

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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GD EXPRESS CARRIER BERHAD

Company No. 630579-A
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

AND

EXTRACT OF THE NOTICE OF THE THIRD ANNUAL GENERAL MEETING

The Notice of the Third Annual General Meeting of GD Express Carrier Berhad together with a Form of Proxy are enclosed in the 2006 Annual Report.

The Third Annual General Meeting is to be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m..

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, No.1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not later than forty eight (48) hours before the time set for holding the meeting and any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Saturday, 9 December 2006 at 2.30 p.m.
Date and time of the Annual General Meeting : Monday, 11 December 2006 at 2.30 p.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular :-

“Act”	Malaysian Companies Act, 1965 as amended from time to time and any re-enactment thereof
“AGM”	Annual General Meeting
“Board” or “Directors”	The directors for the time being and shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer (or any other company which is its subsidiary or holding company or a subsidiary of its holding company)
“Bursa Securities”	Bursa Malaysia Securities Berhad (Company No. : 635998-W)
“GD (BVI)”	GD Holdings International Limited (Company No. 565941), incorporated in British Virgin Island (a wholly-owned subsidiary company of GDH)
“GDEX” or “the Company”	GD Express Carrier Bhd. (Company No. : 630579-A)
“GDEX Group” or “the Group”	GDEX and its subsidiary companies as defined in Section 5 of the Companies Act, 1965
“GDH”	GD Express Holdings (M) Sdn Bhd (Company No. : 246161-H)
“GDSB”	GD Express Sdn Bhd (Company No. : 347624-X), a wholly owned subsidiary company of GDEX
“GDTech”	GD Technosystem Sdn Bhd (Company No. : 517030-X), a wholly owned subsidiary company of GDEX
“GDV”	GD Venture (M) Sdn Bhd (Company No. : 516974-H), a wholly owned subsidiary of GDSB
“GDX”	GDX Private Limited (Company No.: 200102178E), incorporated in Singapore
“Listing Requirements” or “MMLR”	Listing Requirements of Bursa Securities for the MESDAQ Market, and any amendments thereof
“Substantial Shareholder”	A person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act. Substantial Shareholder includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a substantial shareholder of the listed issuer (or any other company which is its subsidiary or holding company or a subsidiary of its holding company)

“NA”	Net assets
“Persons Connected”	This shall have the same meaning as in paragraph 1.01, Chapter 1 of the Listing Requirements
“Proposed Shareholders’ Mandate”	Proposed Renewal of Shareholders’ Mandate for GDEX Group to be entered into recurrent related party transactions of a revenue or trading nature from 11 December 2006 to the date of the next AGM
“Related Party(ies)”	Director, Substantial Shareholder or Persons Connected with such Director or Substantial Shareholder, who have an interest, direct or indirect, in the RRPT as set out in Section 7 of this Circular.
“Recurrent Related Party Transactions” or “RRPT”	Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the GDEX Group’s day-to-day operations and are in the ordinary course of business
“Related Company”	The Company which transacts with the GDEX Group which involves the interest, direct or indirect, of a Related Party.
“RM” and “sen”	Ringgit Malaysia and sen respectively.
“Share(s)”	Ordinary share(s) of RM0.10 each in GDEX.
“2006 Annual Report”	Annual Report of GDEX issued for the financial year ended 30 June 2006.

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GD EXPRESS CARRIER BERHAD

Company No. 630579-A
(Incorporated in Malaysia)

Registered Office:

10th Floor, Wisma Havela Thakardas
No.1, Jalan Tiong Nam
Off Jalan Raja Laut
50350 Kuala Lumpur

20 November 2006

The Board of Directors

Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid	<i>(Independent Non-Executive Chairman)</i>
Teong Teck Lean	<i>(Executive Deputy Chairman and Chief Executive Officer)</i>
Leong Chee Tong	<i>(Executive Director and Deputy Chief Executive Officer)</i>
Lau Wing Tat	<i>(Non Independent Non- Executive Director)</i>
Kong Hwai Ming	<i>(Independent Non-Executive Director)</i>
Nolee Ashilin binti Mohammed Radzi	<i>(Independent Non-Executive Director)</i>
Liew Heng Heng	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of GD Express Carrier Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the last AGM held on 28 December 2005, the shareholders of GDEX had approved the general mandate for GDEX and its subsidiaries to enter into RRPT. The said mandate shall lapse at the conclusion of the forthcoming AGM unless a renewal is obtained.

On 27 October 2006, the Board of Directors announced of the Company's intention to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM in accordance with Rule 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m.. The extract of Notice of AGM is enclosed in this Circular.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Principal Activities of GDEX Group

GDEX is principally an investment holding company. It holds equity interest in its subsidiaries that engaged in inter-alia, provision of express delivery services and transportation services.

The following are the core activities of GDEX's principal subsidiary companies:-

Subsidiaries	Effective Equity Interests held (%)	Principal Activities
GDSB	100	Provision of express delivery services.
GDV	100	Provision of transportation services solely to GDSB.
GDTech	100	Licencing of software maintenance to GDSB.

2.2 Proposed Shareholders' Mandate

The Board wishes to seek the approval from the shareholders of GDEX for the Proposed Shareholders' Mandate which would enable the GDEX Group, in its ordinary course of business, to enter into the existing RRPT as set out in Section 2.3.2 below, provided that such transactions are in the ordinary course of business and made at arm's length, on the normal commercial terms of GDEX Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental and prejudicial to the minority shareholders of the Company.

Pursuant to Part E, Paragraph 10.09 and Guidance Note. No. 8/2006 of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of the RRPT of a revenue or trading nature which is necessary for its day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where:-
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios or such aggregated transactions is equal to or exceeds 1%

whichever is the lower;
- (c) issuance of a circular to shareholders by the listed issuer; and
- (c) the interested Director, interested Substantial Shareholder and interested person connected with a Director or Substantial Shareholder; and where it involves the interest of an interested person connected with a Director or Substantial Shareholder, such Director or Substantial Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Substantial Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.

2.3 Classes and Nature of the RRPT

Details of the RRPT, including the classes of related parties with whom transactions will be carried out and the nature of such transactions contemplated shall include those described below:-

2.3.1 Classes of Related Parties as at 31 October 2006

Related Parties	Relationship
Teong Teck Lean	Common Director and Substantial Shareholder of GDEX, GDH and GDX.
Leong Chee Tong	Common Director of GDEX and GDX and Substantial Shareholder of GDX.
GDH	Substantial Shareholder of GDEX
GD(BVI)	Substantial Shareholder of GDEX

2.3.2 Nature of Recurrent Related Party Transactions

The nature of the Recurrent Related Party Transactions which are to be covered by the Proposed Shareholders' Mandate and the estimated value of the Recurrent Related Party Transactions are as follows :-

Nature of Transaction	GDEX Group	Related Company (Supplier)	Interested Directors / Substantial Shareholders/Persons Connected to Directors or Substantial Shareholders ^(a)	*Estimated Aggregate Value during the validity of the Mandate (RM)
Provision of software update and maintenance necessary for the operations of the Group	GDTech	GDX	Teong Teck Lean Leong Chee Tong GDH GD(BVI)	225,000
Provision of software training.	GDSB	GDX	Teong Teck Lean Leong Chee Tong GDH GD(BVI)	450,000

Note:

(a) The nature of relationship with the Related Company is outlined in section 2.3.1 above.

- The estimated value of transactions are based on values as determined up to the printing of this Circular. However, the actual value of these transactions may be subject to change.

3. VALIDITY PERIOD OF THE PROPOSED SHAREHOLDERS' MANDATE

This Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until: -

- i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed, at which time it shall lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier and shall apply in respect of the RRPT stated in Section 2.3 of this Circular. Thereafter, approval from shareholders for renewal of the RRPT mandate will be sought at the next AGM and at each subsequent AGM of the Company.

4. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

Rationale :-

The RRPT entered or to be entered into by GDEX Group are in the ordinary course of business and are necessary for day-to-day operations. The RRPT are/will be a recurring transaction(s) of a revenue or trading nature that contribute/will contribute directly to the GDEX Group's revenue and are/will likely to occur with some degree of frequency and may arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT.

The RRPT entered or to be entered into by GDEX Group are undertaken at arm's length on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public.

The Group should have access to all available markets, including the Related Parties. The RRPT are intended to meet the business needs of the Group at the best possible terms. In most dealings with the Related Parties, the Group and Related Parties have close co-operation and good understanding of each other's business need, thus providing a platform where all parties can benefit from conducting the RRPT. In addition, the Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties, thus enabling more informed commercial decisions to be made and minimizing any risk of interruptions to the Group's day-to-day operations.

Benefits :-

The Proposed Shareholders' Mandate will eliminate the need to make announcements to Bursa Securities and/or to convene separate general meetings from time to time to seek shareholders' prior approvals for the entry by GDEX Group into such RRPT. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

5. REVIEW AND DISCLOSURE PROCEDURES IN RELATION TO THE RECURRENT RELATED PARTY TRANSACTIONS

The review and disclosure procedures for the RRPT are to establish a measure that will ensure the such RRPT are conducted on terms not more favourable to the Related Parties than those generally available to the public at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be detrimental to the minority shareholders, the management will ensure that the transactions with the Related Parties will only be entered into after taking into account the pricing, expertise required and other related factors.

To monitor the RRPT, the review and disclosure procedures adopted by the GDEX Group are as follows:-

- (i) The Management of GDEX will ensure that the RRPT will only be entered into after taking into account the pricing, expertise and other related factors. The transaction prices will be determined by market forces, similar to those prices for transactions with unrelated third parties, and references will be made to surveys and/or valuations to be undertaken to gather information on market prices;
- (ii) Records will be maintained to capture all RRPT which are entered into pursuant to the Proposed Shareholders' Mandate.
- (iii) The Audit Committee will undertake a periodic review of the RRPT to ensure that such transactions are undertaken at arm's length basis and on normal commercial terms, which are not more favourable to the Related Parties than those generally available to the public, are not, in the Company's opinion, detrimental to the minority shareholders of the Company. In its review and approval of such transactions, the Audit Committee may, as it deem fit, request for additional information pertaining to the transactions from independent sources or professionals.
- (iv) The Board and the Audit Committee will review all RRPT to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review is done at every quarter together with the review of quarterly results;
- (v) The Board and the Audit Committee shall review the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- (vi) The interested Directors who are members of the Board and the Audit Committee will abstain from deliberating and voting on all matters pertaining to the RRPT at the relevant Board and Audit Committee's meeting.
- (vii) Disclosure will be made in the Company's annual report or in the GDEX Group's Audited Financial Statements in relation to the breakdown of the aggregate value of the RRPT during the financial year, stating:-
 - (a) the type of RRPT made; and
 - (b) the names of the Related Parties involved in each type of the RRPT made and their relationships with the respective Companies.

and in the annual reports for the subsequent financial years that the proposed renewal of mandate continues to be in force.

GDEX has disclosed the breakdown of the aggregate value of the RRPT conducted during the financial year ended 30 June 2006 in its 2006 Annual Report for the said financial year.

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has seen and reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures for RRPT, as well as the annual reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that RRPT will be made at arm's length and in accordance with the GDEX Group's normal commercial terms, and on terms which are not more favourable to the Related Party than those generally available to the public and hence, will not be detrimental to the minority shareholders or disadvantageous to the GDEX Group.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and indirect shareholdings of the interested Directors, interested Substantial Shareholders and Persons Connected to them in GDEX as per the Register of Directors' Shareholdings as at 31 October 2006 are as follows:-

Interested Directors	No. of ordinary shares of RM0.10 each			
	Direct	%	Indirect	%
Teong Teck Lean	37,500	0.02	147,807,896 ¹	57.47
Leong Chee Tong	11,288,743	4.39	-	-
Interested Substantial Shareholders				
GDH	94,057,896	36.57	53,750,000 ²	20.90
GD(BVI)	53,750,000	20.90	-	-

Notes:-

- (1) Deemed interested by virtue of interests in GDH and GD (BVI), pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of the interest of GD (BVI) in GDEX,, pursuant to Section 6A of the Act.

The interested Director and the interested Substantial Shareholders of GDEX, namely Teong Teck Lean and Leong Chee Tong had abstained and will continue to abstain from the Board deliberation and voting at the relevant Board Meetings of GDEX and shall abstain from voting in respect of their direct and/or indirect shareholdings on the resolution of the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Substantial Shareholders or Persons Connected with Directors and/or Substantial Shareholders of GDEX have any interest, either directly or indirectly, in the Proposed Shareholders' Mandate.

The aforementioned interested Directors and/or Substantial Shareholders of GDEX have also undertaken to ensure that the persons connected to them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Shareholders' Mandate at the AGM to be convened.

8. FINANCIAL EFFECTS ON THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effects on the issued and paid-up share capital, earnings, net assets per share, dividends and shareholdings structure of the GDEX Group.

9. DIRECTORS' RECOMMENDATION

The Directors (save for Teong Teck Lean and Leong Chee Tong who are deemed interested in the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and therefore recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of GDEX.

10. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval being obtained from the shareholders of GDEX at the forthcoming AGM to be convened or at any adjournment thereof.

11. ANNUAL GENERAL MEETING

An AGM, the notice of which is enclosed with this Circular, will be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate under the Agenda of Special Business as set out in the said Annual Report.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in accordance with the instructions printed therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, No.1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time fixed for the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
GD EXPRESS CARRIER BERHAD

Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid
Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of GDEX and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, neither GDEX nor its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business or any of the businesses of our subsidiaries) within the past two (2) years up to the date of this Circular.

- (i) Contracts relating to the purchase and maintenance of information technology ("IT") software system comprising:
 - (a) IT Software System Training Agreement dated 21 November 2003 between GD as Developer and GDSB as Customer. Subject to the terms and conditions contained in this Agreement, the Developer has agreed to provide training to the Customer for the use of the IT Software System in consideration of the payment of training charges of RM12,000 per month ("Training Charges") for an initial period of 2 years from the commencement date of 8 February 2005. After the initial period of two (2) years, the parties may renew this Agreement from year to year for another two (2) years subject to increase or decrease of the Training Charges in the region of 5% based on the last Training Charges payable by the Customer or at any other charges lower than the Training Charges that may be mutually agreed upon by the parties;
 - (b) IT Software System Update and Maintenance Agreement dated 21 November 2003 between GD as Developer and GDTech as Customer. Pursuant to the terms and conditions of this Agreement, the Developer has agreed to provide to the Customer any modifications, enhancements, bug fixes, patch releases, updates, upgrades and/or improvements to the IT Software System as well as maintenance services in consideration of the payment of maintenance charges amounting to RM6,000 per month ("Maintenance Charges") for an initial period of 2 years from the commencement date of 8 February 2005 and other fees pursuant to this Agreement. After the initial period of two (2) years, the parties may renew this Agreement from year to year for another two (2) years subject to increase or decrease of the Maintenance Charges in the region of 5% based on the last Maintenance Charges payable by the Customer or at any other charges lower than the Maintenance Charges that may be mutually agreed upon by the parties; and
 - (c) Sale and Purchase Agreement for IT Software System dated 21 November 2003 between GD (BVI) as Vendor and GDEX as Purchaser. Pursuant to this Agreement, the Vendor has agreed to sell to the Purchaser the IT Software System with all rights attaching to and accruing on the IT Software System as at and from the date of this Agreement at the purchase price of RM4,300,000 to be satisfied by the issue and allotment to the Vendor by the Purchaser of 4,300,000 ordinary shares of RM1.00 each in the capital of the Purchaser and upon the terms and conditions set out under this Agreement. This Agreement has been completed and the 4,300,000 ordinary shares of RM1.00 each in GDEX was allotted to GD (BVI) on 8 February 2005;

- (ii) Agreement dated 21 November 2003 between GDH as Vendor and GDEX as Purchaser for the sale and purchase of 100% equity interests in GDSB and GDTech, which comprise the following:
 - (a) GDTech with paid up share capital of 100 ordinary shares; and
 - (b) GDSB with paid up share capital of 17,300,000 ordinary shares;for a purchase price of RM12,774,881 to be satisfied by the issue and allotment of the 12,774,881 ordinary shares of RM1.00 each credited as fully paid up in the capital of the Purchaser. This Agreement has been completed and the 12,774,881 ordinary shares of RM1.00 in GDEX each was allotted to GDH on 8 February 2005;
- (iii) Tenancy in relation to building erected on Lot 80, No. 17, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan (“PJ Land”) comprising:
 - (a) Tenancy Agreement dated 26 February 2004 between Abric Berhad as Landlord and GDSB as Tenant for the tenancy of the ground floor office and warehouse erected on the PJ Land for a term of three (3) years commencing on 1 February 2004 and terminating on 31 January 2007 at a monthly rental of RM11,554.20 with an automatic renewal of the tenancy for a further three (3) year period at the prevailing market rate provided that it will not exceed 15% of RM11,554.20. The parties entered into an agreement on 5 September 2005 to terminate this Agreement with effective from 1 February 2006 and the parties entered into a new tenancy agreement dated 5 September 2005 as described in item (c) below;
 - (b) Tenancy Agreement between Abric Berhad and GDSB dated 13 December 2004 for the tenancy of the entire first floor, the foyer and the Ground Floor office of the building erected on the PJ Land for a term of 3 years commencing on 1 January 2005 and terminating on 31 December 2007 at a monthly rental of RM20,000. The parties entered into an agreement on 5 September 2005 to terminate this Agreement with effective from 1 February 2006 and the parties entered into a new tenancy agreement dated 5 September 2005 as described in item (c) below; and
 - (c) Tenancy Agreement between Abric Berhad as Landlord and GDSB as Tenant dated 5 September 2005 for the tenancy of the whole office, factory and warehouse of the building erected on the PJ Land for a term of 3 years commencing on 1 February 2006 and terminating on 31 January 2009 at a monthly rental of RM90,000;
- (iv) GDSB and GDH entered into a Licence Agreement for use of content dated 8 February 2005. Pursuant to the Agreement, GDSB will deliver the information essential to the updating, enhancing the IT Software System to GDH or its nominee so that GDH or its nominee can forward the information to GDX to update and/enhance the IT Software System. GDH agrees to pay RM1.00 to GDSB for use of the said content;
- (v) GDSB and GDTech entered into a Licence Agreement for Software dated 10 March 2005. Pursuant to the Agreement, GDTech will lease the IT Software System to GDSB for the consideration of RM864,000 per year until this license is terminated pursuant to the terms of this Agreement. The licence can be terminated if either party is in breach of any terms of the Agreement and the breach is uncured after 30 days of written notice. In addition, the Agreement can also be terminated if either party is adjudged insolvent, if proceedings are instituted by or against a party seeking relief, reorganisation or arrangement under any laws relating to insolvency, or seeking assignment for the benefit of creditors or appointment of receiver, liquidator or the actual or threatened dissolution, liquidation or winding up of the party’s business or the change in controlling interest in either party;

- (vi) Placement Agreement dated 10 March 2005 between GDEX and OSK Securities Berhad for the appointment of OSK Securities Berhad as placement agent for 28,000,000 GDEX Shares (“Placement Shares”) at an issue price of RM0.30 per share pursuant to the listing of GDEX on the MESDAQ Market of Bursa Securities at a placement fee of 1.2% of the total consideration paid by the placees for the subscription of the Placement Shares;
- (vii) Underwriting Agreement dated 10 March 2005 between GDEX and OSK Securities Berhad for the underwriting of 2,000,000 Shares offered by GDEX to the public and any unsubscribed portion of the 5,000,000 Shares offered to Directors and eligible employees of GDEX Group in conjunction with the Listing for an underwriting commission of 2.0% of the issue price of RM0.30 per share;
- (viii) Advisory and Placement Agreement dated 5 August 2005 between Commerce International Merchant Bankers Berhad and GDEX for the proposed private placement of 25,718,604 placement shares, representing up to ten percent (10%) of the issued and paid-up share capital of the Company at issue price(s) to be determined later. The advisory fee for the placement is RM100,000 and the placement agent fee is not less than 2% on the value of the shares placed to investors identified by Commerce International Merchant Bankers Berhad based on a discount of not lower than 5% to the five (5)-day weighted average market price (“WAMP”) subject to prevailing market condition then; and
- (ix) Sale and Purchase Agreement dated 29 August 2006 between Lembaga Tabung Haji as Vendor and GDEX as Purchaser for the sale and purchase of the property described as all that piece and parcel of leasehold industrial property identified as PN 10315, Lot 79, Seksyen 20, Bandar of Petaling Jaya, Daerah of Petaling, State of Selangor Darul Ehsan bearing postal address of No. 19, Jalan Tandang, 46050 Petaling Jaya (‘the Property’) for the purchase price of RM5,500,000 and subject to the terms and conditions as set out in this Agreement.

3. MATERIAL LITIGATION

Save as disclosed below, as at the date of this Circular, neither we nor any of our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of GDEX Group and the Directors are not aware of any proceedings, pending or threatened, against us and/or any of the subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of GDEX Group.

- (i) On 10 May 2004, Panglima Ribuan Sdn Bhd (“Plaintiff”) commenced legal proceedings against GDSB via 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 was an ex-courier service agent or affiliate of GDSB for the Subang area and Plaintiff 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, 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 for alleged loss of cash clients and loss of potential clients, RM240,000 for alleged loss of income and RM240,000 for alleged failure of GDSB to service the Plaintiff’s clients.

GDSB has filed its statement of 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 serving GDSB. GDSB has also filed an application for security for cost from the Plaintiff and this application was granted by the Shah Alam High Court and the Plaintiff has paid Ringgit Malaysia One Hundred Thousand (RM100,000) into the Court as security for cost on 18 September 2006. The next hearing date for this case has been fixed on 26 February 2007.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of GDEX at 10th Floor, Wisma Havela Thakardas, No.1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia during normal business hours between Mondays and Fridays (except on public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) Memorandum and Articles of Association of GDEX;
- (ii) The material contracts referred to in Section 2 of this Circular;
- (iii) Audited financial statements of GDEX for the financial year ended 30 June 2005 and 2006;
- (iv) Unaudited quarterly report of GDEX for the first quarter ended 30 September 2006; and
- (v) The relevant cause papers in respect of material litigation referred to in Section 3 above.

EXTRACT OF THE NOTICE OF THE THIRD ANNUAL GENERAL MEETING

ORDINARY RESOLUTION

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT the Company and its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3 of the Circular to the shareholders dated 20 November 2006, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company

THAT such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed of Shareholders' Mandate."