB's alleged encroachment in the Plaintiff's area of service and for the refund of a "franchise fee" of RM150,000 that was paid by the Plaintiff. In addition to the RM150,000.00, the Plaintiff is also seeking to claim general damages against GDSB. Based on indicative figures in the Plaintiff's statement of claim, the amount of the claim for general damages is estimated at RM336,000.00 for alleged loss of cash clients and loss of potential clients, RM240,000.00 for alleged loss of income and RM240,000.00 for alleged failure of GDSB to service the Plaintiff's clients.

GDSB has filed its defence and counterclaim for fee owing to GDSB of RM162,857.23 together with an action for the Plaintiff to render accounts of the courier business whilst the Plaintiff was still servicing GDSB. Pre-trial case management hearing which was fixed for 8 March 2005 has been postponed for mention on 8 July 2005. GDSB has also filed an application for security for costs from the Plaintiff but as to date no hearing date has been fixed to hear this application which has been fixed for hearing on 8 June 2005.

The solicitors handling the matter for GDSB informed that based on documents and the brief given to them as at 12 January 2005 and subject to the evidence available upon further discovery of evidence and the outcome of the application for security for costs, GDSB has an even to fair chance in the suit and that the onus is on the Plaintiff as most of the items claimed are general damages. However the solicitors make no representation as to the likely outcome of this suit at this stage.

**2.14.4 Material Commitments**

As at 31 October 2004, being the date up to which the audited financial statements were made, the Directors of GDEX are not aware of any material capital commitments contracted or known to be contracted by the GDEX Group which, upon becoming enforceable, may have a material impact on the financial position of the GDEX Group.

**2. INFORMATION SUMMARY (CONTINUED)**

**2.14.5 Contingent Liabilities**

Save as disclosed below, as at 31 October 2004, being the date up to which the audited financial statements were made, the GDEX Group does not have any material contingent liabilities that upon materialization would have a substantial impact on the financial performance, position and operations of the GDEX Group:-

- (i) The Group is involved in a litigation filed by a former business partner for alleged failure by the Group to erect a signboard. The business partner is also claiming for loss of business due to the Group's alleged encroachment in the area of service exclusively given by the Group to the business partner and the refund of the franchise fee paid to the Group. The total amount claimed by the business partner is RM966,000.

The Directors, after consultation with the lawyers of the Group, are of the view that the potential liability is not probable of realisation and, accordingly, the amount has not been provided for in the financial statements.

Further information on the above is disclosed in Section 2.14.3 and 12.2.5 of this Prospectus respectively.

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**3 DETAILS OF THE PUBLIC ISSUE****3.1 INTRODUCTION**

This Prospectus is dated 15 April 2005

A copy of this Prospectus has been registered with the SC. A copy of this prospectus, together with the form of application, has also been lodged with the ROC who takes no responsibility for its contents.

Approval has been obtained from the SC on 14 December 2004 for the Issue and from Bursa Securities on 16 December 2004 for admission to the Official List of the MESDAQ Market, and for the listing and quotation of the entire issued and paid-up share capital of GDEX including the Issue Shares which are the subject of this Prospectus.

These Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all the successful applicants. Bursa Securities and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiary companies or of its Shares.

Under Bursa Securities' trading rules, effective from the date of Listing, trading in all Bursa Securities listed securities can only be executed through an ADA who is also a participating organisation of Bursa Securities.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with the Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Pursuant to the MMLR, at least 25% but not more than 49% of the total number of shares of the Company for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, at the point of Listing. However, in the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with the Listing. In the event therefore, monies paid in respect of all applications will be returned in full without interest.

Only an applicant who has a CDS Account can make an application by way of an Application Form. In the case of an application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form only if he/she presently has such an account and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to the MIH/the Company for the purpose of crediting the Issue Shares allotted to him/her to his/her CDS Account. Where an applicant does not presently have a CDS Account, he/she should open a CDS Account at an ADA prior to making an application for the Public Issue Shares. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish his/her CDS Account number to the Participating Financial Institution by way of keying in his/her CDS Account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by GDEX. Neither the delivery of this Prospectus or any offer made in connection with this Prospectus shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Group since the date hereof.

### 3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)

The distribution of this Prospectus and the sale of the Issue Shares in certain other jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

Acceptance of applications will be conditional upon permission being granted to deal in, and quotation for all of the Issue Shares. Monies paid in respect of any application accepted will be returned in full without interest if the said permission is not granted.

**If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

#### 3.2 OPENING AND CLOSING OF THE APPLICATIONS

Applications for the Public Issue will be accepted from 10.00 a.m. on 15 April 2005 to 5.00 p.m. on 29 April 2005 or such other later time and date or dates as the Directors of GDEX and the Underwriter may in their absolute discretion mutually decide.

#### 3.3 INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing and quotation for the Company's entire enlarged issued and paid-up capital on the MESDAQ Market of Bursa Securities is set out below:-

##### Indicative Timetable

Opening of application for the Issue Shares .....	15 April 2005
Closing of application for the Issue Shares * .....	29 April 2005
Balloting of application for the Issue Shares .....	4 May 2005
Allotment of the Issue Shares .....	6 May 2005
Listing .....	17 May 2005

Notes:-

\* *The Public Issue will close at the date stated above or such later date as the Directors and the Underwriter may agree.*

*In the event the closing date of the application is extended, the notice of the extension will be advertised in widely circulated English and Bahasa Malaysia newspapers prior to the original closing date of the application. Following this, the dates for the balloting of application for the Issue Shares, allotment of the Issue Shares and Listing would be extended accordingly.*

#### 3.4 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- i. to raise funds for the Group's working capital and business expansion, details of which are elaborated in Section 3.8 of this Prospectus;
- ii. to obtain the listing of and quotation for the entire issued and paid-up capital of GDEX on the MESDAQ Market, which is expected to enhance the business profile and future prospects of the Group;
- iii. to enable the Group to have access to the capital market for its future expansion and growth; and
- iv. to provide an opportunity for the Directors and employees of the Company and its subsidiary companies to participate in the equity growth of the Company.

**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)****3.5 PARTICULARS OF THE PUBLIC ISSUE**

	<b>RM</b>
<b>Issued and fully paid-up share capital:</b>	
170,748,830 ordinary shares of RM0.10 each	17,074,883
<b>To be issued pursuant to the Public Issue:</b>	
35,000,000 ordinary shares of RM0.10 each	3,500,000
<b>Enlarged Share Capital</b>	<hr/>
205,748,830 ordinary shares of RM0.10 each	<b>20,574,883</b> <hr/>

There is only one (1) class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

The issue of a total 35,000,000 Shares at an Issue Price of RM0.30 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:-

- (a) 28,000,000 Issue Shares will be made available by way of private placement to identified public investors;
- (b) 2,000,000 Issue Shares will be made available for application by the Malaysian public; and
- (c) 5,000,000 Issue Shares will be made available for application by eligible Directors and employees of GDEX and its subsidiaries.

The Issue Shares in respect of item (b) above have been fully underwritten by the Underwriter. Any Shares in respect of item (c) not subscribe for will be made available for application by the public and will be underwritten. Issue Shares in respect of item (a) are not underwritten. The potential investors will be pre-identified by the Placement Agent to take up the Issue Shares under item (a) above. For details on the salient terms of the underwriting agreement, please refer to Section 3.10 of this Prospectus.



**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)****3.6 CRITERIA OF ALLOCATION OF SHARES TO ELIGIBLE DIRECTORS AND EMPLOYEES**

The Issue Shares in respect of paragraph (c) Section 3.5 above are allocated as follows:-

- i. The Directors of GDEX have been allocated with an aggregate of 290,000 Issue Shares in the following manner: -

Name of Directors	No. of Issue Shares allocated
Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid	50,000
Teong Teck Lean	30,000
Leong Chee Tong	30,000
Lau Wing Tat	30,000
Kong Hwai Ming	50,000
Nolee Ashilin Binti Mohammed Radzi	50,000
Liew Heng Heng	50,000

- ii. The eligible employees of GDEX and its subsidiaries have been allocated with an aggregate of 4,710,000 Issue Shares. The basis of allocation of the Issue Shares reserved for 599 eligible employees of the GDEX Group is based on grade, seniority and position in the GDEX Group.

**3.7 PRICING OF THE PUBLIC ISSUE SHARES**

Prior to the offering, there has been no public market for the Shares of GDEX. The Issue Price of RM0.30 per Share was negotiated and agreed between the Company and the Adviser, after taking into account the following factors:-

- i. The Group's financial and operating history and conditions as outlined in Section 12 of this Prospectus;
- ii. The proforma consolidated NTA per share of GDEX of RM 0.13 as set out in Section 12.4 of this Prospectus;
- iii. The prospects of the GDEX Group and the industry as outlined in Section 7.4.1 of this Prospectus; and
- iv. The prevailing market conditions.

**3.8 UTILISATION OF PROCEEDS**

The Company expects the gross proceeds of the Public Issue to amount to RM10.5 million. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the Listing.

The proceeds from the Public Issue of RM10.5 million are expected to be utilised for the following purposes:-

Purpose	Note	RM'000
Proposed Upgrading of GDEX's network and infrastructure	(i)	4,800
Working capital	(ii)	3,700
Estimated listing expenses	(iii)	2,000
<b>Total</b>		<b>10,500</b>

**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)***Notes:-*

- (i) *As part of the Group's effort to improve its technological advantage over its competitors, the Group will be allocating RM4.8 million of the proceeds to be raised for the following: -*
- (a) *Automation project – including bar coding and automatic weighing system;*
  - (b) *Physical and virtual network enhancement – renovation of branches and upgrading of both hardware and software; and*
  - (c) *Improving Hub and Warehouse facilities – enhancement of material handling equipment, stacking and inventory management system.*
- The above upgrades of the Company's network and infrastructure are expected to benefit the Company via improvement in cost efficiencies and increase in sales.*
- (ii) *The allocation of RM3.7 million as additional working capital for the Group is necessary to allow the Group to secure larger Customised Logistics Solutions contracts. The Group also intends to intensify its marketing efforts by directing part of the working capital for purposes of employment of more sales and marketing staff and also to increase the technical staff strength in order to offer better service quality.*
- (iii) *Details of the estimated listing expenses are set out in Section 3.11 of this Prospectus*

It is intended that the above proceeds of RM10.5 million will be utilised within 24 months from the listing date.

The proforma impact of the utilization of proceeds on the consolidated balance sheets of GDEX as at 31 October 2004 is reflected in Section 12.4 of this Prospectus.

**3.9 BROKERAGE, UNDERWRITING EXPENSES AND PLACEMENT FEE****i Brokerage**

Brokerage is payable in respect of the Issue Shares at the rate of 1% of the Issue Price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks or MIH. No brokerage is payable on the Issue Shares to be placed out by the Placement Agent and the Issue Shares made available for application by eligible Directors and employees of GDEX.

**ii Underwriting Commission and Placement Fee**

An underwriting commission is payable by the Company in respect of the 2,000,000 Issue Shares to be offered to the public at the rate of 2.0% of the Issue Price. The same commission is payable by the Company in respect of any 5,000,000 Issue Shares not subscribed for in Section 3.5, which will then be offered to the public. The underwriting agreement dated 10 March 2005 ("Underwriting Agreement"), contains certain clauses that allow the Underwriter to withdraw from its obligations under the Underwriting Agreement.

A placement fee is payable by the Company in respect of the 28,000,000 Issue Shares to be offered to identified public investors at the rate of 1.2% of the Issue Price of RM0.30 per Share.

**3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

1. The Underwriter mentioned herein has agreed to underwrite 2,000,000 Issue Shares being the number of Issue Shares which will be made available for application by the public and the unsubscribed portion of the 5,000,000 Issue Shares which will be made available for application by the eligible directors and employees of the Company ('Underwritten Shares').
2. The Underwriting Commission is payable by the Company at the rate of two percent (2%) of the Issue Price of RM0.30 per Share.

**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)**

3. The obligations of the Underwriter under this Agreement are conditional upon:-
- 3.1 the Company obtaining SC's final approval to the Prospectus;
  - 3.2 the delivery to the SC of the Prospectus for registration in accordance with the requirement under section 41 of the *Securities Commission Act 1993* together with copies of all documents required for submission under section 42 of the *Securities Commission Act 1993*;
  - 3.3 the lodgement with the Companies Commission of Malaysia of the Prospectus in accordance with section 43 of the *Securities Commission Act 1993* and section 36A(4) of the Act before the date of issue of the Prospectus;
  - 3.4 the Company obtaining Bursa Securities' approval in principle to the listing of and quotation for the entire enlarged issued and paid-up capital of Two Hundred and Five Million Seven Hundred and Forty Eight Hundred and Thirty (205,748,830) ordinary shares of the Company ('Paid-Up Shares') on the MESDAQ Market of the Bursa Securities;
  - 3.5 there not being, on or prior to the last date on which the Issue Shares will be available for application by the public to be fixed by the Company together with the Underwriter ('Closing Date'), any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial or otherwise) of the Company or any of its subsidiaries from that set out in the Prospectus which is material in the context of the Public Issue and the proposed listing of and quotation for the Paid-up Shares on the MESDAQ Market of the Bursa Securities or any occurrence of any event rendering untrue or incorrect or not complied with to an extent which is material, any of the warranties and representations in clause 9 of the Underwriting Agreement as though given or made on such date; and
  - 3.6 the Public Issue and the proposed listing of and quotation for the Paid-up Shares on the MESDAQ Market of the Bursa Securities in accordance with the provisions of the Underwriting Agreement is not prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
  - 3.7 the Public Issue and the proposed listing of and quotation for the Paid-up Shares on the MESDAQ Market of the Bursa Securities have been approved by the SC and any other relevant authority or authorities and has not been withdrawn, revoked, suspended or terminated on or prior to the Closing Date;
  - 3.8 the composite index of Bursa Securities not falling below the benchmark of 700 points on or prior to the Closing Date;
  - 3.9 the execution of the placement agreement in respect of the 28,000,000 Issue Shares made available for placement;
  - 3.10 as at the Closing Date, the Underwriter being reasonably satisfied that the Company can meet the public shareholding spread requirements under the Listing Requirements of the Bursa Securities for the MESDAQ Market.

**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)**

*Provisions in the Underwriting Agreement which may allow the Underwriter to withdraw from obligations under the agreement after the opening of the offer:*

4. If any of the conditions in paragraphs 3.1 to 3.10 above is not satisfied on or before the Closing Date, the Underwriter is entitled to:
  - 4.1 terminate this Agreement to the extent of its obligations contained in it; and
  - 4.2 cease performance of its obligations under this Agreement.
5. In the event Underwriting Agreement is terminated pursuant to paragraph 4 above, the parties to the Underwriting Agreement will be released and discharged from their obligations under the Agreement (except for the liability of the Company for payments of costs and expenses as provided in clause 17.3 of the Underwriting Agreement incurred prior to or in connection with such termination).
6. Notwithstanding the terms of the Underwriting Agreement, the Underwriter may at any time terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares and withdraw remittance of the payments to be made pursuant to Clause 6 of the Underwriting Agreement (as the case may be), by delivering a notice in writing to the Company on occurrence of all or any of the following matters stated in Clause 15 of the Underwriting Agreement on or before the Closing Date if:-
  - 6.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clauses 9 and 10 of the Underwriting Agreement or which is contained in any statement or notice provided under or in connection with the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or
  - 6.2 there is failure on the part of the Company to perform any of its obligations under the Underwriting Agreement; or
  - 6.3 there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement; or
  - 6.4 there have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or
  - 6.5 there have occurred, or happened any of the following circumstances:-
    - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas), or exchange controls, foreign or local, currency exchange rates or the occurrence of any combination of any of the foregoing; or
    - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of event beyond the reasonable control of the Underwriter (including without limitation, acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war, sabotage or accidents);

**3. DETAILS OF THE PUBLIC ISSUE (CONTINUED)**

which in the opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue and the proposed listing of and quotation for the Paid-up Shares on the MESDAQ Market of the Bursa Securities, or the application, distribution, sale or payment of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms, or which would prohibit or impede the obligations of the Underwriter under the Underwriting Agreement then:

- (a) the Underwriter may terminate the Underwriting Agreement by giving written notice to the Company before 5.00 p.m. on the Closing Date; and
  - (b) the parties to the Underwriting Agreement shall thereafter (except for the liability of the Company in the payment of costs and expenses referred to in Clause 17.3 of the Underwriting Agreement incurred prior to or in connection with such termination) be released and discharged from their respective obligations under the Underwriting Agreement.
7. In the event the Closing Date falls after three (3) months from the date of the Underwriting Agreement, the Underwriting Agreement will lapse and the Underwriter will be released and discharged from all of their obligations under the Underwriting Agreement and the Company may enter into a fresh underwriting agreement with the same or different underwriters.

The Company will not be released from its liability to pay all costs, charges and expenses referred to in clause 17.3 of the Underwriting Agreement which are incurred prior to or in connection to the negotiation, preparation, execution and stamping of the Underwriting Agreement.

**3.11 LISTING EXPENSES**

Listing expenses are estimated at approximately RM2.0 million, with the following estimated breakdown:-

	<b>RM</b>
Fees of the authorities	60,000
Issuing house fee and disbursement	80,000
Estimated professional fees <sup>#</sup>	950,000
Brokerage, placement fees and underwriting commission	120,000
Sponsorship fee	40,000
Printing and advertising	250,000
Miscellaneous expenses <sup>@</sup>	500,000
<b>Total</b>	<b><u>2,000,000</u></b>

The Company shall bear all expenses relating to the Listing.

*Notes:*

<sup>#</sup> *Include fees for the Advisor, Reporting Accountants, Solicitors and other professional advisors.*

<sup>@</sup> *Any unutilized amount shall be used for working capital purposes of the Group.*

**4 RISK FACTORS**

**NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THE PROSPECTUS, APPLICANTS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE PARTICIPATING IN THE NEW ISSUE.**

**IF YOU ARE UNSURE ABOUT ANY OF THE INFORMATION CONTAINED IN THIS SECTION ON “RISK FACTORS”, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

**4.1 BUSINESS RISKS**

GDEX is faced with certain inherent risks embedded in the express carrier services industry and the Group’s revenue and operating results are difficult to forecast and could be adversely affected by these risks. These risks include but are not limited to entry of new competitors, changes in law and tax affecting the industry, labour shortages, increases in cost of business, market acceptance of the Group’s services, changes in general economic, business and credit conditions. The Group seeks to limit these risks through, inter-alia, development of a portfolio of different services, prudent financial and cash flow management and establishment of sound and well-thought through human resource policies.

Nevertheless, there is no assurance that the GDEX Group will be profitable in the future, or that it will achieve increasing or consistent levels of profitability.

**4.2 COMPETITION**

GDEX operates in a competitive industry and is expected to face increasingly stiff competition from its existing competitors and new market entrants in the future. The principal elements of competition cover the pick-up and delivery cycle, pricing, quality, scalability, conformity with industry standards, reliability, brand name and customer service.

The Group competes with a variety of international and domestic express delivery companies, some of which may have longer operating histories, more established brands, larger customer base, better services, larger teams of professional staff and greater financial, technical, marketing and other resources. The Group’s competitors may be able to devote more resources to the development, promotion and sale of their services. No assurance is given that the Group will be able to maintain its existing market share in the future. In the event that the Group is unable to compete effectively, revenues and profits will be adversely affected.

However, the major advantage that the Group enjoys is its capability to provide “one-stop logistics solutions” for its corporate customers by offering them comprehensive solutions, encompassing logistics management, packaging service and others. These Customised Logistics Solution services are offered through highly trained personnel and supported by sophisticated and customised IT Software Systems. In Malaysia, the market for these services is largely untapped and the potential demand for such services would be a catalyst for the future growth prospects for GDEX.

To maintain and further increase its current market share of 3% to 4% (based on the estimated express carrier industry’s market size of approximately RM1 billion\*) in the express carrier industry the Group will focus on several areas of its operations for development. A marketing department has been established since July 2004 to build up the GDEX brand and corporate image in the market. The Group intends to make GDEX a brand associated with high quality, as such the Group will continuously improve the quality and reliability of its service offerings. Improvements to the physical and IT networks will be made to facilitate this goal as well as to handle the expected increase in business volume. Equal emphasis will be placed on developing the Group’s human resources, whereby the Group will continue to embark on new initiatives to attract talent to the Group.

*\*(Source: Based on management’s best knowledge/ estimation by reference to the annual sales revenue generated by the established key express carrier companies and after making all reasonable enquiries)*

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**4. RISK FACTORS (CONTINUED)**

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**4.3 DEPENDENCE ON DIRECTORS AND KEY PERSONNEL**

The GDEX Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing management team. Therefore, the loss of any of the Executive Directors, or key management personnel may affect the performance of the GDEX Group. In addition, the intense competition for such skilled professionals has also posed a challenge for the GDEX Group to attract and retain them.

Hence, GDEX Group will emphasize on grooming the younger members of its management team to gradually assume more responsibilities through continuous on-the-job training and at the same time ensuring a competitive remuneration package for its employees to attract and retain skilled personnel. Furthermore, the risk of loss of key management personnel is mitigated by the fact that a number of them are also substantial shareholders of GDEX.

**4.4 VULNERABILITY TO SECURITY RISKS**

GDEX's IT Software System was designed to tie up almost the entire operational and business processes of GDEX. Furthermore, the provision of Customised Logistics Solutions and the internal performance evaluation system also relied heavily on the performance of the IT Software System. Hence, security weaknesses in the Group's systems and viral disruptions could adversely and materially affect revenue and profit.

The Group utilises computer systems and software which are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, and could lead to interruptions, delays, loss of data or the inability to complete client communications. In addition, unauthorised persons may improperly access data and damage or change systems or acquire confidential information. Damage caused by security breaches or computer viruses may be expensive to repair.

The Group has in place security measures to limit the occurrences of unauthorised access and virus attacks which include technical controls to mitigate risk exposure due to network intrusion through Internet or attack of computer viruses. Additionally the Group also implements management controls such as user training for system access, regular backup of important data, appropriate use of password and regular review in the organization policies and procedures and undertake regular risk assessment exercises.

**4.5 LONG TERM CUSTOMISED LOGISTICS SOLUTIONS PROJECT RISKS**

The Group's Customised Logistics Solutions services are generally offered to customers on a project basis. The structure of these projects is subjected to the following inherent risk factors:-

- (a) Most of the Group's services are based on fixed-price contracts of which the price is determined at bid time, based on estimates. The Group may under-estimate project costs in tendering or bidding for a project. In such event, the Group may incur cost overruns which will reduce profits or incur losses;
- (b) Customers may delay or cancel their projects due to unforeseen circumstances. Delays may arise from incomplete specifications or unanticipated difficulties in developing the solutions. Project delays will affect profit margins as time spent negotiating and resolving issues will delay the recognition of revenues. Additional costs may also be incurred as a result of these project delays; and
- (c) Failure to implement projects that fully satisfy the requirements and expectations of the customers may lead to claims being made against the Group, adversely affecting profits and reputation. This usually arises from staff turnover, human errors, misinterpretation of and failure to adhere to specifications and procedures.

#### 4. RISK FACTORS (CONTINUED)

None of the above events has occurred within the past twelve (12) months preceding the Latest Practicable Date.

The Group will conduct studies on the complexity and the specification of each project, taking into consideration factors such as the level of security required, the frequency of pick-up and deliveries and the Group's own capacity to accommodate the project in order to ensure smooth implementation and minimize cost overrun.

##### 4.6 LITIGATION RISKS

As at the Latest Practicable Date, there are several law suits filed against the Group which involve claims of up to approximately RM 1.0 million. One of these suits, if successful, may adversely and materially affect the position or business of the Group. However the Directors with the advice of the solicitors for this matter are of the opinion that GDEX have reasonable defence in these suits. Further information on material litigation is disclosed in Section 16.6 of this Prospectus.

The Group's sales orders or invoices typically contain provisions designed to disclaim the Group from being exposed to potential project and service liability claims, which have material financial impact on the Group. It is possible, however, that the limitation of liability provisions contained in the Group's client agreements may not be effective as a result of existing or future laws or unfavourable judicial decisions.

The Group has sought professional legal advice from time to time from its legal advisers in relations to any potential liability claims and is committed to continue to do so in the future to mitigate the abovementioned risk.

##### 4.7 POLITICAL AND ECONOMIC CONSIDERATION

As with any company, the performance of the Group is subject to the overall economic, political, legislative, business and credit conditions both domestically and internationally. For instance, political and social uncertainties could lead to social tensions (war, hostility, strikes, terrorist attacks) and directly interrupt normal civilian life and adversely affect the Group's daily operations. Instability of economic and market conditions may adversely affect the business, financial condition and results of operations of the Group. In addition, any modification or change in policies by the authorities may lead to changes in laws and regulations or the interpretation thereof, as well as changes in foreign business ownership restrictions, currency control policies, taxation and import and export restrictions. No assurance could be given that any change to these factors would not have any material adverse impact on the Group's business performance. Currently, the Group has not encountered any major adverse development in the political and economic conditions that has a material impact on its profitability.

##### 4.8 NO PRIOR MARKET FOR GDEX SHARES AND POSSIBLE ADVERSE MOVEMENT OF SHARE PRICE

###### (a) No prior market for GDEX Shares

Prior to the Public Issue, there has been no prior market for GDEX Shares. The Issue Price may not be indicative of the market price for GDEX Shares after the completion of the Public Issue. No assurance can be given that an active trading market for GDEX Shares will develop or, if developed, will be sustained.

###### (b) The price of GDEX Shares may fluctuate following the Public Issue

Upon listing on the MESDAQ market of Bursa Securities, there can be no assurance that the Share price will not fall below the Issue Price of RM0.30. Further, the market price of GDEX Shares may fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond the Group's control:-



**4. RISK FACTORS (CONTINUED)**

- adverse variations in the Group's operating results;
- changes in securities analysts' estimates of the Group's financial performance;
- changes in market valuation parameters or acceptable risk level on similar companies;
- fluctuations in stock market price and volume;
- risk of suspension / delisting;
- overall bearish market condition; and
- all other risks mentioned in this section.

**(c) Future sale of GDEX Shares**

Any future sale or availability of GDEX Shares can have a downward pressure on GDEX's Share price. The sale of a significant amount of Shares in the public market after the Public Issue, or the perception that such sale may occur, could undermine the market price of GDEX Shares. These factors also affect the Group's ability to offer additional equity securities. Except as otherwise described in this Prospectus, there will be no restriction on the ability of the Group's substantial shareholders or Promoters to sell their Shares on Bursa Securities.

The Group believes that its business strategies and the bright prospects of the express carrier industry will position itself strategically in its industry. Hence, the Group believes that the Group will generate continued interest and buying support from the public investors.

**4.9 OWNERSHIP AND CONTROL BY THE SUBSTANTIAL SHAREHOLDERS**

Presently, the Promoters and substantial shareholders, as persons connected, collectively own approximately 78.33% of the Company's issued and paid up share capital. Although their collective shareholdings will be diluted to 65.04% upon completion of the Public Issue, they will continue to be controlling shareholders of the Company. Hence, these shareholders will jointly control the outcome of certain matters requiring the vote of the shareholders of the Company, unless they are required to abstain from voting by law and/or by the relevant authorities.

Nevertheless, the Company has appointed four (4) independent directors to represent the interests of the minority shareholders.

**4.10 GOVERNMENT REGULATIONS**

The courier and express services industry is regulated and governed by Postal Services Act 1991 ("PSA") enforced by the Malaysian Communications and Multimedia Commission ("MCMC"). The objective of PSA is to protect the consumer's rights and stipulates that only licensed courier companies can provide such services. Nevertheless, no assurance that the license awarded to GDEX will be renewed or if being renewed, will not be revoked or suspended on grounds prescribed in the license prior to its expiration, or renewed upon its expiration. In addition, the Malaysian Government has, from time to time, adopted policies and implemented regulations that have generally affected businesses in Malaysia. At present, such policies and regulations have a common theme of consumer protection. The Company welcomes such positive measures to protect customers and to provide a level playing field and promotion of transparent business policies and ethics.

**4.11 BRAND LOYALTY**

Brand loyalty represents sets of brand assets that add to the value provided by the services to the customers. The business of GDEX Group is largely dependent on the goodwill and service quality associated with the GDEX brand. No assurance can be given that goodwill in relation to brand loyalty on the brands owned by the GDEX Group will persist. Nevertheless, the

**4. RISK FACTORS (CONTINUED)**

GDEX Group strives to maintain and strengthen its brand loyalty through extensive promotion activities.

**4.12 RISK OF OVER EXPANSION OF THE GROUP'S BUSINESS**

The Group has planned a series of expansion plans, which are detailed in Section 6.10 and Section 7.4.2 of this Prospectus. The success that the Group has achieved to date is the result of diligent planning and implementation of a series of well-structured expansion plans. Since the changes of management were effected, the management of the Group has stayed focus in developing its core business in the express delivery service while at the same time grooming its Customised Logistics Solutions arm to leverage on future growth of this business segment. However, there is no assurance that the Group will not face the risk of rapid or over expansion.

**4.13 UNCERTAINTY OF THE PROPOSED FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN**

The success of the Group's business development plan will be largely dependent upon market acceptance and successful penetration into targeted markets and further development and commercialisation of new services offered. In addition, the Group's proposed future plans and prospects will be dependent upon, among other things, the Group's ability to:-

- (a) exploit the future growth prospects of the express delivery and Customised Logistics Solutions market and execute the strategic move to penetrate the potential target market;
- (b) hire and retain skilled management as well as financial, technical, marketing and other personnel;
- (c) successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, and service controls); and
- (d) obtain adequate financing as and when required.

Nevertheless, despite the management team's experience and expertise in the business that will provide for the appropriate exercise of prudence implementation of the Group's future plans, there is no assurance that the implementation of future plans of the Group will not be affected by external factors which are beyond the control of the Group.

**4.14 FAILURE OR DELAY IN THE LISTING**

The success of the listing of GDEX on the MESDAQ Market of Bursa Securities is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:-

- (a) the placees under the private placement tranche of the Issue fail to acquire the Issue Shares allocated to them;
- (b) the Underwriting Agreement is terminated; and
- (c) GDEX is unable to meet the public shareholding spread requirements i.e. at least 25% but not more than 49% of the total number of shares for which listing is sought must be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the point of Listing.

In the event of the failure of the Proposed Listing of GDEX on the MESDAQ Market of Bursa Securities, investors shall be reimbursed their application money without interest.

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**4. RISK FACTORS (CONTINUED)**

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**4.15 DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts. Although the Group believes that, the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct or continue to hold in the future and the actual results may be materially different from those shown. The accuracy of such statements depends on a variety of known and unknown factors that might be beyond the control of the management.

In the light of these uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded that the plans and objectives of the Group will be achieved.

**4.16 DISASTER RECOVERY**

The Group's daily operations may be affected by events of emergency such as explosion, fire, flooding, energy crisis, health crisis, sabotage, civil commotion, war or acts of God. Although the Group has a disaster recovery plan which could temporarily divert the operations from the affected area to back-up areas, there is no certainty that the operations at the back-up sites will function to a satisfactory level. The Group endeavours to ensure all office equipment and other peripherals which include back-up sites and remote access system facilities are in good working condition.

**4.17 ADEQUACY OF INSURANCE COVERAGE ON THE GDEX GROUP'S ASSETS**

The management of the GDEX Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect the Group's operations. Accordingly, the Group has taken up fire insurance policies, insurance for electronic equipments, motor vehicles insurance, public liability insurance as well as insurance for money in transit and in premise. While the Group reviews and seeks to ensure adequate insurance coverage on a continuous basis, there can be no assurance that the insurance coverage would be comprehensive and would reflect the replacement cost of the assets or any consequential loss arising therefrom.

**4.18 PROFIT FORECAST**

This Prospectus contains the consolidated profit forecast of GDEX that are based on assumptions, which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and are contingent in nature. Due to the inherent uncertainties of the consolidated profit forecast and events and circumstances frequently do not occur as expected, there can be no assurance that the consolidated profit forecast contained herein will be realized and actual results may be materially different from those shown. Investors will be deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit forecast that are contained herein.

**4.19 BORROWING RISK**

As at 31 October 2004, being the date up to which the audited financial statements were made, the Group's audited total bank borrowings amounted to approximately RM3.076 million all of which are interest-bearing. Considering that the interest charged on bank borrowings is dependent on prevailing interest rates and total outstanding loans, future fluctuations of the interest rates could have material effect of the Group's profitability.

There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rates. Nevertheless, the Group believes that its prudent cash flow management will be able to generate sufficient funds for the repayment of the bank borrowings.

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**4. RISK FACTORS (CONTINUED)**

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**4.20 DEPENDENCE ON PROTECTION OF INTELLECTUAL PROPERTY**

The Group is to an extent dependent on the protection of its propriety trademarks. As disclosed in Section 6.12, the Group has applied for registration of the GDEX brand name in order to protect the Group's proprietary trademarks.

Existing intellectual property and confidentiality laws afford only limited protection. Accordingly, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorized third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition.

**4.21 CHANGES IN TECHNOLOGY AND TECHNOLOGICAL OBSOLESCENCE**

The risks associated with rapid technological changes are the obsolescence of current technology, the requirements of new technology not matched by existing technical staff and that the operations of the Group are not ready for new methods. The Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers. To the extent that one or more of the Group's competitors introduce products and services that better address customer needs or for any other reason gain market share, the Group's business, operating results and financial condition could be material and adversely affected.

As part of the Group's effort to mitigate this risk, the Group will invest in and undertake new logistics related technologies in order to improve operational efficiencies and provide more value-added services to its customers.

**4.22 RESTRICTIVE COVENANTS UNDER CREDIT FACILITY AGREEMENTS**

The Group has credit facilities granted by local financial institutions that have various covenants that may limit the Group's operating and financial flexibility. Some of these covenants require that the Group seek prior written consents of the relevant financial institutions for, inter alia, changes in share capital, capital reconstructions, and changes in substantial shareholders and their shareholdings.

While the management of the Group is cognizant of the various requisite consents required from the relevant financial institutions, there can be no assurance that additional credit facilities that may be procured by the Group would not have restrictive covenants that may limit the Group's ability to operate and function properly, or that provisions in existing facilities can or will be varied to relax or remove all or any of such restrictive covenants.

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**5 INFORMATION ON THE GDEX GROUP****5.1 HISTORY AND BACKGROUND**

GDSB was incorporated in Malaysia on 21 June 1995 under the Act as a private limited company and commenced its operations on 1 March 1996. In year 2000, a new management team led by Mr. Teong Teck Lean took over the helm at GDSB and transformed its business model. Starting from year 2000, the new management team undertook a major revamp exercise by transforming GDSB into an established Express Carrier service provider. Since then, GDSB has expanded its business aggressively on both the express delivery and Customised Logistics Solutions services.

The principal activities of GDEX Group are express delivery services and Customised Logistics Solutions. In view of the high growth of the Customised Logistics Solutions services segment, GDSB has repositioned itself and capitalised on the rising demand by offering a wide variety of highly customised express delivery and logistics services and supply chain solutions, which include logistics management, warehousing, packaging services and others. For the four (4) month period ended 31 October 2004, 24.9% of the total revenue is attributable to the Customised Logistics Solutions services segment. As envisaged in the business plan, the Customised Logistic Solutions services will provide GDSB a stronger foothold to move forward and compete more effectively against the other key players in the express delivery industry.

In conjunction with the Listing, GDEX was incorporated on 7 October 2003 under the Act as a private limited company. GDEX was subsequently converted to a public company on 8 November 2003. On 21 November 2003, GDEX entered into a Conditional Sale and Purchase Agreement with GDH, for the Acquisition of GDSB and GDTech. As part of the corporate restructuring to secure GDEX's ownership of the IT Software System, GDEX had on 21 November 2003 entered into a Conditional Sale and Purchase Agreement with GD (BVI) to purchase modules of the highly customised IT Software System, which is essential to the daily operations of GDEX. The IT Software System was subsequently injected by GDEX into GDTech. Upon completion of the Acquisitions on 8 February 2005, GDSB, GDTech and GDV (via GDSB) became wholly-owned subsidiary companies of GDEX.

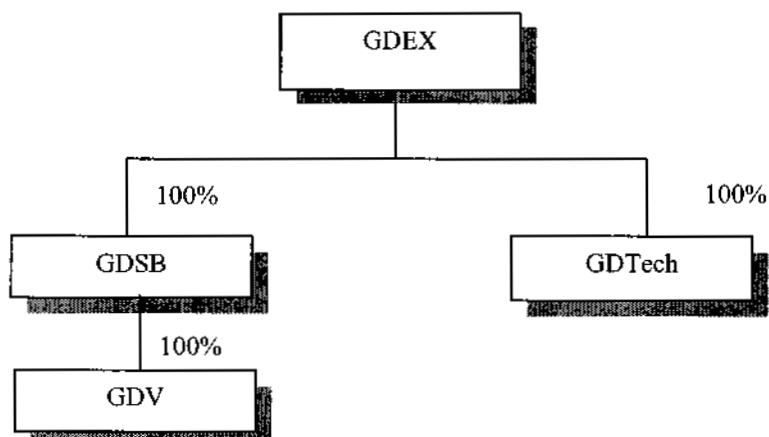
GDTech is responsible for providing IT support services to the Group's entire network system, whereas GDV is principally engaged in operating and maintenance of most of the Group's fleet of trucks and vans.

The Group currently operates a network of 72 stations, which includes branches, affiliates and agents throughout East and West Malaysia. Dispatch/delivery and logistical operations workers comprise the majority of the Group's employee base – approximately 66.3% of the total workforce of 842 employees as at the Latest Practicable Date. The Group has a fleet of approximately 150 trucks and vans used primarily for hauling of documents and parcels between stations and the National Hub (termed "line-haul" fleet) and for local picks-up and deliveries. In terms of IT hardware, the Group possesses 340 personal computer terminals linked up on an internal network powered by 6 servers and spread throughout its facilities. 39 of its stations are currently linked up through the Group's central servers.

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**5. INFORMATION OF THE GDEX GROUP (CONTINUED)**

A graphical representation of the Group structure is as follows:-



Further information on the above subsidiary companies is disclosed in Section 5.4 of this Prospectus. As at the date of this Prospectus, GDEX does not have any associate company.

**5.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL**

The authorised and issued and paid-up share capital of GDEX as at the date of this Prospectus is as follows:-

	No. of Shares	Par value (RM)	Amount (RM)
Authorised	500,000,000	0.10	50,000,000
Issued and Paid-up	170,748,830	0.10	17,074,883

Details of the changes in the Company's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par value (RM)	Consideration	Cumulative Total (RM)
7 October 2003	2	1.00	Subscribers' Share	2
8 February 2005	17,074,881	1.00	Acquisitions	17,074,883
8 February 2005	170,748,830	0.10	Share Split	17,074,883

Upon completion of the Public Issue, GDEX will have an enlarged issued and paid-up capital of RM20,574,883 comprising 205,748,830 Shares.

## 5. INFORMATION OF THE GDEX GROUP (CONTINUED)

### 5.3 LISTING PROPOSAL

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of GDEX on the MESDAQ Market, the Company implemented a Listing Proposal which entails the following:-

#### 5.3.1 Acquisitions

The Acquisitions entail the following transactions:-

- i. GDEX had on 21 November 2003 entered into a conditional sale and purchase agreement with GDH to acquire the followings:
  - (a) 17,300,000 ordinary shares of RM1.00 each, representing the entire issued and paid up capital in GDSB at a purchase consideration of RM12,774,781 or RM0.74 per share. The purchase consideration was fully satisfied by the issuance of 12,774,781 new GDEX shares at par of RM1.00 each to GDH ("Acquisition of GDSB"); and
  - (b) 100 ordinary shares of RM1.00 each, representing the entire issued and paid up capital in GDTech at a purchase consideration of RM100 or RM1 per share. The purchase consideration was fully satisfied by the issuance of 100 new GDEX Shares at par of RM1.00 each to GDH ("Acquisition of GDTech")
- ii. GDEX had on 21 November 2003 entered into a conditional sale and purchase agreement with GD (BVI) to acquire the customised IT Software System (constructed in modular forms, which connect the entire operational and business functions through network and server) at a purchase consideration of RM4,300,000. The purchase consideration was fully satisfied by the issuance of 4,300,000 new GDEX shares at par value of RM1.00 each to GD (BVI) ("Acquisition of IT Software System")

The purchase considerations for the Acquisition of GDSB and Acquisition of GDTech were arrived at based on a willing buyer-willing seller basis after taking into consideration the following:

- i. the audited NTA of GDSB of RM10,174,781 as at 30 June 2003 or approximately RM0.64 per share and proforma adjusted NTA of RM12,774,781 or RM0.74 per share, taking into account the additional issuance of 1,300,000 new ordinary shares of GDSB at RM2.00 each, which were allotted on 21 November 2003;
- ii. the audited PAT of GDSB of RM985,135 for the financial year ended 30 June 2003;
- iii. the earnings potential of GDSB; and
- iv. the audited NTA of GDTech of (RM6,155) as at 30 June 2003 or approximately (RM 61.55) per share;

The purchase consideration for the Acquisition of IT Software System was arrived at on a willing buyer-willing seller basis after taking into consideration of the indicative value of the said system in the region of RM4,400,000 to RM5,000,000 based on the indicative valuation report prepared by an expert, namely Messrs Horwath, dated 18 November 2003. A letter containing a summary of the valuation report together with the bases and assumptions of the valuation and the basis for deeming the appropriateness of a specific valuation approach for the IT Software System is set out in Section 14 of this Prospectus.

## 5. INFORMATION OF THE GDEX GROUP (CONTINUED)

Subsequently, Teong Teck Lean entered into agreements dated 27 November 2003 with the respective minority shareholders of GDH for the purchase of all the shares held by these following minority shareholders, namely Dato' Mohammed Radzi @ Mohd Radzi Bin Manan, Wang Herng Dar, Agnes Chan Wai Ching, Ang Pok Hong, Chan Moon Fook, Dr Lee Hong Seng @ Lee Hoong Seng, Ding Mei Siang, Kwok Nguk Mooi, Yong Phie Loong, Lau Wai Fong, Chan Kok Sing, Wee Ah Kee, Lau Wing Tat, Leong Chee Tong, Kong Hwai Ming, Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid ("Minority Shareholders") in GDH ("Shareholding Rationalization"). Upon completion of the Shareholding Rationalization, the Minority Shareholders shall collectively hold 52,502,495 or approximately 25.53% of the enlarged GDEX Shares. Teong Teck Lean and his wife, Wang Herng Tsuey, will emerge as the only shareholders of GDH.

The Acquisitions were completed on 8 February 2005. Upon the completion of the Acquisitions, the issued and paid up capital of GDEX increased from RM2 comprising 2 GDEX ordinary shares of RM1.00 each to RM17,074,883 comprising 17,074,883 GDEX ordinary shares of RM1.00 each.

The Shareholding Rationalization was completed on 8 February 2005.

### 5.3.2 Share Split

Upon completion of the Acquisitions, GDEX implemented a share split exercise, which involved the subdivision of every existing one (1) share of RM1.00 each in GDEX into ten (10) shares of RM0.10 par value each.

Following the completion of the share split, GDEX's issued and paid-up share capital is RM17,074,883 comprising 170,748,830 Shares.

### 5.3.3 Public Issue

The Public Issue will involve a total of 35,000,000 new Shares at an issue price of RM0.30 per Share payable in full upon application which shall be allocated in the following manner:-

- (a) 28,000,000 Issue Shares by way of private placement to identified public investors;
- (b) 5,000,000 Issue Shares will be made available for application by eligible Directors and employees of GDEX Group; and
- (c) 2,000,000 Issue Shares will be made available for application by the Malaysian public.

Upon completion of the Public Issue, the issued and paid-up capital of GDEX will increase to RM20,574,883 comprising 205,748,830 Shares of RM0.10 each.



**5. INFORMATION OF THE GDEX GROUP (CONTINUED)****5.4 INFORMATION ON SUBSIDIARY AND ASSOCIATE COMPANIES**

Information on the subsidiary companies of GDEX is set out below.

As at the date of this Prospectus, GDEX does not have any associate companies.

**5.4.1 Information on GDSB****i. History and Business**

GDSB was incorporated in Malaysia on 21 June 1995 under the Act as a private limited company and commenced its operations on 1 March 1996. GDSB is principally engaged in the provision of express delivery services and Customised Logistics Solutions services.

**ii. Share Capital**

As at the Latest Practicable Date, the authorised and issued and paid-up capital of GDSB are as follows:-

	No. of Shares	Par value (RM)	Amount (RM)
Authorised	30,000,000	1.00	30,000,000
Issued and Paid-up	17,300,000	1.00	17,300,000

Details of the changes in GDSB's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Consideration (RM)	Cumulative Total (RM)
21 June 1995	2	2	2
21 July 1995	99,998	99,998	100,000
25 March 1997	950,000	950,000	1,050,000
1 July 1997	950,000	950,000	2,000,000
18 September 1997	1,000,000	1,000,000	3,000,000
26 September 1997	500,000	500,000	3,500,000
17 December 1998	1,000,000	1,000,000	4,500,000
5 May 2000	2,500,000	2,500,000	7,000,000
10 June 2003	9,000,000	9,000,000	16,000,000
21 November 2003	1,300,000	1,300,000	17,300,000

**iii. Substantial Shareholders**

As at the Latest Practicable Date, GDSB is a wholly-owned subsidiary of GDEX.

**iv. Subsidiary and Associate Companies**

Information on the subsidiary company of GDSB is set out at Section 5.4.1.1.

**v. Employees**

As at the Latest Practicable Date, GDSB has 833 employees.

**5. INFORMATION OF THE GDEX GROUP (CONTINUED)****5.4.1.1 Information on GDV****i. History and Business**

GDV was incorporated in Malaysia on 16 June 2000 under the Act as a private limited company and commenced business on 1 May 2001. GDV is principally engaged in the transportation services.

**ii. Share Capital**

As at the Latest Practicable Date, the authorised and issued and paid-up capital of GDV are as follows:-

	No. of Shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and Paid-up	100	1.00	100

Details of the changes in GDV's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par value (RM)	Consideration	Total (RM)
16.6.2000	100	1.00	Cash	100

**iii. Substantial Shareholders**

As at the Latest Practicable Date, GDV is a wholly-owned subsidiary of GDSB.

**iv. Subsidiary and Associate Companies**

As at the Latest Practicable Date, GDV does not have any subsidiary or associate companies.

**v. Employees**

As at the Latest Practicable Date, GDV has 9 employees.

**5.4.2 Information on GDTech****i. History and Business**

GDTech was incorporated in Malaysia on 16 June 2000 under the Act, as a private limited company. GDTech is principally involved in the provision of IT services.

**ii. Share Capital**

As at the Latest Practicable Date, the authorised and issued and paid-up capital of GDTech are as follows:-

	No. of Shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and Paid-up	4,300,100	1.00	4,300,100

**5. INFORMATION OF THE GDEX GROUP (CONTINUED)**

Details of the changes in the company's issued and paid-up share capital since its date of incorporation are as follows:-

<b>Date of Allotment</b>	<b>No. of Shares</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Total (RM)</b>
16.6.2000	100	1.00	Cash	100
01.03.2005	4,300,000	1.00	Otherwise than cash	4,300,100

**iii. Substantial Shareholders**

As at the Latest Practicable Date, GDTech is a wholly-owned subsidiary of GDEX.

**iv. Subsidiary and Associate Companies**

As at the Latest Practicable Date, GDTech does not have any subsidiary or associate companies.

**v. Employees**

As at the Latest Practicable Date, GDTech has no employees.

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## 5. INFORMATION OF THE GDEX GROUP (CONTINUED)

## 5.5 SUMMARY OF LANDED PROPERTY

A summary of the information on landed property owned by the GDEX Group is as follows:-

Name of Registered Owner/ Postal address / Title Details	Description of property / Existing use	Approximate age of buildings	Date of issuance of the certificate of fitness	Land area (sq.ft)	Built-up area (sq.ft)	Tenure (Expiry date)	Encumbrances	Restrictions in interest	Audited Net book value as at 31 October 2004 RM
GDSB 21, Jalan Tandang, 46050 Petaling Jaya, Selangor DE.	Land with temporary structure erected as a foodstall <sup>2</sup> and a shaded car workshop <sup>2</sup>	40 years	N/A	29,757	8,844	99 Years Lease Expiring in 6 Nov 2057	Charge to Malayan Banking Berhad	Nil	2,591,283
PN 10314 (Formerly known as SL 3145) Lot 78 Section 20, Petaling Jaya, Petaling, Selangor Darul Ehsan									

Notes:-

- <sup>1</sup> Sales and purchase agreement for the purchase of this property was signed on 17 November 2003. As at the date of this Prospectus, the total purchase consideration amounting to RM2.5 million has been paid in full and the acquisition is completed. This property was purchased for future business expansion.
- <sup>2</sup> The Land was rented to Sonoflex Sdn. Bhd. pursuant to the tenancy agreement dated 8 December 1999, which shall lapse by 28 February 2006. There are no certificates of fitness for the temporary structure of this subject property. The Company has provided SC on 25 March 2005, an undertaking to obtain temporary permit or to demolish the temporary structure within one (1) year period from the date of this Prospectus.