NetDimensions®
(Holdings) Limited

Admission Document

Placing & Admission to AIM
May 2007

Nominated Adviser & Broker
Teather & Greenwood Limited

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this document should be read. Prospective investors should carefully consider the section entitled ''Risk Factors'' in Part II of this document before taking any action. All statements regarding the Company's current and future business should be viewed in light of these risk factors.

This document, which comprises an admission document for the purposes of the AIM Rules, has been drawn up in accordance therewith. No offer of transferable securities to the public (within the meaning of Section 102B FSMA) is being made in connection with the Placing. This document is not a prospectus for the purposes of the Prospectus Rules and it has not been reviewed or approved by the Financial Services Authority.

The Company and each of the Directors, whose names appear on page 8 of this document, accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the whole of the issued share capital of the Company (including the Placing Shares) to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not dealt in on any other recognised investment exchange and no such applications have been made.

It is expected that Admission will become effective and that dealings will commence on AIM on 2 May 2007.

NetDimensions (Holdings) Limited

(Incorporated and registered in the Cayman Islands under the Companies Law (2004 revision) with registered number 102199)

Placing
of
4,838,710 new Ordinary Shares of US$ 0.001 each at 62 pence per share
and
ADMISSION TO TRADING ON AIM

Nominated Adviser and Broker
TEATHER & GREENWOOD LIMITED
Share capital immediately following Admission

Authorised			*Issued and fully paid*		
Amount	*Number*	*Ordinary Shares*	*Amount*	*Number*	*Ordinary Shares*
US$100,000	100,000,000	of US$ 0.001 each	US$24,550.576	24,550,576	of US$ 0.001 each

Teather & Greenwood, which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as nominated adviser and broker to the Company (for the purpose of the AIM Rules) and no one else in connection with the Placing and the Admission and will not be responsible to any person other than the Company for providing the protections afforded to customers of Teather & Greenwood nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Teather & Greenwood's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Shareholder or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Teather & Greenwood as to the contents of this document or for the omission of any material, for which it is not responsible.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document should not be taken, transmitted, distributed, published, reproduced or otherwise made available in whole or in part, directly or indirectly, in or into Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa, or the United States or any other country outside the United Kingdom where that may lead to a breach of any legal or regulatory requirements. Neither the Existing Shares nor the Placing Shares have been or will be registered under the United States Securities Act 1933 (as amended) or under the securities legislation of any state of the United States or any province or territory of Australia, Canada, Japan, the Republic of Ireland, or the Republic of South Africa. Subject to certain exceptions, the Placing Shares may not, directly or indirectly, be offered or sold in or into Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa, or the United States or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or any person located in the United States. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and address any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

Copies of this document, which is dated 26 April 2007, will be available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company and from the offices of Teather & Greenwood, Beaufort House, 15 St. Botolph Street, London EC3A 7QR from the date of Admission for not less than one month thereafter.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon in any respect whatsoever.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document, unless otherwise stated or unless the context otherwise requires:

"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the Ordinary Shares (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	AIM, a market of the London Stock Exchange
"AIM Rules"	the rules of AIM governing admission to AIM and for companies whose securities are traded on AIM and their nominated advisers published by the London Stock Exchange as amended from time to time
"Articles"	the articles of association of the Company
"certificated" or "in certificated form"	the description of a share or other security which is not in uncertificated form (that is, not held in CREST)
"City Code"	the City Code on Takeovers and Mergers
"Combined Code"	The Principles of Good Governance and Code of Best Practice, issued by the London Stock Exchange
"Companies Law"	the Companies Law (2004 Revision) of the Cayman Islands
"Company"	NetDimensions (Holdings) Limited, a company incorporated under the laws of the Cayman Islands (registered number: 102199) whose registered office is at M&C Corporate Services Limited, P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies
"CREST"	the relevant system (as defined in the CREST Regulations) to facilitate the transfer of title to the shares in uncertificated form in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales
"Crest Depositary"	Capital IRG Trustees Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
"Custodian"	any custodian or any nominee of any such custodian of the deposited property as may from time to time be appointed by the Depositary for the purposes of the DI Deed Poll
"Depositary Interests" or "DIs"	the depositary interests in uncertificated form representing Ordinary Shares issued to a holder on the terms of the DI Deed Poll described on page 20 of this document
"DI Deed Poll"	the first trust deed poll constituted by the Depositary in respect of the DIs

"DI Holder"	the holder of a DI issued pursuant to the terms of the DI Deed Poll
"Directors" or "Board"	the directors of the Company whose names are listed on page 8 of this document
"Enlarged Share Capital"	the entire issued share capital of the Company immediately following the Placing
"Executive Directors"	Jay Mervin Shaw, Jeffery Cyril Chung Man Cheung and Ray Cecil Ruff
"Finance Director"	the finance director of the Company from time to time
"FSA"	the Financial Services Authority of the United Kingdom
"FSMA"	the Financial Services and Markets Act 2000, as amended including any regulations made pursuant thereto
"HMRC"	HM Revenue & Customs
"IFRS"	International Financial Reporting Standards as adopted by the European Union
"Listing Rules"	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities for trading on a regulated market
"London Stock Exchange"	London Stock Exchange plc
"ND Services Inc"	ND Services Inc, a corporation incorporated under the laws of Texas, United States (filing number: 800724626), whose registered office is at The Kirby Mansion, 2000 Smith Street, Houston, Texas 77002, US
"NetDimensions" or "Group"	the Company and its subsidiaries, from time to time
"NetDimensions Limited"	NetDimensions Limited, the principal operating subsidiary of the Group, a company incorporated under the laws of Hong Kong (registered number: 0643372) whose registered office is at Room 1003-5, 10-F, Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong
"Non-Executive Directors"	Roger Philip Edward Durn, Graham Malcolm Higgins and Sanjay Vaze
"Official List"	the Official List of the UKLA
"Options"	options to subscribe for or acquire Ordinary Shares
"Ordinary Shares"	the ordinary shares of US$ 0.001 each, issued and un-issued, in the capital of the Company
"Placing"	the conditional placing by Teather & Greenwood of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement between the Directors (1), the Company (2), and Teather & Greenwood (3), dated 26 April 2007, relating to the Placing and Admission, particulars of

	which are summarised in paragraph 10 of Part IV of this document
"Placing Price"	62 pence per Placing Share
"Placing Shares"	the 4,838,710 new Ordinary Shares which are the subject of the Placing
"Shareholders"	holders of Ordinary Shares
"Share Option Scheme"	the "NetDimensions Share Option Plan", details of which are set out in paragraph 9 of Part IV of this document
"Teather & Greenwood"	Teather & Greenwood Limited, which is authorised and regulated in the United Kingdom by the FSA
"UKLA" or "United Kingdom Listing Authority"	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"uncertificated" or "in uncertificated form"	the form of an Ordinary Share recorded on the Company's register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction

GLOSSARY

The following glossary of terms applies throughout this document, unless otherwise stated or the context otherwise requires:

API	Application Programming Interface, a source code interface that a computer system or program library provides in order to support requests for services to be made of it by a computer program.
AICC	The Aviation Industry Computer-Based Training Committee.
EKP	Enterprise Knowledge Platform.
Java	an object-orientated programming language that is platform independent developed by Sun Microsystems, Inc.
IMS	Instructional Management Systems: a set of technical specifications defining how learning materials will be exchanged over the Internet and how organizations and individual users will use these materials.
LMS	Learning Management System: a Learning Management System is software that automates the administration of training events. Learning management systems administer and track both online and classroom-based learning events, as well as other training processes.
OLSA	Open Learning Services Architecture is a communication standard between content servers and LMSs developed by engineers at Skillsoft plc.
PENS	Package Exchange Notification Services: enables one-click publishing of courses from a PENS-conformant authoring tool or Learning Content Management System to an LMS. PENS defines a way for a publishing tool to notify a delivery system (for example an LMS) that new content is available for collection.
Point-orientated learning management solutions	A specific solution for a business to address specific needs.
SCORM	Shareable Content Object Reference Model.
XML	Extensible Markup Language, a general-purpose markup language that supports a wide variety of applications.

PLACING STATISTICS

Placing Price	62 pence
Number of Ordinary Shares in issue prior to the Placing	19,711,866
Number of new Ordinary Shares being issued pursuant to the Placing	4,838,710
Number of Ordinary Shares in issue immediately following Admission	24,550,576
Market capitalisation of the Company following the Placing at the Placing Price	£15,221,357.12
Percentage of Enlarged Share Capital being placed	19.71 per cent.
Gross proceeds of the Placing	£3,000,000.20
Estimated net proceeds of the Placing receivable by the Company	£2,320,000
ISIN number	KYG6427F1019

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	26 April 2007
Admission and dealings in the Enlarged Share Capital to commence on AIM	2 May 2007
CREST accounts credited for Placing Shares in uncertificated form	2 May 2007
Despatch of definitive share certificates for Placing Shares in certificated form	by 16 May 2007

Each of the times and dates in the above timetable is subject to change.

All references are to London time unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Roger Philip Edward Durn	(*Non-Executive Chairman*)
	Jay Mervin Shaw	(*Chief Executive Officer*)
	Jeffery Cyril Chung Man Cheung	(*Chief Financial Officer*)
	Ray Cecil Ruff	(*Chief Information Officer*)
	Graham Malcom Higgins	(*Non-Executive Director*)
	Sanjay Vaze	(*Non-Executive Director*)
Registered office	c/o M&C Corporate Services Limited P.O. Box 309 Ugland House South Church Street George Town Grand Cayman Cayman Islands British West Indies	
Principal place of business	10/f Siu On Centre 188 Lockhart Road Wan Chai Hong Kong	
Company secretary	Bik Kar Lai	
Nominated Adviser and Broker	Teather & Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR	
Auditors and reporting accountants to the Company	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY	
Solicitors to the Company	Clarkson Wright & Jakes Valiant House 12 Knoll Rise Orpington Kent BR6 0PG	
Solicitors to Teather & Greenwood	Kirkpatrick & Lockhart Preston Gates Ellis LLP 110 Cannon Street London EC4N 6AR	
Principal Bankers	HSBC Bank plc 29 Queen's Road Central Hong Kong	

Registrars	Capita Registrars (Jersey) Limited Victoria Chambers Liberation Square 1/3 Esplanade St Helier Jersey
CREST Depositary	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this document and should be read as an introduction to this document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. Any decision to invest in Ordinary Shares should be based on consideration of this document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this document.

Introduction

NetDimensions provides companies and government agencies with enterprise-class learning, knowledge and performance management related software and services, enabling them to manage the delivery and administration of employee training programmes.

The Group's products and services are designed to help clients achieve cost savings, educate extended enterprise value chains (supplier, partner and consumer), improve workforce productivity and maintain staff and agent compliance with various regulatory requirements in relation to client training and communications efforts. Clients include ABN AMRO, Cathay Pacific, HSBC, ING and The American Stock Exchange.

Financials

The following financial information has been extracted from the accountant's report on the Group contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information in making their investment decisions.

	Year ended 31 December 2004 US$'000	*Year ended 31 December 2005 US$'000*	*Year ended 31 December 2006 US$'000*
Turnover	1,756	2,490	3,515
EBIT	101	389	551
PAT	96	387	567

Current trading and prospects

Company trading in the first three months of 2007 was in line with management expectations. During this period the Company signed over 40 new clients and continued to benefit from support and maintenance, hosting and other services revenue from existing clients. NetDimensions continues to focus on mid-market and small enterprise sales with selective targeting of 'best fit' large enterprise sales.

Further financial information on the Group is provided in Part III of this document.

Reasons for Admission and the Placing

The Company intends to raise approximately £3 million (£2.32 million net of expenses) pursuant to the Placing. The net proceeds of the Placing will be used to:

- increase the sales and marketing capability of the Company;
- provide additional working capital for the Company; and
- provide funds for the potential acquisition of one or more regional distribution partners.

The Directors believe that Admission will:

- enhance the Company's status;
- provide liquidity for investors through the ability to buy and sell Ordinary Shares; and
- enable the Company to recruit and retain staff through equity incentivisation.

PART I

INFORMATION ON THE GROUP

Introduction

NetDimensions provides companies and government agencies with enterprise-class learning, knowledge and performance management related software and services, helping them to manage the delivery and administration of employee training programmes.

The Group's products and services are designed to help clients achieve cost savings, educate extended enterprise value chains (supplier, partner and consumer), improve workforce productivity and maintain staff and agent compliance with various regulatory requirements in relation to client training and communications efforts.

NetDimensions seeks to be and be regarded as a leader in its field in terms of the quality of its offerings and is committed to giving clients excellent services and products at reasonable prices. Design goals for product and service offerings can be described as fast, flexible, global, scalable, open and powerful.

NetDimensions' research and development activities are characterised by a commitment to close collaboration with clients and partners to develop its products and services in a manner which allows for iterative feedback on product and service feature sets.

History

NetDimensions started preliminary operations in 1999. The Group sent its first client invoice to an ING Groep N.V. company in December 2000. Contracts with Cathay Pacific Airways Limited and The Hongkong and Shanghai Banking Corporation Limited followed in 2001. Since then, the Group has sold products and services to more than 400 clients internationally.

Since its inception, the Company has raised a total of approximately US$5 million in a series of five financing rounds, largely from directors, current and former employees and private investors. The Company became profitable in the 2004 financial year and has remained so in each subsequent financial year to date.

The business

Enterprise Knowledge Platform

The Group's product is the Enterprise Knowledge Platform. The intention is for the software to give clients the infrastructure to develop point and enterprise-orientated learning management solutions. EKP delivers, manages, tracks and reports on learning and development initiatives including:

- self-access online;
- group online (with virtual classroom integration); and
- live, instructor-led training.

EKP enables businesses to grant, manage and report on employee and other target group certification and licensing, including continuing professional development and other time-bound and expiry-subject certifications and licences. EKP also enables businesses to generate the individual, group and organisation level reporting and exception reporting necessary for risk and regulatory requirements management.

EKP gives clients the tools to provide, manage and report on employee and other target group performance appraisals, career development planning and related job profiling, gap analysis, competency management and succession planning. EKP's repositary manager and system administration facilities allow a client to store, manage and share learning related content throughout its organisation with sophisticated access rights management. EKP's courseware manager lets subject matter experts and other content authors combine web-ready digital assets, such as PowerPoint presentations, with assessments generated by EKP's test engine. The whole package is published as a course and assigned to a group or groups of targeted employees notified and enrolled by the system, which then manages, tracks and reports on their progress.

The Directors believe the key strengths of the EKP software to be:

- **Speed:** EKP's open architecture, Java-based technology means that solutions can be implemented quickly. EKP is easy to install and can be configured quickly to meet changing organisational requirements.

- **Flexibility:** NetDimensions' clients generally have their own ideas of how they want a learning system to work and fit with existing corporate culture and technologies. EKP was designed to be flexible and to be easily integrated without imposing limitations on the clients' corporate methodology or IT infrastructure. EKP can be deployed on major operating system platforms (such as Sun Solaris, HP Unix, AIX Unix, Red Hat Linux, Mac OS X and various Microsoft Windows operating systems).

- **Scalability:** EKP's architecture allows for support for large numbers of users, and therefore has the potential to evolve over time to track a client's own growth and evolution. EKP supports clustered solutions, i.e. it can be distributed across multiple machines. Content can be stored locally rather than centrally to maximise efficient use of enterprise-wide resources.

- **Adaptability:** EKP features native XML-based connectors, APIs and other non-proprietary interfaces and is compliant with industry standards such as AICC, IMS, SCORM, PENS and OLSA. Other enterprise applications, such as human resource management, enterprise resource planning and customer relationship management systems, can be integrated with EKP to help address clients' system-to-system needs.

- **Ease of use:** This is a key point of differentiation which is closely monitored through feedback from clients and supported by independent industry analysis.

- **Internationally orientated:** EKP is designed to handle European, Asian and Middle Eastern languages simultaneously, and to be understanding of data bandwidth issues that organisations may face in different geographies.

EKP is sold in the following ways:

- as a software application under annual licence. Support and maintenance is included in the annual licence fee;

- as a software application under perpetual licence. Support and maintenance is available for an additional annual fee; and

- as an "on demand" hosted solution provided on an annual contract basis, with no separate charges for licences.

Annual licences, support and maintenance contracts and hosted services constitute recurring revenues for the Company.

EKP is sold in three versions:

- **EKP Bronze** is an e-learning only solution designed to meet the online training needs of organisations that do not require the more sophisticated functionality of EKP Silver or EKP Gold. EKP Bronze can be purchased online with a credit card;

- **EKP Silver** is a stand-alone learning management system designed to meet the needs of organisations that need more than e-learning, but that do not need high-end talent management handling, enterprise-orientated connectivity or client-specific customisation; and

- **EKP Gold** is the enterprise-orientated version of the software. The Gold version provides full feature set capability and allows for application integration and customisation as required. For example, EKP Gold can be integrated with other enterprise IT systems such as SAP, Oracle and PeopleSoft solutions.

All three versions of EKP share the same code base. Licence keys govern feature set differences and are designed to allow fast and straightforward upgrades. To upgrade from EKP Bronze to EKP Silver or EKP Gold or from EKP Silver to EKP Gold requires placing a new (emailed) licence key file in the proper EKP application folder and rebooting the server.

Hong Kong-based EKP hosting services are provided through data centre-housed servers managed by NetDimensions under ISO 27001 Security Certification guidelines. EKP customisations are provided either by NetDimensions or by NetDimensions' consulting partners who have been trained on the EKP Customization Toolkit and are authorised by NetDimensions to provide client customisation services.

Other services, for example, the creation of EKP 'skins', client specific look and feel environments, or portal solutions integrated with EKP, are provided by NetDimensions, its partners or by client staff or contractors. NetDimensions resells content authoring tools directly and via certain resellers and may resell other third party products in the future.

Sales

Though there are LMS buyers from all industries and geographies, typical buyers are companies of 1,000 or more employees that look to the Company's software to help them:

- meet regulatory requirements for employee and customer compliance training and licensing and certification delivery and management of various types;

- achieve sales force and other client-facing workforce readiness goals;

- increase general workforce productivity; and

- offer staff self-service career development options.

NetDimensions' clients tend to be companies:

- in competitive, regulated industries such as financial services, transportation and logistics (including aviation), telecommunications, petrochemicals and high-end consumer-orientated production;

- with geographically dispersed workforces; and

- that see technology as a tool to create strategic advantage.

NetDimensions provides EKP to clients internationally through direct and partner-led sales activities. Direct sales efforts have historically focused on North America, various European Union countries and Hong Kong. Partner-led sales efforts focus on more than 30 countries including the United Kingdom, the US, Canada, Australia, Germany, Austria, Switzerland, China, Thailand, Spain, Portugal, The Netherlands, Belgium, Mexico, Panama, Columbia, Ecuador, Venezuela, South Africa, Russia, Slovakia, the Czech Republic, Hungary, Greece, the United Arab Emirates, Oman, Saudi Arabia, Israel, Qatar and Kuwait.

Group organisation

NetDimensions operates with the following functional groups:

- **Research and Development/Engineering Services** comprises the chief information officer, a chief technology officer, an applications engineering manager, programmers and specialist technology consultants. This group creates general release versions of product offerings and builds client customisations;
- **Hosted Services** comprises the professional services manager and information technology consultants who manage internal technology requirements, data centre operations and client hosting services;
- **Client and Technical Services** comprises the group director and support consultants who handle after-sales client support, quality assurance testing, product training and related client and partner-facing services;
- **Finance and Administration** comprises the chief financial officer, a financial controller and support personnel who manage the Group's finance, human resources, secretarial and corporate services requirements; and
- **Sales and Marketing** comprises a chief sales officer (currently the chief executive officer), regional sales agents (who are responsible for both direct and channel sales), regional pre-sales technical support consultants, a marketing associate and technical and administrative support staff. The sales and marketing group is responsible for all direct sales, channel and consulting partner sales, recruitment and management, online and print advertising, promotions and event management.

The Group currently employs 27 staff in total, of which:

- 24 are based in the Group's headquarters in Hong Kong;
- 2 are based in the Group's office in Austin, Texas; and
- 1 is temporarily based in the UK.

Product development

NetDimensions engages in ongoing client and partner dialogues in order to understand and anticipate clients' near-term future needs and, in concert with both groups, create monthly product releases that incorporate market-led enhancements on an ongoing basis. The Group's iterative development methods and rapid release model ensure that the product is regularly improved and expanded. The Directors are committed to this development model.

Market overview

Industry analysis indicates that the LMS market is experiencing growth because of the increased demand for talent management applications.

According to independent research nearly 40 per cent. of organisations are using a learning management system; among large organisations, these numbers nearly double. Nearly one third of these enterprises are looking to consolidate or switch vendors. In the mid-market and small enterprise sector (less than $100,000 average purchase market) the utilisation of LMS is relatively small, with scope for substantial growth.

The management of NetDimensions believes that the following trends are defining the addressable LMS market in the near term:

- **Convergence:** LMS functionality is expanding into areas traditionally managed by other applications, such as enterprise-orientated and learning specific content management systems, various collaboration technologies, knowledge management and audited communications systems and the non-compensation parts of human resource management systems. At the same time, other applications and systems are adding LMS-style functionalities and many applications and systems providers are looking to comply with standards-based connector frameworks in order to better integrate into heterogeneous enterprise information technology environments;

- **Consolidation:** Some LMS providers are merging, or have merged, with competitors. Others have been acquired, or are in the process of, being acquired by other technology and services companies that appear to see strategic value in having LMS offerings. Certain human resources outsourcing (HRO), business process outsourcing (BPO) and other application service provider (ASP) orientated service companies are partnering with or buying LMS companies in order to expand their human resources offerings; and
- **Commoditisation:** Product and service fees for standard LMS offerings may stay flat or decrease due to increased competition and product improvements. The Directors believe that the possible pricing power should accrue to those providers that invest in vertical industry understanding and innovate faster than their competitors and that vendor cost management is a key competitive issue in this field.

Competition

NetDimensions classifies its competitors into the following three categories:

- **Integrated service providers, including managed service (HRO/BPO/ASP) providers:** Integrated service providers include companies such as Accenture, Tata Consulting Services, IBM Business Consulting and EDS. On the managed service side, the Group both competes and cooperates with these companies (which in the software industry is referred to as ‘coopetition’), and with smaller companies such as Convergys and Talent 2;
- **LMS technology providers and related technology development and content and service companies:** These include companies such as Saba, SumTotal Systems (both NASDAQ listed, California-based companies), Knowledge Planet, Plateau Systems, Learn.com, Outstart and Geolearning (all in the US), Futuremedia in the UK (also NASDAQ listed), Edvantage based in Norway, IMC in Germany, Cyberwisdom in China and various other regional players; and
- **Enterprise resource planning (ERP) and human resource management system (HRM) companies:** These include companies such as Oracle/Peoplesoft and SAP that offer LMS functionality in various ways, including as part of their integrated suite offerings.

Strategy

Following Admission, NetDimensions intends to focus on both direct and partner-led sales and hosted service offerings and to continue with its program of rapid release product development (including new versions of EKP).

In 2007 NetDimensions plans to introduce at least one new product to complement core EKP functionality.

In addition, the Group will seek to step up operations and investment in sales and marketing efforts, partner recruitment and support programs. The Group’s intention is to re-align its regional sales focus into three global groups, supported by a sales and marketing group in the Hong Kong office. A new group will be responsible for Europe, Middle East and Africa (EMEA) sales. A new Asia Pacific group will cover the major markets in East Asia. The recently established Texas office will be responsible for US, Canada and Caribbean sales. All three groups will be responsible for both direct sales and reseller management. The Hong Kong office will continue to manage Latin America sales and selected international accounts directly.

NetDimensions intends to continue to address and build for its core client markets (aviation, financial services, etc.). In addition, industry analysis indicates that mid-market and small enterprise sales are the fastest growing part of the LMS market. The Directors believe that NetDimensions has cost and efficiency advantages in this market and, as a result, the aim is to increase NetDimensions' marketing activities to target this market.

Summary financial information

The Company is a holding company and has not traded. The following financial information has been extracted from the accountant's report on the Group contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the information summarised in this section in making their investment decisions.

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Directors and senior management

The Board consists of six Directors in respect of whom brief biographies are set out below. Details of service contracts, option schemes and pension arrangements relating to the Directors are set out in paragraphs 7 and 9 of Part IV of this document.

Roger Durn (aged 52), Non-Executive Chairman

Roger has held senior management positions in Asia Pacific, US, UK, Australian and Japanese companies including vice president and senior director positions at Novell, SilverStream Software, Sybase, Powersoft, Mitsubishi Electric, GEC Alsthom and Apricot Computers. Roger started his career in research and development in the electronics and software industry in the UK in the 1980s before moving into sales, marketing and business development. Roger is currently Asia Pacific director of EnterpriseDB, a US-based database company. Roger holds a degree in chemical physics from the University of Sheffield. Roger chairs the nomination committee.

Jay Shaw (aged 47), Chief Executive Officer

Jay co-founded NetDimensions after more than a decade with NASDAQ-listed The Princeton Review. Jay's experience includes running The Princeton Review's operations in the US and Asia, in which capacity he held executive responsibility for organising and delivering both academic and corporate training programs on a commercial basis. Jay also taught English in China between 1984 and 1985. Jay is responsible for general Group management and sales.

Jeffery Cheung (aged 47), Chief Financial Officer

Jeffery is a Certified General Accountant (Canada) and member of the Hong Kong Institute of Taxation. He began his career as an audit accountant with Peat Marwick Mitchell & Co. in 1983. Prior to joining NetDimensions in 2001, Jeffery served in various roles, including financial controller of Oracle (HK) Limited and tax auditor with Revenue Canada. Jeffery holds a BA in accounting and financial management from the University of Sheffield and an MBA from Sheffield Hallam

University. Jeffery also serves as the vice president of the Hong Kong branch of the Association of Certified General Accountants (CGA-HK). Jeffery is responsible for overseeing the finance, human resources and administrative functions of the Group.

Ray Ruff (aged 52), Chief Information Officer

Ray co-founded NetDimensions, having joined the Group from Sybase. Ray previously served as open systems group manager at Unisys in Hong Kong and in the US. Ray holds an M.S. in computer science from the University of North Carolina at Chapel Hill. Ray is responsible for managing the technical and product development areas of the Group.

Graham Higgins (aged 56), Non-Executive Director

Graham is currently learning & development manager at Cathay Pacific Airways Limited where he advises on all people development initiatives worldwide and on executive recruitment and development for the Swire Group. He is a member of Cathay Pacific IT Strategy Advisory Group, a role he has held at Cathay Pacific since 1999. Graham holds a Full Technical Certificate in Telecommunications (5th Year City and Guilds). Graham chairs the remuneration and AIM Rules compliance committees.

Sanjay Vaze (aged 51), Non-Executive Director

Since 1996 Sanjay has been the managing director of Prima Group Limited in Hong Kong, a company that provides corporate services to more than 275 Hong Kong and overseas companies. From 1977 to 1993 he held various executive positions with the State Bank of India. From 1993 to 1996 Sanjay served as vice president of ICS Trust Company Ltd. in Hong Kong. Sanjay is a certified associate of the Indian Institute of Bankers and holds BA Honours and MA degrees in economics from the University of Delhi in India. Sanjay also serves as a director of the Forum of Indian Professionals, a non-profit organisation of Hong Kong-based Indian professionals. Sanjay chairs the audit committee.

Corporate governance

Whilst the Company is not subject to the Combined Code applicable to companies listed on the Official List, the Directors recognise the importance of sound corporate governance.

The Directors intend to comply with the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance in such respects as are appropriate for a company of its size, nature and stage of development. The Board comprises three Non-Executive Directors with relevant experience to complement the Executive Directors and to provide an independent view to the Board and the three Executive Directors.

The Board has established an audit committee, a nomination committee, a remuneration committee and an AIM Rules compliance committee with formally delegated duties and responsibilities.

The audit committee will be chaired by Sanjay Vaze and consists of the Non-Executive Directors. It will meet at least twice each year and will be responsible for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls. The committee will meet with the auditors at least once a year without the Chief Financial Officer (or any other of the Executive Directors) being present.

The nomination committee will be chaired by Roger Durn and consists of the Non-Executive Directors. It will meet at least twice each year and will be responsible for reviewing the structure, size and composition of the Board. Other Board members may be invited to attend meetings.

The remuneration committee will be chaired by Graham Higgins and consists of the Non-Executive Directors. It will meet at least twice each year and will review the performance of Executive

Directors and set the scale and structure of their compensation and review the basis of their service agreements with due regard to the interests of Shareholders. Other Board members may be invited to attend meetings. The remuneration committee will also make recommendations to the Directors concerning the allocation of share options to Directors and employees. No Director is permitted to participate in discussions or decisions concerning his own compensation. The remuneration and terms of appointment of Non-Executive Directors will be set by the Board.

An AIM Rules compliance committee has been established which will meet at least twice a year and at any other time when requested by a member of the AIM Rules compliance committee. The AIM Rules compliance committee will be responsible for, *inter alia*, monitoring the quality of internal procedures, resources and controls to enable compliance by the Company with the AIM Rules and the AIM rules for nominated advisers and to enable the Company to seek advice from its nominated adviser regarding compliance with the AIM Rules and the AIM rules for nominated advisers whenever it is appropriate to do so and to take such advice into account. In undertaking its duties, the AIM Rules compliance committee shall bear in mind the size, profitability and market capitalisation of the Company, its reputation, its performance relative to other similar companies, the performance of individuals and the best interests of shareholders. The AIM Rules compliance committee comprises of Graham Higgins, who will be chairman, Jay Shaw and Jeffery Cheung.

The Company has adopted a share dealing code for Directors and key employees which the Directors believe appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and, in addition, will take all reasonable steps to ensure compliance by the Group's applicable employees.

Reasons for Admission and the Placing

The Company intends to raise approximately £3 million (£2.32 million net of expenses) pursuant to the Placing. The net proceeds of the Placing will be used to:

- increase the sales and marketing capability of the Company;
- provide additional working capital for the Company; and
- provide funds for the potential acquisition of one or more regional distribution partners.

The Directors believe that Admission will:

- enhance the Company's status;
- provide liquidity for investors through the ability to buy and sell Ordinary Shares; and
- enable the Company to recruit and retain staff through equity incentivisation.

Details of the Placing

Under the Placing, the Company is proposing to issue 4,838,710 new Ordinary Shares (representing approximately 19.71 per cent. of the Enlarged Share Capital). The Placing is conditional upon, among other things, Admission. The Placing is not being underwritten. Further details of the Placing Agreement are set out in paragraph 10 of Part IV of this document.

Application has been made for the existing issued Ordinary Shares (and the Placing Shares) to be admitted to trading on AIM. Dealings on AIM are expected to commence on 2 May 2007.

The Directors' interests following Admission are set out in paragraph 6.1 of Part IV of this document. In aggregate, the Directors will be interested in 31.86 per cent. of the Enlarged Share Capital immediately following Admission.

Lock-in arrangements

Under the terms of the Placing Agreement the Directors have undertaken that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their interests in Ordinary Shares held by them respectively until the date falling three months following publication of the audited accounts of the Group for the year ended 31 December 2007, without the prior written consent of Teather & Greenwood and for a further 12 months thereafter only in consultation with the Company's broker so as to maintain an orderly market in the Ordinary Shares.

Furthermore, all other persons holding more than 3 per cent. of the Company's issued share capital prior to Admission and the Placing have agreed a lock-in in respect of their shareholdings on the same terms as Directors. As a result, a total of 15,980,788 Ordinary Shares (representing 65.09 per cent. of the Enlarged Share Capital) will be locked-in on these terms on Admission.

Dividend policy

In the medium term, it is the Directors' intention to re-invest funds directly into the Company rather than to fund the payment of dividends. Thereafter, the payment of dividends will be subject to the availability of distributable reserves whilst maintaining an appropriate level of dividend cover and having regard to the need to retain sufficient funds to finance the development of the Group's activities.

NetDimensions Employee Stock Option Plan

In order to incentivise and retain key staff members and sales agents, the Company introduced the Share Option Scheme, a discretionary share option plan, further details of which are set out in paragraph 9 of Part IV of this document in order to allow selected employees to share in the success of the Company. All Directors and employees are eligible to participate in the Share Option Scheme but share options are only granted at the discretion of the Directors. Although the Share Option Scheme rules do not provide for this as at the date of this document, the Board intends to administer the Share Option Scheme so that Shares may be issued by the Company to satisfy share options under the Share Option Scheme up to a limit of 10 per cent. of the issued share capital on a fully diluted basis in any ten year period.

CREST

CREST is a computerised paperless settlements system, which allows securities to be transferred via electronic means, without the need for a written instrument of transfer.

The Ordinary Shares cannot be held or traded in the CREST system due to the Company's place of incorporation. To enable investors to settle their dealings in securities through CREST, a depositary has been appointed to hold the relevant foreign securities and issue dematerialised depositary interests representing the underlying securities. The Company has appointed Capita IRG Trustees Limited to act as the CREST Depositary.

The CREST Depositary will hold the Ordinary Shares for the Depositary Interest holders and this relationship is documented in a DI Deed Poll executed by the CREST Depositary. The DI Deed Poll provides that the CREST Depositary will pass on all rights and entitlements it receives, including the right to attend and vote at general meetings of the Company, to the relevant holder of Depositary Interests. The CREST Depositary may not charge Depositary Interest holders for its services without first consulting the Depositary Interest holders.

The DI Deed Poll contains certain indemnities by a holder of Depositary Interests in favour of the CREST Depositary and certain limitations of liability in favour of the CREST Depositary.

The Depositary Interests will be held on a register maintained by the CREST Depositary. The Depositary Interests will have the same security code as the underlying Ordinary Shares which they represent and will not require a separate admission to AIM.

Investors wishing to settle their dealings in securities through CREST can have their Ordinary Shares issued to the CREST Depositary, which will then issue Depositary Interests to those investors, representing the transferred Ordinary Shares. The investors will not hold share certificates evidencing the underlying Ordinary Shares. Each Depositary Interest will be treated as one Ordinary Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the CREST Depositary, as holder of the Ordinary Shares, will, pursuant to the DI Deed Poll, be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Ordinary Shares.

Participation in CREST is voluntary and investors who wish to hold share certificates may do so. They will not, however, then be able to settle their dealings in Ordinary Shares through CREST and will have their holding recorded on the Company's share register.

Application has been made by the CREST Depositary for Depositary Interests, which represent the underlying Ordinary Shares, to be admitted to CREST on Admission.

The holder of Depositary Interests is entitled to a copy of the DI Deed Poll on payment to the CREST Depositary of a nominal fee.

Dealing arrangements

Application has been made for the existing issued Ordinary Shares (and the Placing Shares) to be admitted to trading on AIM and it is anticipated that Admission will become effective and that dealings will commence on 2 May 2007.

Inheritance Tax

Business Property Relief

Unquoted Ordinary shares in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for at least two years before the date of transfer or death.

Shares listed on AIM are treated as unquoted shares for the purposes of Business Property Relief.

Your attention is drawn to paragraph 13 of Part IV of this document. These details are intended only as a general guide to the current tax position under UK and Cayman Island taxation law. If an investor is in any doubt as to his or her tax position, he or she should consult his or her own independent financial adviser immediately.

Further Information

Prospective investors should carefully consider the information in Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares, and Parts III and IV which provide financial and additional information on the Group.

Cayman Islands company law

The Company is an exempted company incorporated with limited liability under the laws of the Cayman Islands and is subject to the Companies Law which differs from the Companies Act 1985 in relation to, inter alia, the issue of new shares by companies.

There are no statutory provisions in Cayman Islands law equivalent to section 80 of the Companies Act 1985 relating to the ability of directors to allot and issue shares and there are no statutory provisions in Cayman Islands law equivalent to sections 89 to 96 of the Companies Act 1985 which confer pre-emption rights on existing shareholders in connection with the allotment of shares for cash. However, the Articles provide that the ability of the Directors to allot and issue shares shall be subject to the passing of an authorising resolution (as defined in the Articles) and the Directors shall only be generally and unconditionally authorised to exercise all powers of the Company to allot and issue shares for a prescribed period specified in the authorising resolution up to an aggregate nominal amount equal to the authorised amount as specified in the authorising resolution.

In addition, the Companies Law does not contain provisions similar to those in the City Code which obliges a person or persons acquiring at least 30 per cent. of shares in a company to which the City Code applies to make an offer to acquire the remainder of the shares in such company. The Articles incorporate provisions similar to those contained in Rule 9 of the City Code which may be amended by a special resolution of the Shareholders.

The Ordinary Shares are subject to the compulsory acquisition provisions set out in section 88 of the Companies Law. Under these provisions, where an offeror makes a takeover offer and within four months of making such offer it has been accepted by the holders of not less than 90 per cent. in value of the shares affected, that offeror is entitled to acquire compulsorily from non-accepting shareholders those shares which have not been acquired or contracted to be acquired on the same terms as those set out in the offer. Under the Articles, there is a converse right for those non-accepting Shareholders to require the offeror to acquire their shares within four months of making the offer (so long as it has been previously approved by the holders of not less than 90 per cent. in value of the shares affected).

Under the Companies Law, the Shareholders are not obliged to disclose their interests in the Company in the same way as shareholders of a company governed by the Companies Act 1985 are required to do. In particular, the provisions of section 198 of that Act, and related sections and relevant provisions of the Disclosure and Transfer Rules published by the FSA, do not apply, although equivalent protections are provided for in the Articles.

Summaries of the memorandum of association of the Company and Articles are out in paragraph 5 of Part IV of this document.

PART II

RISK FACTORS

If you are in any doubt about the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom. In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the following risk factors are significant to potential investors and should be carefully considered together with all other information contained in this document, prior to investing in Ordinary Shares. The risks listed do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business.

If one or more of the circumstances referred to below, or any other adverse circumstance, actually occurs, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

General

- Prior to Admission, there has been no public market in the Ordinary Shares. Whilst the Company is applying for the admission of the Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other exchanges.
- The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid (particularly given the lock-in arrangements described in paragraph 10 of Part IV of this document) and therefore the Ordinary Shares may be or may become difficult to sell.
- An investment in the Company may not be suitable for all recipients of this document. Accordingly investors are strongly advised to consult an independent financial adviser authorised for the purpose of FSMA who specialises in the acquisition of shares and other securities in the UK before making any decision to invest.

Share price volatility and liquidity

- The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Ordinary Shares or other securities related to the software and computer services industry or in response to various facts and events, including variations in the Group's interim or full year operating results and business developments of the Group and/or competitors.
- The market price of the Ordinary Shares may not reflect the underlying value of the Group.
- Potential investors should be aware that the value of shares and the income from them can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List.

Operating history

- Having only started generating revenues in December 2000, the Group is at a relatively early stage of development and has not generated substantial revenues from its operations to date compared with other more established software companies. Although the Group has some forward visibility of recurring revenues from existing clients, the generation of increased revenues from new and existing clients is difficult to predict and there is no guarantee that the Group will generate substantial revenues in the foreseeable future.

- Although the Group has been profitable for the last three financial years, its ability to maintain profitability is dependent on a number of factors and there is no guarantee of future profitability.

Loss of key personnel

- Loss of key personnel could have adverse consequences for the Group.

- While the Company has entered into service agreements with each of its Executive Directors and other key employees, the retention of their services cannot be guaranteed.

Group strategy

- There can be no certainty that the Group will be able to implement successfully the strategy set out in this document.

- The Group's strategy has been formulated on the premise of the Directors' understanding of the markets in which the Group operates. Market developments may mean that the Group's current strategy will need to be changed.

- The ability of the Group to implement its strategy in a competitive market requires effective planning and management control systems. The Group's future growth will depend on its ability to expand and improve operational, financial and management information and control systems in line with the Group's growth. Failure to do so could have an adverse effect on the Group's business, financial condition and results of operations.

- There may be a change in industry and/or governmental regulation or policies, which materially adversely affects the Group's ability to implement successfully the strategy set out in this document.

Competition

- Competitors may be able to develop products and services that are more attractive to customers than the Group's products and services. In order to be successful in the future the Group will need to continue to finance substantial research and development activities and continue to respond promptly and effectively to the challenges of technological change in the markets in which the Group operates and competitors' innovations. An inability to devote sufficient resources to research and development activities in order to achieve this may lead to a material and adverse affect on the Group's business.

- Competitors with an advantage in terms of multi-product and service offerings and/or economies of scale may be able to compete more effectively for new business than the Group.

Intellectual property

- The Group's success depends in part on its ability to protect its rights in its intellectual property. The Group relies upon various intellectual property protections, including copyright, trade marks, trade secrets and contractual provisions to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the

Group's intellectual property without its authorisation. The lack of any patents registered by the Group may have a material adverse effect on the Group's ability to develop its business.

- Monitoring and defending the Company's intellectual property rights can entail substantial expense, and the outcome is unpredictable. The Company may initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights. Any such litigation, whether or not it is ultimately resolved in the Company's favour could result in substantial expense to the Company and divert the efforts of the Company's technical and management personnel. If the Company fails to protect its intellectual property rights adequately, its competitors might gain access to its technology and its business could be harmed.

- The Group's commercial success depends, in part, upon the Group not infringing intellectual property rights owned by others. A number of the Group's competitors and other third parties may have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Group in its products. Some of these patents may grant very broad protection to the owners of the patents. The Group cannot determine with certainty whether any existing third party patents or the issuance of any third party patent would require it to alter its technology, obtain licences or cease certain activities. The Group may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in the Group's target markets, the overlap in the functionality of these products and the prevalence of products. Whilst the Directors believe that the Group's products and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Group will not receive communications from third parties asserting that the Group's products and other intellectual property infringe, or may infringe, their proprietary rights. The Group may become subject to these claims either directly or through indemnities against these claims that it routinely provides to its end-users.

Technology

- The Group's software is complex and may contain errors or "bugs" that could be detected at any point in the software life cycle or during implementation. Although the Group has not identified any material errors to date, errors in software in the future could materially and adversely effect the Group's reputation, resulting in significant costs, delay planned release dates and impair the Group's ability to sell products in the future. The costs incurred in correcting any software errors may be substantial and could adversely affect operating margins. While the Group continually tests its software for errors and works with clients through maintenance support services to identify and correct bugs, errors in the Group's software may be found in the future.

Commercialisation

- The Group may have to defend itself against legal proceedings which could have an adverse affect on trading performance and, in turn, future profits.

- The Group's ability to generate revenues in part depends on the efforts of third parties, over whom there is little control. New sales of the Group's products may also be subject to potential delays arising from customers' acceptance and approval processes.

- There are no assurances that use by a client of the Group's products and services complies with the legislation or regulatory policies in force in the relevant client's legal jurisdiction, as this is a matter for which the client is responsible. Further, changes in legislation or regulatory policies in any legal jurisdiction may result in the imposition of restrictions on the Group's business, which may have an adverse impact on the Group's business.

- As the Group expects to sell an increasing number of its products and services through resellers, rather than directly to the client, it is increasingly dependent upon its ability to establish and develop new relationships and to build on existing relationships with resellers. The Group cannot guarantee that it will be successful in developing, maintaining or advancing its relationships with resellers or that such resellers will act in a manner that will promote the success of the Group's products and services. Failure by the resellers to promote and support the Group's products and services could adversely affect its business, financial conditional or results of operations.

- The Group's agreements with its clients typically contain provisions designed to limit its exposure to potential product liability claims. Despite this, it is possible that these limitation of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. The Group has not experienced any product liability claims to date. However, the sale and support of the Group's products may entail the risk of those claims, which could be substantial in light of the use of its products in critical applications. A successful product liability claim could result in monetary liability and could harm the Group's business.

Economic Factors

- Fluctuations in exchange rates may affect product demand and domestic currency pricing in different regions.

- The majority of the Group's invoices are in US$ or Euros. The Group currently does not partake in currency hedging meaning that fluctuations in exchange rates could create material adverse effects in the Group's results.

Further Funding Requirements

- The Group may require access to additional funding in the future, and if the Group fails to obtain such funding, it may need to delay or scale back the implementation of its future strategy. The funds that the Group may need will be determined by numerous factors, some of which are beyond the Group's control.

- If the Group's capital resources are insufficient to meet future capital requirements, additional funds would be required. If the Company is unable to obtain additional funds on satisfactory terms, it may be required to cease or reduce its operating activities. If the Company raises additional funds by selling additional shares, the ownership interests of existing Shareholders may be materially diluted.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of the investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA (who specialises in investments of this nature) before making a decision to invest.

PART III

ACCOUNTANTS' REPORT

NEXIA SMITH & WILLIAMSON

26 April 2007

The Directors
NetDimensions (Holdings) Limited
C/o M&C Corporate Services Limited
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

The Directors
Teather & Greenwood Limited
Beaufort House
15 St. Botolph Street
London
EC3A 7QR

Dear Sirs

NetDimensions (Holdings) Limited and its subsidiaries (together "the Group" or "NetDimensions")

We report on the financial information set out on pages 29 to 57 relating to NetDimensions. This financial information has been prepared for inclusion in the AIM Admission Document dated 26 April 2007 of NetDimensions (Holdings) Limited ("the Company") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibility

The Directors of NetDimensions (Holdings) Limited are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud, other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 26 April 2007, a true and fair view of the state of affairs of NetDimensions as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules, we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
25 Moorgate
London
EC2R 6AY

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED INCOME STATEMENTS

	Notes	*Year ended 31 December 2004 US$*	*Year ended 31 December 2005 US$*	*Year ended 31 December 2006 US$*
Revenue	1,4	1,755,792	2,489,634	3,514,780
Cost of sales		(165,656)	(132,543)	(159,530)
Gross profit		1,590,136	2,357,091	3,355,250
Administrative expenses		(1,492,676)	(1,969,284)	(2,810,434)
Other operating income	6	3,450	774	6,532
Operating profit	7	100,910	388,581	551,348
Finance income	8	166	3,864	16,110
Finance costs	9	(5,092)	(5,013)	(334)
Profit on ordinary activities before taxation		95,984	387,432	567,124
Taxation	10	–	–	–
Profit for the financial year	20	95,984	387,432	567,124
Attributable to:				
Equity shareholders of the Company		95,984	387,432	567,124
Earnings per share:				
Basic	11	US$0.01	US$0.03	US$0.03
Diluted	11	US$0.00	US$0.02	US$0.03

All of the Group's operations are continuing.

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

	Notes	*Year ended 31 December 2004 US$*	*Year ended 31 December 2005 US$*	*Year ended 31 December 2006 US$*
Exchange differences on translation of foreign operations	19	349	628	(2,557)
Income and expense recognised directly in equity		349	628	(2,557)
Profit for the year		95,984	387,432	567,124
Total income and expense recognised in the year		96,333	388,060	564,567
Attributable to:				
Equity shareholders of the Company		96,333	388,060	564,567

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEETS

	Notes	*Year ended 31 December 2004 US$*	*Year ended 31 December 2005 US$*	*Year ended 31 December 2006 US$*
ASSETS				
Non-current assets				
Property, plant and equipment	12	25,385	36,689	58,617
Intangible assets	13	19,540	10,093	15,585
		44,925	46,782	74,202
Current assets				
Inventories	14	–	12,121	12,954
Trade and other receivables	15	771,204	1,930,683	2,403,486
Cash and cash equivalents	16	536,360	692,452	521,332
		1,307,564	2,635,256	2,937,772
TOTAL ASSETS		1,352,489	2,682,038	3,011,974
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	17	13,632	17,532	19,707
Share premium	18	4,973,488	5,165,739	5,291,448
Foreign currency translation reserve	19	349	977	(1,580)
Retained earnings	20	(5,089,859)	(4,679,197)	(4,056,900)
Total equity		(102,390)	505,051	1,252,675
Non-current liabilities				
Obligations under finance leases	22	–	5,127	3,748
Current liabilities				
Trade and other payables	23	1,209,006	2,170,493	1,754,188
Convertible loan notes	24	245,873	–	–
Obligations under finance leases	22	–	1,367	1,363
		1,454,879	2,171,860	1,755,551
Total liabilities		1,454,879	2,176,987	1,759,299
TOTAL EQUITY AND LIABILITIES		1,352,489	2,682,038	3,011,974

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENTS

	Notes	*Year ended 31 December 2004 US$*	*Year ended 31 December 2005 US$*	*Year ended 31 December 2006 US$*
Cash flows from operating activities	25	160,579	213,441	(241,128)
Cash flow used in investing activities				
Proceeds on disposal of property, plant and equipment		–	774	659
Purchase of intangible assets		(22,392)	(2,031)	(23,510)
Purchase of property, plant and equipment		(11,338)	(30,276)	(47,329)
Interest received		166	3,865	16,110
Net cash used in investing activities		(33,564)	(27,668)	(54,070)
Cash flow from financing activities				
Interest and finance charges paid		–	(84)	(334)
Net receipts from new borrowings and finance lease advances		–	6,494	–
Repayments of borrowings and finance leases		(59,210)	(246,475)	(1,363)
Net proceeds from issue of shares		–	196,174	127,891
Net cash (used in)/from financing activities		(59,210)	(43,891)	126,194
Net increase/(decrease) in cash and cash equivalents		67,805	141,882	(169,004)
Cash and cash equivalents at beginning of the year		469,072	549,226	692,452
Effect of foreign exchange rate changes		(517)	1,344	(2,116)
Cash and cash equivalents at end of the year		536,360	692,452	521,332

NOTES TO THE HISTORIC FINANCIAL INFORMATION

1 Accounting policies

Basis of preparation

The historic financial information consolidates the financial information of NetDimensions (Holdings) Limited ("the Company") together with its subsidiaries ("the Group") for the three years ended 31 December 2004, 31 December 2005 and to 31 December 2006.

The historic financial information has been prepared by the Company in accordance with the requirements of the AIM Rules and in accordance with this basis of preparation. The basis of preparation describes how the historic financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") except as described below.

IFRS as adopted by the EU do not provide for the specific accounting treatment set out below, and accordingly in preparing the historic financial information certain accounting conventions commonly used for the preparation of historic financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (the Investment Reporting Standard applicable to public reporting engagements on historic financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departure from IFRS as adopted by the EU.

- the historic financial information does not constitute a set of general purpose financial statements under paragraph 3 of IFRS 1, "First-time Adoption of International Financial Reporting Standards" and consequently the Company does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1, "Presentation of Financial Statements". An entity is only permitted to apply the first-time adoption rules of IFRS 1 in its first set of financial statements where such an unreserved statement of compliance has been made. The Company has applied first-time adoption rules of IFRS 1 in the Group's financial statements for the year ended 31 December 2006. Although such a statement has not been made in the historic financial information, the historic financial information has been prepared as if the date of transition to IFRS was 31 December 2003, the beginning of the first period presented, and the requirements of IFRS 1 have been applied since that date.

In other respects IFRS as adopted by the EU have been applied.

As explained above, the Group's deemed transition date to IFRS is 31 December 2003. The rules for first-time adoption of IFRS are set out in IFRS 1. In preparing consolidated financial statements for the periods ending subsequent to 31 December 2006 in accordance with IFRS, the date of transition, as determined in accordance with IFRS 1, will not be 31 December 2003 and therefore the first-time adoption rules will be applied at a date other than 31 December 2003 with a consequential impact on the opening IFRS balance sheet.

IFRS 1 allows certain exemptions and mandates certain accounting treatments in the application of particular standards to prior periods in order to assist companies with the transition process. The Company has applied the following exemption:

- the Group has deemed cumulative translation differences for foreign operations to be zero at the date of transition. Any gains and losses or subsequent disposals of foreign operations will not therefore include translation differences arising prior to the transition date.

The historic financial information has been prepared under the historical cost convention.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

1 **Accounting policies (continued)**

At the date of authorisation of the historic financial information, the following Standards and Interpretations were in issue but not yet mandatorily effective and have not been applied in the historic financial information:

- *IFRS 7, Financial Instruments: Disclosures (effective as of periods commencing on or after 1 January 2007)*
- *IFRS 8, Operating segments (effective as of periods commencing on or after 1 January 2009)*
- *IAS 1(amended), Presentation of Financial Statements - Capital Disclosures (effective as of periods commencing on or after 1 January 2007)*
- *IFRIC Interpretation 9, Reassessment of Embedded Derivatives (effective as of periods commencing on or after 1 June 2006)*
- *IFRIC Interpretation 10, Interim reporting and impairments (effective as of periods commencing on or after 1 November 2006)*
- *IFRIC Interpretation 11, IFRS 2 - Group and Treasury Share Transactions (effective as of periods commencing on or after 1 March 2007)*
- *IFRIC Interpretation 12, Service Concession Arrangements (effective as of periods commencing on or after 1 January 2008).*

The directors do not anticipate that the adoption of these Standards and Interpretations will have a material impact on the Group's historic financial information in the period of initial application.

Basis of consolidation

The consolidated historic financial information consolidates the financial information of the Company and its subsidiary undertakings drawn up to 31 December 2004, 31 December 2005 and to 31 December 2006.

Research and development

Research and development costs are expensed as incurred, except for development costs where the technical feasibility of the product under development has been demonstrated. Such development costs are recognised as an asset and amortised on a straight-line basis over the period in which the related economic benefits are to be recognised. No development costs have been recognised by the Group to date.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs are charged to the income statement in the period in which they are incurred.

Depreciation is provided on all tangible fixed assets and is calculated on a straight-line basis to allocate cost, other than assets in the course of construction, over the estimated useful lives, as follows:

NOTES TO THE HISTORIC FINANCIAL INFORMATION

1 **Accounting policies (continued)**

Plant and machinery	–	20% - 25%
Leasehold improvements	–	over the term of the lease

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

Intangible assets

Intangible assets comprise computer software, which is amortised over its useful economic life of two years.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the provision of software licensing, software customisation implementation and consulting services is recognised when the services are rendered.

Revenue from hosting services is recognised on a straight line basis over the subscription period.

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time the goods are delivered or title to the goods passes to the customers.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

1 **Accounting policies (continued)**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

Foreign currency transactions are translated into US dollars, the functional currency of the Group, using the exchange rates prevailing on the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than US dollars are translated into US dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity.

In accordance with the exemption in IFRS 1, consolidated exchange differences arising prior to 31 December 2003 have not been identified and transferred to a separate component of equity and will not be recognised in the income statement if the foreign operation is sold.

Inventories

Inventories are valued at lower of cost and net realisable value. Cost includes the purchase price of the manufactured products, materials and transport costs. No interest is capitalised in inventories. Cost is calculated using the FIFO (first in, first out) method. Net realisable value is based on the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at initial fair value less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1 **Accounting policies (continued)**

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Pensions

The Group has arranged for its Hong Kong resident employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme") established under the Mandatory Provident Fund Ordinance. Under the MPF Scheme, each of the employer and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from the employer and each of the employees respectively are subject to a cap of HK$1,000 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months from the balance sheet date.

Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings are recognised as an expense when incurred.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

1 **Accounting policies (continued)**

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are included as a liability.

Leases of property, plant and equipment where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight-line basis over the minimum lease term.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2004.

The Group issues equity-settled share-based payments to certain employees and sales agents. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

2 Critical accounting estimates and judgements

Critical accounting estimates

The directors consider that the Group has no critical accounting estimates.

Critical judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 Financial risk management

The Group's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Foreign exchange risk

The Group's reporting currency is US dollars. Its principal activities are licensing of computer software and the provision of related services in various currencies, in particular US dollars and Hong Kong dollars. Since the Hong Kong dollar is currently pegged to the US dollar no significant exposure is expected on Hong Kong dollar transactions and balances.

Interest rate risk

Interest rate risk arises from debt borrowing and cash held on deposit. The Group has no significant external borrowings therefore the Group currently have no interest rate risk exposure. The Group's cash balances are kept in interest bearing current accounts and on short-term deposit, so as to maximise the level of return while maintaining an adequate level of liquidity.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The availability of adequate cash resources is managed by the Group through managing its funds conservatively thereby ensuring it meets its continual operational requirements.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

4 Segmental analysis

Primary reporting format - geographic segments

The Group operates in three geographic segments, North America, Europe and Rest of the World. These geographic segments are the basis on which the Group reports its primary segment information, as presented below:

Segmental information for the year ended 31 December 2004:

	North America US$	*Europe US$*	*Rest of the World US$*	*Total US$*
Sales to external customers	686,482	415,849	653,462	1,755,792
Revenue	686,482	415,849	653,462	1,755,792
Operating profit	39,454	23,900	37,556	100,910
Finance income				166
Finance costs				(5,092)
Profit before taxation				95,984
Taxation				–
Profit for the year				95,984

Other segment items included in the income statement for the year ended 31 December 2004:

	North America US$	*Europe US$*	*Rest of the World US$*	*Total US$*
Depreciation	–	–	49,684	49,684
Amortisation	–	–	2,852	2,852
Bad debt charge	–	–	4,000	4,000

Information regarding segment assets and liabilities as at 31 December 2004 and capital expenditure in the year then ended:

	North America US$	*Europe US$*	*Rest of the World US$*	*Unallocated US$*	*Total US$*
Total assets	–	–	1,352,489	–	1,352,489
Total liabilities	–	–	1,209,006	245,873	1,454,879
Tangible asset additions	–	–	11,950	–	11,950
Intangible asset additions	–	–	21,779	–	21,779
Total capital expenditure	–	–	33,729	–	33,729

NOTES TO THE HISTORIC FINANCIAL INFORMATION

4 **Segmental analysis (continued)**

Segmental information for the year ended 31 December 2005:

	North America US$	*Europe US$*	*Rest of the World US$*	*Total US$*
Sales to external customers	711,894	729,819	1,047,921	2,489,634
Revenue	711,894	729,819	1,047,921	2,489,634
Operating profit	111,112	113,910	163,559	388,581
Finance income				3,864
Finance costs				(5,013)
Profit before taxation				387,432
Taxation				–
Profit for the year				387,432

Other segment items included in the income statement for the year ended 31 December 2005:

	North America US$	*Europe US$*	*Rest of the World US$*	*Total US$*
Depreciation	–	–	19,875	19,875
Amortisation	–	–	11,540	11,540

Information regarding segment assets and liabilities as at 31 December 2005 and capital expenditure in the year then ended:

	North America US$	*Europe US$*	*Rest of the World US$*	*Unallocated US$*	*Total US$*
Total assets	–	–	2,682,038	–	2,682,038
Total liabilities	–	–	2,170,493	6,494	2,176,987
Tangible asset additions	–	–	30,276	–	30,276
Intangible asset additions	–	–	2,031	–	2,031
Total capital expenditure	–	–	32,307	–	32,307

NOTES TO THE HISTORIC FINANCIAL INFORMATION

4 **Segmental analysis (continued)**

Segmental information for the year ended 31 December 2006:

	North America US$	Europe US$	Rest of the World US$	Total US$
Sales to external customers	1,706,604	762,483	1,045,693	3,514,780
Revenue	1,706,604	762,483	1,045,693	3,514,780
Operating profit	267,707	119,607	164,034	551,348
Finance income				16,110
Finance costs				(334)
Profit before taxation				567,124
Taxation				–
Profit for the year				567,124

Other segment items included in the income statement for the year ended 31 December 2006:

	North America US$	Europe US$	Rest of the World US$	Total US$
Depreciation	128	–	23,840	23,968
Amortisation	–	–	18,001	18,001
Bad debt charge	50,000	–	1,647	51,647

Information regarding segment assets and liabilities as at 31 December 2006 and capital expenditure in the year then ended:

	North America US$	Europe US$	Rest of the World US$	Unallocated US$	Total US$
Total assets	22,868	–	2,989,106	–	3,011,974
Total liabilities	157	–	1,754,031	5,111	1,759,299
Tangible asset additions	7,747	–	39,583	–	47,329
Intangible asset additions	–	–	23,510	–	23,510
Total capital expenditure	7,747	–	63,093	–	70,839

Secondary reporting format - business segments

The Group’s business segments are support and maintenance, hosting, software customisation and implementation and software licensing. These business segments are the basis on which the Group reports its secondary segment information, as presented below:

NOTES TO THE HISTORIC FINANCIAL INFORMATION

4 **Segmental analysis (continued)**

Segmental information for the year ended 31 December 2004:

	Support and maintenance US$	*Hosting US$*	*Software customisation and implementation US$*	*Software licensing US$*	*Total US$*
Segment revenue from external customers	101,271	1,014,756	271,933	367,832	1,755,792
Total capital expenditure	1,956	19,496	5,228	7,049	33,729
Segmental assets as at 31 December 2004:					
Total carrying amount of segment assets	78,440	781,767	209,625	282,657	1,352,489

Segmental information for the year ended 31 December 2005:

	Support and maintenance US$	*Hosting US$*	*Software customisation and implementation US$*	*Software licensing US$*	*Total US$*
Segment revenue from external customers	194,101	1,332,741	119,967	842,825	2,489,634
Total capital expenditure	2,520	17,284	1,551	10,952	32,307
Segmental assets as at 31 December 2005:					
Total carrying amount of segment assets	209,127	1,435,320	128,694	908,898	2,682,038

Segmental information for the year ended 31 December 2006:

	Support and maintenance US$	*Hosting US$*	*Software customisation and implementation US$*	*Software licensing US$*	*Total US$*
Segment revenue from external customers	312,420	1,311,737	193,543	1,697,080	3,514,780
Total capital expenditure	6,305	26,423	3,896	34,215	70,839
Segmental assets as at 31 December 2006:					
Total carrying amount of segment assets	268,074	1,123,503	165,664	1,454,732	3,011,974

NOTES TO THE HISTORIC FINANCIAL INFORMATION

5 **Staff costs**

The average monthly number of persons, including directors, employed by the Group during the years was:

	2004 *No*	*2005* *No*	*2006* *No*
Sales and marketing	3	3	4
Technical and client service	11	15	18
Finance and administration	5	5	6
	19	23	28

Staff costs for the above persons were:

	US$	*US$*	*US$*
Wages and salaries	923,105	911,031	1,187,275
Pension contributions	24,694	24,410	27,632
Share-based payments	4,538	23,230	50,966
	952,337	958,671	1,265,873

Directors' emoluments	*US$*	*US$*	*US$*

Included within the total staff costs above is the remuneration of the Directors as detailed below:

Aggregate directors' emoluments	172,278	196,819	434,160

	Fees and salaries US$	*Benefits US$*	*Bonuses US$*	*Total US$*
Year ended 31 December 2004				
J Shaw	69,477	7,720	6,626	83,823
R Ruff	63,302	13,895	6,626	83,823
S Vaze	–	–	–	–
W Leong	–	–	–	–
R Durn	–	–	–	–
Noel Sanborn	–	–	–	–
	132,779	21,615	13,252	167,646

	Fees and salaries US$	*Benefits US$*	*Bonuses US$*	*Share-based payments US$*	*Total US$*
Year ended 31 December 2005					
J Shaw	83,190	7,739	5,159	–	96,088
R Ruff	76,999	13,930	5,159	–	96,088
S Vaze	–	–	–	6,335	6,335
W Leong	–	–	–	6,335	6,335
R Durn	–	–	–	4,224	4,224
Noel Sanborn	–	–	–	6,336	6,336
	160,189	21,669	10,318	23,230	215,406

5 **Staff costs (continued)**

	Fees and salaries US$	*Benefits US$*	*Bonuses US$*	*Share-based payments US$*	*Total US$*
Year ended 31 December 2006					
J Shaw	129,226	1,929	12,023	–	143,178
R Ruff	117,268	13,887	12,023	–	143,178
J Cheung	131,155	–	12,023	–	143,178
S Vaze	–	–	–	6,335	6,335
W Leong	–	–	–	6,335	6,335
R Durn	–	–	–	4,224	4,224
Noel Sanborn	–	–	–	6,336	6,336
G Higgins	–	–	–	–	–
	377,649	15,816	36,069	23,230	452,764

6 **Other operating income**

	2004 US$	*2005 US$*	*2006 US$*
Other operating income	3,450	774	6,532

7 **Operating profit** is stated after charging/(crediting):

	US$	*US$*	*US$*
Depreciation of property, plant and equipment	49,684	19,875	23,968
Amortisation of computer software	2,852	11,540	18,001
Gain on disposal of property, plant and equipment	–	(774)	(372)
Statutory audit services	3,860	4,192	15,700
Taxation services	500	500	3,500
Operating lease rentals			
Land and buildings	46,258	50,443	64,026
Research and development			
– current year expenditure	719,834	700,112	801,310
Foreign exchange (gain)/loss	(11,223)	28,249	(1,107)

8 **Finance income**

	2004 US$	*2005 US$*	*2006 US$*
Bank interest receivable	166	3,864	16,110

9 **Finance costs**

	US$	*US$*	*US$*
Convertible loan notes (note 24)	5,092	4,929	–
Finance lease charges	–	84	334
	5,092	5,013	334

NOTES TO THE HISTORIC FINANCIAL INFORMATION

10 **Taxation**

There was no taxation charge or credit for the years ended 31 December 2004, 31 December 2005 and 31 December 2006 due to the utilisation of historical trading losses.

	2004	*2005*	*2006*
	US$	*US$*	*US$*
Tax reconciliation			
Profit on ordinary activities before tax	95,984	387,432	567,124
Profit on ordinary activities multiplied by the standard rate of corporation tax in the Cayman Islands of 0%	–	–	–
Tax effects of:			
Rate adjustment relating to overseas losses	19,249	73,360	117,205
Income not subject to taxation	–	(742)	(2,441)
Expenses not deductible for tax purposes	–	–	9,038
Capital allowances in excess of depreciation	–	(554)	(4,760)
Depreciation in excess of capital allowances	4,144	–	–
Utilisation of previously unrecognised overseas tax losses	(23,393)	(72,064)	(119,042)
	–	–	–

The Group's unrecognised deferred tax asset can be analysed as follows:

	US$	*US$*	*US$*
Accelerated depreciation charges	(5,425)	(4,884)	(18,378)
Tax losses	884,993	815,096	693,564
	879,569	810,212	675,186

A deferred tax asset has not been recognised in respect of tax losses available to carry forward against suitable future trading profits and timing differences relating to capital allowances in excess of depreciation as the directors consider there is insufficient evidence that the assets will be recovered. These assets can be recovered against suitable future trading profits.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

11 Earnings per share

	2004 *US$*	*2005* *US$*	*2006* *US$*
The calculation of the basic and diluted earnings per share is based on the following data:			
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to equity shareholders of the parent	95,984	387,432	567,124
Earnings for the purpose of diluted earnings per share	95,984	387,432	567,124
Number of shares			
Weighted average number of ordinary and preferred shares for the purposes of basic earnings per share	13,632,066	13,963,299	19,658,352
Effect of dilutive potential ordinary and preferred shares:			
Share options	447,000	682,452	963,928
Convertible loan notes	5,967,300	2,067,300	–
Weighted average number of ordinary and preferred shares for the purposes of dilutive earnings per share	20,046,366	16,713,051	20,622,280

NOTES TO THE HISTORIC FINANCIAL INFORMATION

12 Property, plant and equipment

	Leasehold improvements US$	*Plant and equipment US$*	*Total US$*
Cost			
At 1 January 2004	12,823	337,767	350,590
Additions	–	11,338	11,338
At 31 December 2004	12,823	349,105	361,928
Exchange differences	17	480	497
Additions	412	29,794	30,205
Disposals	–	(5,495)	(5,495)
At 31 December 2005	13,251	373,883	387,135
Exchange differences	(39)	(1,034)	(1,073)
Additions	–	47,474	47,474
Disposals	–	(21,566)	(21,566)
At 31 December 2006	13,212	398,757	411,970
Depreciation			
At 1 January 2004	5,494	281,364	286,858
Charge for the year	7,321	42,364	49,684
At 31 December 2004	12,815	323,727	336,542
Exchange differences	(18)	(445)	(463)
Charge for the year	62	19,813	19,875
Disposals	–	(5,509)	(5,509)
At 31 December 2005	12,859	337,587	350,446

NOTES TO THE HISTORIC FINANCIAL INFORMATION

12 **Property, plant and equipment (continued)**

	Leasehold improvements US$	*Plant and equipment US$*	*Total US$*
Depreciation			
At 1 January 2006	12,859	337,587	350,446
Exchange differences	5	147	152
Charge for the year	349	23,619	23,968
Disposals	–	(21,213)	(21,213)
At 31 December 2006	13,213	340,140	353,353
Net book value			
At 31 December 2006	–	58,617	58,617
At 31 December 2005	392	36,297	36,689
At 31 December 2004	8	25,378	25,385

Finance lease assets included in the above net book amounts:

At 31 December 2006	–	5,295	5,295
At 31 December 2005	–	7,213	7,213
At 31 December 2004	–	–	–

13 **Intangible assets**

	Software costs US$
Cost	
At 1 January 2004	–
Additions	22,392
At 31 December 2004	22,392
Exchange differences	55
Additions	2,031
At 31 December 2005	24,478
Exchange differences	(72)
Additions	23,510
At 31 December 2006	47,916

NOTES TO THE HISTORIC FINANCIAL INFORMATION

13 **Intangible assets (continued)**

	Software costs US$
Depreciation	
At 1 January 2004	–
Charge for the year	2,852
At 31 December 2004	2,852
Exchange differences	(7)
Charge for the year	11,540
At 31 December 2005	14,385
Exchange differences	(55)
Charge for the year	18,001
At 31 December 2006	32,331
Net book value	
At 31 December 2006	15,585
At 31 December 2005	10,093
At 31 December 2004	19,540

14 **Inventories**

	2004 US$	*2005 US$*	*2006 US$*
Goods for resale	–	12,121	12,954
Inventory included within cost of sales is as follows:			
Inventory within cost of sales	–	36,848	51,529

There are no inventory write downs included within cost of sales.

15 **Trade and other receivables**

	US$	*US$*	*US$*
Trade receivables	730,827	1,785,224	2,179,333
Other debtors	36,306	130,628	119,360
Prepayments and accrued income	4,071	14,831	104,793
	771,204	1,930,683	2,403,486

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The following charges have been recognised in administrative expenses in respect of bad and doubtful debts:

	2004 US$	*2005 US$*	*2006 US$*
Bad and doubtful debt charge	4,000	–	51,647

NOTES TO THE HISTORIC FINANCIAL INFORMATION

15 **Trade and other receivables (continued)**

The Group has a concentration of credit risk, with exposure spread over a limited number of blue chip customers. This provision has been determined by reference to past default experience and a knowledge of the individual circumstances of certain receivables.

16 **Cash and cash equivalents**

	US$	*US$*	*US$*
Cash at bank and in hand – US dollars	150,547	556,220	3,783
Cash at bank and in hand – Hong Kong dollars	21,771	10,351	25,682
Cash at bank and in hand – other currencies	278,488	21,621	7,838
Short term bank deposits – US dollars	18,842	44,330	347,899
Short term bank deposits – Hong Kong dollars	66,712	59,930	136,130
	536,360	692,452	521,332

Short term deposits are made for varying periods depending on the cash requirements of the Group, and earn interest at market short-term deposit rates of between 1 and 2 per cent.

17 **Share capital**

	US$	*US$*	*US$*
Authorised			
50,000,000 ordinary shares at US$0.001 each	50,000	50,000	50,000
50,000,000 preferred shares at US$0.001 each	50,000	50,000	50,000
	100,000	100,000	100,000
Allotted called up and fully paid			
8,788,881 (2005: 8,681,381; 2004: 8,681,381) ordinary shares at US$0.001 each	8,681	8,681	8,789
10,917,985 (2005: 8,850,685; 2004: 4,950,685) preferred shares at US$0.001 each	4,951	8,851	10,918
	13,632	17,532	19,707

During 2005, the Company issued 3,900,000 preferred shares at US$0.05 each giving rise to US$192,251 of share premium.

During 2006 the following share issues were made by the Company:

- 60,000 ordinary shares at US$0.165 per share via the exercise of share options giving rise to US$9,840 share premium.
- 47,500 ordinary shares at US$0.30 per share via the exercise of share options giving rise to US$14,203 share premium.
- 2,067,300 preferred shares at US$0.05 per share via the exercise of warrants giving rise to US$101,666 share premium.

Share rights

Ordinary and preferred shares rank *pari passu* with the following exceptions:

- holders of the ordinary shares shall be entitled to appoint up to six Directors while the holders of the preferred shares shall be entitled to appoint up to two Directors of the Company
- the preferred shares shall be converted into ordinary shares pursuant to the Articles and

NOTES TO THE HISTORIC FINANCIAL INFORMATION

17 **Share capital (continued)**

- in the event of a liquidation of the Company, the preferred shares shall rank prior to the ordinary shares in respect of distribution of the Company's assets, which shall be applied as (a) firstly, in paying the preferred shareholders on a pro-rata basis by reference to their then respective shareholdings, and (b) secondly, in paying the ordinary shareholders on a pro-rata basis by reference to their then respective shareholdings.

Conversion of preferred shares

Preferred shares will automatically convert into fully paid up ordinary shares at a rate of one to one immediately prior to the Company obtaining a listing on any internationally recognised stock exchange as may be approved by the Directors.

In addition, the Company will at all times reserve sufficient unissued ordinary shares from its authorised ordinary share capital for the purposes of effecting the conversion of preferred shares into ordinary shares.

18 **Share premium**

	2004	*2005*	*2006*
	US$	*US$*	*US$*
At the start of the financial year	4,973,488	4,973,488	5,165,739
Premium arising on issue of equity shares	–	192,251	125,709
At the end of the financial year	4,973,488	5,165,739	5,291,448

19 **Foreign currency translation reserve**

	US$	*US$*	*US$*
At the start of the financial year	–	349	977
Translation differences	349	628	(2,557)
At the end of the financial year	349	977	(1,580)

20 **Retained earnings**

	US$	*US$*	*US$*
At the start of the financial year	(5,190,381)	(5,089,859)	(4,679,197)
Profit for the financial year	95,985	387,432	567,124
Credit to equity for equity-settled share-based payments	4,538	23,230	55,173
At the end of the financial year	(5,089,859)	(4,679,197)	(4,056,900)

21 **Share-based payments**

The Company has a share option scheme for certain employees and sales agents. Options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is spread equally over either a 12 month or 36 month period. If the options remain unexercised after a period of 10 years after the date of grant, the options expire. Options are forfeited if the employee or sales agent leaves the Group before the options vest.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

21 Share-based payments (continued)

Details of the share options outstanding during the years ended 31 December 2004, 31 December 2005 and 31 December 2006 are as follows:

	Number of share options	*Weighted average exercise price US$*
Outstanding at 1 January 2004	447,000	0.144
Granted during the year	–	–
Forfeited during the year	–	–
Exercised during the year	–	–
Expired during the year	–	–
Outstanding at 31 December 2004	447,000	0.144
Exercisable at 31 December 2004	447,000	
Outstanding at 1 January 2005	447,000	0.144
Granted during the year	270,000	0.165
Forfeited during the year	–	–
Exercised during the year	–	–
Expired during the year	–	–
Outstanding at 31 December 2005	717,000	0.152
Exercisable at 31 December 2005	500,333	
Outstanding at 1 January 2006	717,000	0.152
Granted during the year	1,084,500	0.300
Forfeited during the year	–	–
Exercised during the year	(107,500)	0.174
Expired during the year	(52,500)	0.300
Outstanding at 31 December 2006	1,641,500	0.244
Exercisable at 31 December 2006	747,832	

The weighted average market value per share at the date of exercise for share options exercised during the year ended 31 December 2004, 31 December 2005 and 31 December 2006 was US$0.074, US$0.460 and US$0.403 respectively. The options outstanding at 31 December 2004, 31 December 2005 and 31 December 2006 had a weighted average exercise price of US$0.144, US$0.152 and US$0.244 respectively and a weighted average remaining contractual life of four, three and three years respectively. For the year ended 31 December 2005, options were granted on 20 April 2005 and 31 December 2005. The aggregate of the estimated fair values of the options granted on those dates is US$78,848. For the year ended 31 December 2006, options were granted on 25 May 2006 and 29 December 2006. The aggregate of the estimated fair values of the options granted on those dates is US$320,448.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

21 **Share-based payments (continued)**

The inputs into the Black-Scholes model are as follows:

	2004	*2005*	*2006*
Weighted average share price (US$)	0.074	0.460	0.403
Weighted average exercise price (US$)	0.165	0.165	0.258
Expected volatility	71%–76%	38%	36%–38%
Expected life	4 years	3 years	3 years
Risk free rate	2.3%–2.9%	4.0%	4.0%–4.4%
Expected dividend yield	0%	0%	0%

Expected volatility of the Group was determined by calculating the average historical volatilities of the share prices of comparable listed companies over the same period of time. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of US$4,538, US$23,230 and US$55,173 related to equity-settled based share-based payment transactions in the years ended 31 December 2004, 31 December 2005 and 31 December 2006 respectively.

22 **Obligations under finance leases**

Finance lease liabilities – minimum lease payments:

	2004 *US$*	*2005* *US$*	*2006* *US$*
Within one year	–	1,703	1,697
Between two and five years	–	6,384	4,668
	–	8,087	6,365
Future finance charges	–	(1,593)	(1,254)
	–	6,494	5,111

Finance lease liabilities – present value of minimum lease payments:

	US$	*US$*	*US$*
Within one year	–	1,367	1,363
Between two and five years	–	5,127	3,748
	–	6,494	5,111

The weighted average fixed interest rate on the outstanding finance lease liabilities as at 31 December 2005 and 31 December 2006 was 8.42 per cent.

All the lease obligations are denominated in Hong Kong dollars.

The fair value of the Group's lease obligations approximates to their carrying value.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

NOTES TO THE HISTORIC FINANCIAL INFORMATION

23 **Trade and other payables**

	2004	2005	2006
	US$	US$	US$
Trade payables	54,595	175,032	71,080
Other payables	5,964	15,025	4,368
Accruals and deferred income	1,148,447	1,980,438	1,678,740
	1,209,006	2,170,493	1,754,188

24 **Convertible loan notes**

The convertible loan notes were issued on 18 June 2003. The notes are convertible into preferred shares of the Company at any time between the date of issue of the notes and 8 January 2006. The notes were repayable on 31 December 2005. On issue, the loan notes were convertible into 20 preferred shares at US$0.05 per share for every US$1 of the notes.

Any notes not converted or settled prior 31 December, were redeemed at par on 31 December 2005. Interest of 2 per cent. per annum was paid annually up to date of settlement.

Given these conditions, the book value of the loan represents the fair value of the liability with no fair value being attributable to equity.

	2004
	US$
Convertible loan notes due within one year	245,873

25 **Cash flows from operating activities**

	US$	*US$*	*US$*
Profit before tax	95,984	387,432	567,124
Share-based payments	4,538	23,230	55,173s
Depreciation	49,684	19,875	23,968
Amortisation	2,852	11,540	18,001
Gain on disposal of property, plant and equipment	–	(774)	(372)
Finance lease charges	–	84	334
Interest income	(166)	(3,864)	(16,110)
Operating cash flow before changes in working capital	152,892	437,846	648,118
Increase in inventories	–	(12,121)	(833)
Increase in receivables	(99,142)	(1,170,489)	(478,700)
Increase/(decrease) in creditors	106,829	958,205	(409,713)
Cash flows from operating activities	160,579	213,441	(241,128)

26 Operating lease commitments

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	US$	*US$*	*US$*
Land and buildings:			
Within one year	83,322	27,527	50,320
In the second and fifth years inclusive	41,908	–	27,460
	125,230	27,527	77,780

27 Capital commitments

At 31 December 2004, 31 December 2005 and 31 December 2006, there were no capital commitments that had not been provided for.

28 Contingent liabilities

There were no contingent liabilities at 31 December 2004, 31 December 2005 or 31 December 2006.

29 Related party transactions

Key management

Compensation paid to key management of the Group is detailed in note 5.

On 31 December 2005, the Company awarded 60,000 share options to Sanjay Vaze, a director of the Company. The share options are exercisable at US$0.30 per share. None of these share options have been exercised as at 31 December 2006.

On 31 December 2005, the Company awarded 60,000 share options to Winston Leong, a director of the Company. The share options are exercisable at US$0.30 per share. None of these share options have been exercised as at 31 December 2006.

On 31 December 2005, the Company awarded 60,000 share options to Noel Sanborn, a director of the Company. The share options are exercisable at US$0.30 per share. On 27 October 2006, 40,000 share options were exercised. During 2006, 20,000 share options were cancelled.

On 31 December 2005, the Company awarded 40,000 share options to Roger Durn, a director of the Company. The share options are exercisable at US$0.30 per share. None of these share options have been exercised as at 31 December 2006.

On 25 May 2006 and 29 December 2006, the Company awarded 250,000 and 67,500 share options respectively to Jeffery Cheung a director of the Company. The share options are exercisable at US$0.30 per share. None of these share options have been exercised as at 31 December 2006.

During 2005, Ray Ruff, Winston Leong and Noel Sanborn, all directors of the Company, exercised 200,000, 1,200,000 and 200,000 warrants respectively at US$0.05 per preferred share.

During 2006, Jay Shaw and Sanjay Vaze, both directors of the Company, exercised 1,867,300 and 200,000 warrants respectively at US$0.05 per preferred share.

30 **Ultimate controlling party**

The Group has no ultimate controlling party.

31 **Post balance sheet events**

On 5 January 2007 the Company issued 5,000 ordinary shares at US$0.30 per share for a total consideration of US$1500.

Additional information regarding the Company is given in Part IV of the AIM Admission Document.

PART IV

GENERAL INFORMATION

1. Directors' responsibility

1.1 The Directors, whose names appear on page 8 accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The business address of each Director and their respective functions are shown on page 8.

2. The Company

2.1 The Company was incorporated as a private company limited by shares in the Cayman Islands under The Companies Law (2000) Revision on 10 July 2000 with company number 102199. The Company has not changed its name since incorporation.

2.2 The Company's registered office is at M&C Corporate Services Limited, P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

2.3 The Company is domiciled in the Cayman Islands.

2.4 The Company complies with Companies Law.

3. Subsidiary undertakings

3.1 The Company, which is the holding company of the Group, has two subsidiary undertakings; NetDimensions Limited and ND Services Inc.

3.2 NetDimensions Limited was incorporated as a private company limited by shares in Hong Kong under The Companies Ordinance (Chapter 32) on 29 April 1998. NetDimensions Limited has not changed its name since incorporation. NetDimensions Limited is a directly wholly-owned subsidiary of the Company. The issued share capital of NetDimensions Limited comprises ordinary A shares and ordinary B shares, all of which are fully paid.

3.3 ND Services Inc was incorporated as a for-profit corporation in Texas, US on 25 October 2006. ND Services Inc has not changed its name since incorporation. ND Services Inc is a directly wholly-owned subsidiary of the Company.

4. Share capital

4.1 As at the date of this document and, immediately following Admission, the Company's authorised and issued share capital is and will be as set out below. All the issued share capital of the Company has been fully paid up.

At the date of this document

	Nominal Value	*No. of Ordinary Shares*	*% of share capital under option*
Authorised	US$100,000	100,000,000	1.64
Issued and fully paid	US$19,711.866	19,711,866	8.30

Immediately following Admission

	Nominal Value	No. of Ordinary Shares	% of share capital under option
Authorised	US$100,000	100,000,000	1.64
Issued and fully paid	US$24,550.576	24,550,576	6.67

4.2 Save as disclosed in paragraphs 6.2 and 6.8 of this Part IV, no share of the Company or any other member of the Group is under option or has been agreed conditionally to be put under option.

4.3 The following is a summary of the changes in the Company's share capital since incorporation and preceding the date of this document:

(a) The authorised share capital of the Company on incorporation was US$100,000 divided into 100,000,000 shares of a nominal or par value of US$0.001 each.

(b) By a written resolution of the Company passed on 18 September 2000, the share capital of the Company was divided into 50,000,000 ordinary shares of a nominal or par value of US$0.001 each and 50,000,000 preferred shares of a nominal or par value of US$0.001 each.

(c) By a special resolution of the Company passed on 4 April 2007, the Articles were amended so that the issued and unissued preferred shares are automatically converted to ordinary shares at a conversion rate of one to one immediately prior to Admission.

(d) By an ordinary resolution of the Company passed on 4 April 2007, upon Admission, all of the authorised but unissued preferred shares of the Company with a nominal or par value of US$0.001 each will be re-designated as Ordinary Shares.

4.4 Capita Registrars (Jersey) Limited, whose registered office is situated at Victoria Chambers, Liberation Square, 1/3 The Esplanade, St Helier, Jersey, will be in charge of keeping the records of the Ordinary Shares and Depositary Interests. The rights and obligations attaching to the Ordinary Shares are governed by Cayman Islands law and will be held in registered book entry form. The Registrar will be in charge of keeping the duplicate copy of the register of members in Jersey with the original register of members being kept at the registered office of the Company.

4.5 No Ordinary Shares are currently held in treasury by the Company or held by any other person on its behalf and no Ordinary Shares are currently held by any subsidiary of the Company.

4.6 The Company does not have in issue any shares which do not represent capital.

4.7 The Ordinary Shares the subject of the Placing were issued (conditional upon Admission) pursuant to a resolution passed at a meeting of a committee of the board of Directors held on 26 April 2007.

5. Memorandum and articles of association

5.1 By a special resolution of the Company passed on 4 April 2007, a new memorandum of association was adopted by the Company (to replace that adopted on incorporation of the Company), which shall be effective immediately upon Admission. The Company's memorandum of association provides that the objects for which the Company is established are unrestricted, subject to Cayman Islands law.

5.2 The following is a brief summary of certain material provisions of the Articles which were adopted by special resolution on 4 April 2007 subject to and with effect from Admission:

(a) *Variation of class rights*

All or any of the rights and privileges attached to any class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights. In the absence of such provision, the consent in writing of at least three-quarters of the nominal amount of the issued shares of that class or an extraordinary resolution passed at a separate meeting of the holders of the relevant class of shares will be required.

The rights attached to any class of shares shall not, unless expressly stated in the rights attaching to such shares, be deemed to be varied or abrogated by the creation or issue of shares which rank *pari passu* or by the purchase or redemption by the Company of any of its own shares.

(b) *Changes in capital*

The Company may, by ordinary resolution, increase, consolidate, sub-divide, cancel and convert its share capital.

Subject to Companies Law, the Company may, by special resolution, reduce its authorised and issued share capital and any capital redemption reserve.

(c) *Redemption rights*

Subject to the provisions of Cayman Islands law, the Company may issue redeemable shares. The redeemable shares shall be effected in such manner as may be set out in the Articles, any offering document approved by the board, on terms of which such shares have been subscribed for, or on such terms as the board may specify.

Subject to the provisions of Cayman Islands law, the Company may purchase its own shares (including any redeemable shares). Any such repurchase shall be effected in such manner as may be set out in the Articles, any offering document approved by the Board, on terms of which such shares have been subscribed for, or in any other case, as may be approved by an ordinary resolution of the Company.

The Company may make a payment in respect of the redemption of shares or the purchase of its own shares, in a manner permitted by Cayman Islands law, out of capital.

(d) *Transfer of shares*

There is no restriction in the Articles or Cayman Islands law on the free transferability of the Ordinary Shares.

The board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares (other than shares held in CREST or another securities transfer system) if the share transfer form:

(i) is in respect of more than one class of shares, as each class requires a separate share transfer form;

(ii) is not duly stamped (if so required);

(iii) it is not delivered for registration to the office or such other place as the board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;

(iv) is in favour, either directly or beneficially, of a child, bankrupt or person of unsound mind; or

(v) is in favour, either directly or beneficially, of more than four joint allottees or transferees.

(e) Meetings of shareholders

The Company is required to hold an annual general meeting of Shareholders not later than 15 months after the last annual general meeting for the purposes of reviewing the financial statements, electing directors whose term of office has expired and appointing auditors. All general meetings of the Company other than annual general meetings are known as extraordinary general meetings. The board may at any time call an extraordinary general meeting, as can the holders of at least 10 per cent. of the aggregate par value of the capital of the Company which, as at the date of the request, carries the right of voting at general meetings of the Company. If the board fails to convene an extraordinary general meeting within 21 days of the date of deposit of the requisition, the requisitionists, or any of them representing more than 50 per cent. of the total voting rights of all of the requisitionists, may themselves convene an extraordinary general meeting. Any such extraordinary general meeting convened by the requisitionists shall not be held until three months after the expiration of the 21 day period detailed above.

No business shall be transacted at any general meeting of the Company unless a quorum is present. A quorum for a general meeting shall, for all purposes, be two Shareholders (entitled to vote) present in person or by proxy.

The chairman of the board or, in his absence, the deputy chairman (if any) of the board or, in his absence, some other director nominated by the directors, shall preside as chairman at every general meeting of the Company.

(f) Voting

A resolution put to the vote at a general meeting of the Company shall be decided by a show of hands of the Shareholders, unless before the show of hands, or before or immediately following the declaration of the result of the show of hands, a poll is duly demanded.

Every Shareholder present in person at a general meeting of the Company shall, on a show of hands, have one vote. Every Shareholder present in person or by proxy at a general meeting of the Company shall, on a poll, have one vote for every share of which he is the holder.

In the case of an equality of votes in respect of a resolution voted on at a general meeting of the Company, the chairman of the general meeting shall, both on a show of hands and on a poll, have a casting vote. The casting vote is in addition to any vote to which he may entitled as a Shareholder or as a proxy.

(g) Disclosure of interests in shares

The provisions of rule 5 of the Disclosure and Transparency Rules (the **"Disclosure and Transparency Provisions**") are incorporated by reference into the Articles, subject to Cayman Islands law.

The Disclosure and Transparency Provisions detail the circumstances in which a person may be obliged to notify the Company that he has an interest in voting rights in respect of the Ordinary Shares (a "**notifiable interest**") or has had a notifiable interest in Ordinary Shares. An obligation to notify the Company arises (i) when a person is interested in three per cent. or more of the voting rights attaching to the

Ordinary Shares and (ii) where such person's interest alters by a complete integer of one per cent. of the Ordinary Shares.

The Company may serve a notice on any person where the Company has reasonable cause to believe such person is interested in the Ordinary Shares or has been interested in the Ordinary Shares at any time during the three years immediately preceding the date on which the notice is issued. Such notice may require the person to confirm or deny that he is or was interested in the Ordinary Shares and if he holds, or has during that time held, any such interest to give such further information as may be required.

The full text of the Disclosure and Transparency Provisions will be made available to any Shareholder free of charge on application to the company secretary.

Whilst the Disclosure and Transparency Provisions have been incorporated by reference into the Articles, the Articles and current Cayman Islands law do not provide any remedy to the Company to enforce non-compliance with these provisions nor are there otherwise any statutory obligations on Shareholders to disclose to the Company the level of their interests in Ordinary Shares. As such, the Company's obligations pursuant to Rule 17 of the AIM Rules may be affected, although the Company will use all reasonable endeavours to comply with the same.

A failure by a person to declare a notifiable interest upon receipt from the Company of a notice to do so may affect the rights attaching to the Ordinary Shares which are the subject of the notice, such that dividends may be withheld and the holder of such shares may be prevented from voting at general meetings of the Company.

(h) *Directors*

Unless and until otherwise determined by the Company by ordinary resolution, there shall be no maximum number of directors, but the number of directors shall not be less than two. The majority in number of the directors (including the chairman of the board) from time to time shall comprise persons who are not resident in the UK for tax purposes.

The directors are entitled to remuneration at the rate decided by them from time to time, provided that such remuneration is subject to the advice of the remuneration committee referred to in Part I of this document.

The structure, size and composition of the board is subject to review by the nomination committee referred to in Part I of this document.

The Company may indemnify a director, officer, agent or employee of the Company out of the assets of the Company against all costs, charges, expenses, losses, damages and liabilities incurred by him in connection with the exercise by him of his duties and/or powers.

(i) *Dividends*

Subject to the restrictions in the Articles, the Company may, with the authority of a special resolution of the Company, declare and pay dividends to the Shareholders, but no such dividend shall exceed the amount recommended by the board.

The board may, if it considers that the profits of the Company available for distribution justify such payments, declare and pay interim dividends of such amounts, on such dates and for such periods as it determines.

All dividends shall be declared and paid according to the amounts paid up on the class of shares in respect of which the dividend is paid on the record date determined by the board.

A dividend may be declared or paid in whatever currency the board may determine. The decision of the board regarding the rate of exchange shall be final and conclusive.

The board may, with the authority of an ordinary resolution of the Company, direct that payment of all or part of a dividend be satisfied by the distribution of specific assets.

The board may withhold payment of any dividend to a Shareholder by reason of the death or bankruptcy of the Shareholder or if any other event gives rise to a transmission of such entitlement by operation of law. This restriction applies until the relevant party has provided such evidence of his right to receive payment of the dividend as may be reasonably required by the board.

No dividend or other monies payable by the Company on or in respect of the Ordinary Shares shall carry a right to receive interest from the Company.

All unclaimed dividends may be invested or otherwise employed by the board for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared or becoming due for payment shall be forfeited and will cease to remain owing by the Company.

If on two consecutive occasions a form of payment of dividends issued by the Company is left uncashed during the period for which it is valid (or the transfer of funds has not been satisfied) or, if after a single occurrence of the above reasonable enquiries made by the Company fail to establish any new address of the Shareholder, the Company shall not be obliged to send or transfer dividends due to that Shareholder, until he notifies the Company of an address to be used for that purpose.

(j) *Winding up*

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the Shareholders in kind the whole or any part of the assets of the Company. The liquidator shall not, however (except with the consent of the Shareholder concerned), distribute to a Shareholder any asset of the Company to which there is attached a liability or potential liability for the owner of such asset.

(k) *Borrowing powers*

Subject to the restrictions in the Articles (of which some are set out below), the board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company at general meetings of its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group shall not (excluding intra-group borrowings) at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to three times the adjusted total of capital and reserves.

(l) *Takeovers*

The Articles contain provisions addressing a situation where any person acquires 30 per cent. of the voting rights of the Company or any person, together with any person acting in concert with that person, acquires at least 30 per cent., but not more than 50 per cent., of the voting rights of the Company. In this instance, the persons or persons in question (the "**Offeror**") shall submit a written offer ("**Offer**") to all the Shareholders offering to takeover, merge or consolidate the Ordinary Shares held by them.

The Offer shall be conditional on acceptance by such Shareholders as shall enable the Offeror to obtain such number of Ordinary Shares as shall enable him to hold more than 50 per cent. of the voting rights of the Company. No acquisition of any Ordinary Shares which would give rise to the Offer may be made if the making of such Offer is dependent on the passing of an ordinary resolution of the Company, or upon any other condition, consent or arrangement. Such offer shall be unconditional if the Offeror holds Ordinary Shares representing more than 50 per cent. of the voting rights of the Company.

An Offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the Offeror for Ordinary Shares during the 12 months prior to the requirement to make the Offer. An Offer must be publicly disclosed and must be open for acceptance for a period of not less than 21 days. If the Offer is made conditional on acceptances and becomes or is declared unconditional as to acceptances, the Offer must remain open for not less than 14 days after the date on which it would otherwise have expired.

No Offeror or nominee of an Offeror (or persons acting in concert) may be appointed to the board, nor shall such Offeror and persons acting in concert be entitled to exercise any voting rights in the Company until public disclosure of the Offer has been made. If a director is affiliated with an Offeror, such director shall immediately vacate his office if his resignation is requested by notice tendered at a meeting of the board by all directors who are not so affiliated.

A failure by the Offeror to comply with the Articles may result in an award for costs made against the Offeror, the Offeror being prevented from exercising voting rights in the Company, no dividends being paid in respect of the Ordinary Shares held by the Offeror and/or the Offeror being required to provide such information as the board may consider appropriate.

The board shall have exclusive power and authority to administer and interpret the takeover provisions in the Articles and to exercise all rights and powers as may be necessary or advisable to administer such provisions.

The takeover provisions in the Articles shall cease to apply in the event that the Company ceases to have any shares listed or admitted to trading on the Official List of the United Kingdom Listing Authority or AIM, or any successor of either of them.

(m) Until and for the purposes of the Placing, the Board has the general and unconditional authority to exercise all powers of the Company to allot Ordinary Shares on a non-pre-emptive basis, up to an aggregate nominal amount equal to the nominal value of Ordinary Shares offered in the Placing. Following the completion of the Placing, the Board may, subject to an authorising resolution of the Board, allot such amount of Ordinary Shares for such period as the authorising resolution permits. Such Ordinary Shares shall be allotted on a pre-emptive basis, unless the authorising resolution is a special resolution of the Company, in which case, the Ordinary Shares may be allotted on a non-pre-emptive basis.

6. Directors' and other interests

6.1 As at the date of this document and immediately following Admission, the interests of the Directors and persons connected with them in the share capital of the Company which have been notified to the Company or which are shown in the register maintained by the Company are and will be as follows:

At the date of this document

Director	*No. of Ordinary Shares*	*% of issued share capital*
Jay Mervin Shaw	5,250,000	26.63
Jeffery Cyril Chung Man Cheung	30,000	0.15
Ray Cecil Ruff (1)	2,521,388	12.79
Sanjay Vaze (2)	0	0

(1) Jeannie Chung Ruff, the wife of Ray Cecil Ruff, holds 1,000,000 Ordinary Shares, which constitutes 5.07 per cent. of the issued share capital as at the date of this document.

(2) Suman Vaze, the wife of Sanjay Vaze, holds 260,000 Ordinary Shares, which constitutes 1.32 per cent. of the issued share capital as at the date of this document.

Immediately following Admission

Director	*No. of Ordinary Shares*	*% of issued share capital*
Jay Mervin Shaw	5,255,000	21.40
Jeffery Cyril Chung Man Cheung	35,000	0.14
Ray Cecil Ruff (3)	2,521,388	10.27
Sanjay Vaze (4)	10,000	0.04

(3) Jeannie Chung Ruff, the wife of Ray Cecil Ruff, holds 1,000,000 Ordinary Shares, which will constitute 4.07 per cent. of the issued share capital immediately following Admission.

(4) Suman Vaze, the wife of Sanjay Vaze, holds 260,000 Ordinary Shares, which will constitute 1.06 per cent. of the issued share capital immediately following Admission.

6.2 As at the date of this document options have been granted to Directors under the Share Option Scheme as follows:

Director	*Number of shares under option*	*Exercise price per share US$*	*Exercise period lapses*
Jeffery Cyril Chung Man Cheung	30,000	0.165	11.05.2013
	250,000	0.30	24.05.2016
	67,500	0.30	28.12.2016
Sanjay Vaze	20,000	0.045	19.09.2010
	20,000	0.10	27.03.2011
	60,000	0.30	30.12.2015
Roger Philip Edward Durn	40,000	0.30	30.12.2015

6.3 Save for the Directors' interests described in this paragraph 6 and save for those persons listed below, the Directors are not aware of any person who, at the date of this document or immediately following Admission, is or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company:

At the date of this document

Name	*No. of Ordinary Shares*	*% of issued share capital*
Nan Fung Investments Limited	1,731,733	8.79
Leong Kwok Wai Winston	1,571,500	7.97
Noel Douglas Lockwood Sanborn	1,153,757	5.85
Michelle Diane Sparks	991,500	5.03
Chan Man Yee	760,000	3.86
Kingbury Company Limited and	450,910	2.29
Myriad Company Limited	240,000	1.22

Immediately following Admission

Name	*No. of Ordinary Shares*	*% of issued share capital*
Unicorn Asset Management Limited	1,935,500	7.88
Nan Fung Investments Limited	1,731,733	7.05
Leong Kwok Wai Winston	1,571,500	6.40
Noel Douglas Lockwood Sanborn	1,153,757	4.70
Michelle Diane Sparks	991,500	4.04
Chan Man Yee	760,000	3.10

6.4 Save as disclosed in this paragraph 6, none of the Directors, nor any member of their respective immediate families, nor any person connected with them is or, immediately following Admission, will be interested in any share capital of the Company.

6.5 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

6.6 No Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

6.7 No major Shareholder has any different voting rights to the other holders of Ordinary Shares.

6.8 So far as the Directors are aware the Company is not directly or indirectly controlled by any person.

6.9 As at the date of this document, in addition to options granted to Directors as set out above, 1,149,000 options have been granted to subscribe for Ordinary Shares to various employees, resellers and consultants.

7. Directors' service contracts and emoluments

7.1 Jay Shaw is employed as the Chief Executive Officer of the Group pursuant to the terms of a service agreement with NetDimensions Limited dated 12 April 2007. The agreement is terminable on 12 months notice by either party or summarily by NetDimensions Limited if Jay Shaw is, among other things, guilty of gross misconduct under the agreement. Jay Shaw is paid a basic annual salary of HK$1,020,000 and is entitled to receive a discretionary bonus, the terms of which are at the absolute discretion of the Board. In addition, he is provided with private medical insurance. Jay Shaw is subject to certain non-competition and non-solicitation covenants for a period of six months following the termination of his employment. The service agreement provides for the assignment of all intellectual property rights created by him in the course of his employment within the Group. The service agreement is governed by the laws of Hong Kong.

7.2 Ray Ruff is employed as the Chief Information Officer of the Group pursuant to the terms of a service agreement with NetDimensions Limited dated 12 April 2007. The agreement is terminable on 12 months notice by either party or summarily by NetDimensions Limited if Ray Ruff is, among other things, guilty of gross misconduct under the agreement. Ray Ruff is paid a basic annual salary of HK$1,020,000 (including an annual housing benefit of HK$108,000) and is entitled to receive a discretionary bonus, the terms of which are at the absolute discretion of the Board. In addition, he is provided with private medical insurance. Ray Ruff is subject to certain non-competition and non-solicitation covenants for a period of six months following the termination of his employment. The service agreement provides for the assignment of all intellectual property rights created by him in the course of his employment within the Group. The service agreement is governed by the laws of Hong Kong.

7.3 Jeffery Cheung is employed as the Chief Financial Officer of the Group pursuant to the terms of a service agreement with NetDimensions Limited dated 12 April 2007. The agreement is terminable on 6 months notice by either party or summarily by NetDimensions Limited if Jeffery Cheung is among other things guilty of gross misconduct under the agreement. Jeffery Cheung is paid a basic annual salary of HK$1,020,000 and is entitled to receive a discretionary bonus, the terms of which are at the absolute discretion of the Board. In addition, he is provided with private medical insurance. Jeffery Cheung is subject to certain non-competition and non-solicitation covenants for a period of six months following the termination of his employment. The service agreement provides for the assignment of all intellectual property rights created by him in the course of his employment within the Group. The service agreement is governed by the laws of Hong Kong.

7.4 Pursuant to the terms of a letter of engagement with NetDimensions Limited dated 12 April 2007, Roger Durn has agreed to serve as a Non-Executive Director for an annual fee of HK$100,000 plus, whilst in office, the annual allotment of 20,000 Ordinary Shares. In addition, Roger Durn has been awarded options under the Share Option Scheme, details of which are at paragraph 6.2 of Part IV of this document. This appointment is for a fixed term of three years but will terminate automatically if Roger Durn is removed from office by a resolution of the Shareholders or is not re-elected to office. The letter of engagement is terminable by either party on one month's notice.

7.5 Pursuant to the terms of a letter of engagement with NetDimensions Limited dated 12 April 2007, Sanjay Vaze has agreed to serve as a Non-Executive Director for an annual fee of HK$75,000 plus, whilst in office, the annual allotment of 15,000 Ordinary Shares. In addition, Sanjay Vaze has been awarded options under the Share Option Scheme, details of which are at paragraph 6.2 of Part IV of this document. This appointment is for a fixed term of three years but will terminate automatically if Sanjay Vaze is removed from office by a resolution of the Shareholders or is not re-elected to office. The letter of engagement is terminable by either party on one month's notice.

7.6 Pursuant to the terms of a letter of engagement with NetDimensions Limited dated 12 April 2007, Graham Higgins has agreed to serve as a Non-Executive Director for an annual fee of HK$75,000 plus, whilst in office, the annual allotment of 15,000 Ordinary Shares. This appointment is for a fixed term of three years but will terminate automatically if Graham Higgins is removed from office by a resolution of the Shareholders or is not re-elected to office. The letter of engagement is terminable by either party on one month's notice.

7.7 Each Director will serve until his resignation, removal by the Shareholders, or the appointment of a successor Director by the Shareholders.

7.8 Save as disclosed in this document, there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.

7.9 In the financial year ended 31 December 2006 (being the last completed financial year of the Group) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was HK$3,340,500.

7.10 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors upon Admission will be HK$3,346,000 plus the allotment of 50,000 Ordinary Shares on an annual basis.

7.11 The Group contributes to defined contribution pension schemes for employees and Executive Directors. The Group's contributions are up to date.

8. Additional Information on the Directors

8.1 Save as set out below, no directorships of any company, other than the Company, NetDimensions Limited and ND Services Inc, have been held or occupied over the previous five years by any of the Directors, nor over that period has any Director been a partner in a partnership:

Director	*Current directorships or interests in partnerships*	*Former directorships or interests in partnerships held in last five years*
Jay Mervin Shaw	TPR Formosa Limited	None
Jeffery Cyril Chung Man Cheung	CGA – Hong Kong	Creative (China) Limited Internationalink Limited
Roger Philip Edward Durn	Enterprise DB Asia Pacific Limited Zipzzap Communications Limited	None
Sanjay Vaze	Alutus Investments Limited Anchor Assets Limited Asia Wide Limited Boyton Group Limited Cavistons International Limited City Unicorn International Limited East Concept Limited Forum of Indian Professionals (HK) Global Planet Limited Glowlight Pte Limited JV Overseas Trading Limited Maxer Holdings Limited Maxpool Holdings Corp Morningstar Investments Limited New Matrix Limited North Cape Properties Limited Oracle Investments Limited Pacific Asia Limited Prima Secretaries Limited Result Plus Limited Sara Beattie Institute PVT Limited World Fashion Trade Limited Zaurus Investments Limited Zodiac Business Services Pte Limited	Dillett Group Limited

8.2 Save as disclosed above none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including designated professional bodies);

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company; or

(h) had a name other than his existing name.

9. Share Option Scheme

9.1 The Company adopted the Share Option Scheme on 18 September 2000. The main purpose of the Share Option Scheme is to enable the Group to attempt to attract and retain employees by means of incentivisation. The principal terms of the Share Option Scheme are set out below.

9.2 The maximum aggregate number of Ordinary Shares which may be issued under the Share Option Scheme is 3,000,000.

9.3 The granting of options under the Share Option Scheme is administered by the Board, which has full and final authority on all matters relating to the Share Option Scheme, including the selection of recipients of the awards (who do not have to be employees or Directors of the Group to take part in the Share Option Scheme), the determination of the extent of which awards are granted, the determination of the number of Ordinary Shares that are awarded, together with the consideration to be paid for them, as well as the determination of the terms and conditions of the award itself.

9.4 The terms of each award are stated in the relevant award agreement (including the amount of Ordinary Shares under option, the price per Ordinary Share, the first vesting date and the expiry date). The option to acquire the Ordinary Shares must be exercised within 10 years of the first vesting date, which is set out in the award agreement. If the grantee of the option fails to exercise the option to acquire the Ordinary Shares within the 10 year period, the option shall expire.

9.5 The awards are non-transferable, except upon the death of a grantee.

9.6 To the extent that an option to acquire Ordinary Shares has vested, the grantee may exercise an option to acquire such Ordinary Shares up to three months after the termination of his employment or business relationship with the Group. In the event that the three month period expires and the option to acquire the Ordinary Shares has not been exercised, or options to acquire Ordinary Shares have not vested, all such unexercised options (including unvested shares and vested but not exercised shares) will expire. If the grantee's employment or business relationship is terminated "for cause", the options which have been granted may expire at the time of termination. In the event of termination as a result of the death or disability of the grantee, the option to acquire vested shares shall be extended to the earlier of the expiry date of the option in question or the 12 months period after the date of termination, upon which all options shall expire.

9.7 In order to exercise an option to acquire Ordinary Shares under the Share Option Scheme, the grantee must deliver to the Company an executed exercise agreement.

9.8 The Company has the right to repurchase unvested shares from the grantee in the event that his employment or business relationship with the Group is terminated. The repurchase shall be on the terms and conditions set out in the relevant exercise agreement. The Board shall have authority to determine whether the grantee has been terminated and the effective date of such termination.

9.9 The Ordinary Shares acquired under the Share Option Scheme shall rank *pari passu* in all respects with the Ordinary Shares already then in issue at the time of acquisition, save as regards any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

9.10 The award agreement in respect of the Share Option Scheme contains an acknowledgement on the part of the grantee in which he states that there may be adverse tax consequences as a result of exercising an option and that the grantee should consult a tax adviser prior to such exercise.

10. Material contracts

10.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) The Placing Agreement, pursuant to which Teather & Greenwood has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price.

The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 am on 2 May 2007 (or such later date as the Company and Teather & Greenwood may agree, being not later than 8.00 am on 1 June 2007). The Placing Agreement contains warranties from the Company and the Directors in favour of Teather & Greenwood in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company and Directors have agreed to indemnify Teather & Greenwood in respect of certain liabilities it may incur in respect of the Placing. Teather & Greenwood has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties which Teather & Greenwood considers is materially prejudicial to the outcome of the Placing or in circumstances of *force majeure*.

Under the Placing Agreement the Company has agreed to pay Teather & Greenwood a corporate finance fee of £150,000 and a commission of up to four per cent. on the value of the Placing Price of the Placing Shares, together with any applicable VAT.

Additionally, the Company has agreed to pay all of Teather & Greenwood's properly incurred costs and expenses (including any applicable VAT) of the Placing.

(b) A nominated adviser and broker agreement dated 26 April 2007 and made between (1) the Company and (2) Teather & Greenwood pursuant to which the Company has appointed Teather & Greenwood to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Teather & Greenwood a fee of £30,000 plus VAT per annum for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to Teather & Greenwood. The agreement is for a fixed term of 12 months and thereafter is terminable upon not less than 3 months prior written notice by either the Company or Teather & Greenwood, or earlier in the event of a material breach.

(c) Each person holding more than 3 per cent. of the Company's issued share capital prior to Admission and the Placing has entered into an agreement with the Company and Teather & Greenwood, pursuant to which each such person has agreed, save in the certain limited circumstances described below, not to dispose of any Ordinary Shares until the date falling three months following publication of the audited accounts of the Group for the year ended 31 December 2007, without the prior consent of Teather & Greenwood and for a further 12 months thereafter only in consultation with the Company's broker, so as to maintain an orderly market in the Ordinary Shares.

Certain disposals are permitted including: (i) any disposal pursuant to acceptance of a general, partial or tender offer to all shareholders (or an irrevocable commitment to accept such an offer); (ii) any disposal pursuant to an intervening court order; (iii) any disposal by personal representatives on death or (iv) any disposal made with the prior written consent of the Company and Teather & Greenwood.

(d) NetDimensions Limited entered into a corporate business development agreement with Gotham Growth Group on 10 October 2006. Gotham Growth Group is retained by NetDimensions Limited as a consultant to assist NetDimensions Limited with its corporate development strategy in the US, which includes, although this is not an exhaustive list, identifying potential resellers, clients and suitable mergers and acquisitions targets. Gotham Growth Group is paid a monthly retainer by NetDimensions Limited of US$5,000 plus commission, based on business development and mergers and acquisitions opportunities presented to and completed by NetDimensions Limited. The agreement is terminable on 30 days written notice by either party without cause and by NetDimensions Limited on 14 days notice in respect of an unremedied breach by Gotham Growth Group.

11. Litigation

11.1 Save as disclosed below, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Group nor, so far as the Board is aware, are any such proceedings pending or threatened.

11.2 Legal proceedings have been brought by NetDimensions Limited against a former sales and marketing agent in the District Court of the Hong Kong Special Administrative Region for US$108,453.54, which the Directors believe is owing. A Writ of Summons endorsed with a Statement of Claim was issued on 12 December 2006. As at the date of this document and, subject to receipt of a formal defence, the Directors believe that there are good prospects that NetDimensions Limited will be successful in establishing its claims against the former sales and marketing agent.

12. Working capital

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds receivable under the Placing, the working capital available to the Group from the time of Admission will be sufficient for its present requirements, namely the period of at least 12 months from the date of Admission.

13. Taxation

United Kingdom Taxation

13.1 *General*

The following statements are intended only as a general non-exhaustive guide to certain aspects of current UK tax legislation and to what is understood to be the current practice of the HMRC. They relate to persons who are resident or (if individuals) ordinarily resident in the UK for UK tax purposes and who are the absolute beneficial owners of Ordinary Shares and any dividends paid in respect of them, in circumstances where any dividends paid are regarded for UK tax purposes as that person's income (and not the income of some other person). The comments below may not apply to certain classes of Shareholders such as dealers in securities, insurance companies, trusts and trustees, collective investment schemes or persons connected with the Company. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of acquiring and holding the Ordinary Shares. **Any person who is in any doubt as to his or her tax position or who is subject to tax in any jurisdiction other than the UK is strongly recommended to consult his or her professional advisers immediately. This summary is based upon UK law and HMRC practice, all as currently in effect and all subject to change at any time, possibly with retroactive effect.**

13.2 *Taxation of dividends*

Dividends paid by the Company will not be subject to withholding tax in the Cayman Islands.

Holders of the Ordinary Shares who are resident for tax purposes in the UK will, in general, be subject to UK income tax or corporation tax on the gross amount of dividends paid to them by the Company. Dividends received by such holders who are within the charge to corporation tax will be taxed at the prevailing corporation tax rate. An individual will generally be chargeable to income tax on dividends received from the Company at the dividend ordinary rate (currently 10 per cent.) or, to the extent that the amount of the gross dividend when treated as the top slice of his or her income exceeds the threshold for higher rate tax, at the dividend upper rate (currently 32.5 per cent.). An individual holder of Ordinary Shares who is resident but not domiciled in the UK for UK tax purposes or who is resident but not ordinarily resident in the UK for UK tax purposes may claim to be liable to UK income tax only to the extent that dividends paid by the Company are remitted or deemed to be remitted to the UK.

13.3 *Capital Gains*

A disposal of the Ordinary Shares by a holder who is (at any time in the relevant UK tax year) resident or, in the case of an individual, resident or ordinarily resident in the United Kingdom for UK tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the holder's circumstances and subject to any available exemption relief. A holder of Ordinary Shares who is an individual and who has, on or after 17 March 1988, ceased to be resident or ordinarily resident for UK tax purposes in the UK for a period of less than five complete years of assessment and who disposes of Ordinary Shares during that period may also be liable, when he or she resumes UK tax residence, to UK taxation of chargeable gains (subject to any available exemption or relief). It should be noted that the UK Finance (No. 2) Act 2005 contains provisions to deal with individuals who are resident or ordinarily resident in the UK but fall to be regarded as resident in a territory outside the UK for the purposes of double taxation relief arrangements.

13.4 *Domicile*

Any individual who owns Ordinary Shares and is resident or ordinarily resident in the UK, but who is not regarded as domiciled in the UK for tax purposes, may be subject to UK income tax or capital gains tax as described above only to the extent that this income or disposal proceeds are treated as remitted to the UK. Any such individual is advised to obtain his or her own professional advice on the UK tax implications of the acquisition, ownership and disposal of Ordinary Shares.

13.5 *Inheritance Tax*

If any Shareholder is regarded as domiciled or deemed domiciled in the UK, inheritance tax may be payable in respect of the Ordinary Shares on the death of the Shareholder or, in certain circumstances, on a gift of the Ordinary Shares.

In the case of a Shareholder who is not regarded as domiciled in the UK for these purposes, no such UK inheritance tax will be payable if the Ordinary Shares are not situated in the UK.

13.6 *Anti-avoidance*

The attention of individual holders of Ordinary Shares who are ordinarily resident in the UK is drawn to the provisions of sections 739 to 745 of the UK Income and Corporation Taxes Act 1988 (the "**Taxes Act**"). These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad.

More generally, the attention of holders of Ordinary Shares is also drawn to the provisions of sections 703 to 709 of the Taxes Act, which give powers to HMRC to cancel tax advantages derived from certain transactions in securities.

13.7 *Stamp Duty and Stamp Duty Reserve Tax*

The following statements are intended as a general guide to the current UK Stamp Duty position. The statements are made on the understanding that the Company does not maintain a share register in the UK and they do not apply to Ordinary Shares issued or transferred into depository or clearance arrangements, to which special rules apply.

The allocation and issue of Ordinary Shares will not generally give rise to liability to stamp duty or stamp duty reserve tax.

It is intended that trading of the Ordinary Shares (which are registered in the Cayman Islands) on AIM will be effected on a paperless basis through CREST in the form of DIs. It is expected that these DIs will be subject to Stamp Duty Reserve Tax on transfer at the rate of 0.5 per cent. This will be collected through CREST and is ultimately the liability of the purchaser.

14. Consents

14.1 Nexia Smith & Williamson has given and not withdrawn its consent to the issue of this document with inclusion herein of their reports and letters and references to its name in the form and context in which they are included and have accepted responsibility for such reports and letters.

14.2 Teather & Greenwood has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

15. General

15.1 Save as disclosed in "Current Trading and Prospects" in Part I of this document, there has been no significant change in the trading or financial position of the Group since 31 December 2006, (being the date to which the last audited accounts of the Group were prepared).

15.2 The accounting reference date of the Company is currently 31 December.

15.3 The accounts of the Company for the year ended 31 December 2006 were audited by Nexia Smith & Williamson, Registered Auditors, 25 Moorgate, London EC2R 6AY. The accounts of the Company for the two years ended 31 December 2005 were audited by KC Fok and Company 17/F, Man Hing Comm. Bldg. 79-83 Queen's Road C. Central, Hong Kong. KC Fok and Company is a member of the Hong Kong Institute of Certified Public Accountants.

15.4 Save as disclosed in this document, as far as the Directors are aware:

(a) there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets;

(b) there are no known trends, uncertainties, demands or events that are reasonably likely to have a material adverse effect on the Group's prospects for at least the current financial year;

(c) the Company is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to its business or profitability; and

(d) there are no exceptional factors that have influenced the Group's activities; and

(e) there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.

15.5 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

(a) fees totalling £10,000 or more;

(b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more as the date of Admission.

15.6 The expenses of and incidental to the Placing, including commissions, registration and admission fees, printing, advertising and distribution costs, legal and accounting fees and expenses, are estimated to amount to approximately £0.68 million (exclusive of VAT, which is not chargeable) and are payable by the Company.

15.7 Information in this document which has been sourced from third parties has been accurately reproduced and, so far as the Board is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.8 Save as disclosed in this document, the Company does not hold a proportion of the capital of any undertaking likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

15.9 Save as disclosed in this document, the Company has no principal investments for the period covered by the historic financial information contained in this document and has no principal investments in progress and no principal future investments in relation to which it has made a firm financial commitment.

16. Availability of documents for inspection

Copies of this document will be available, free of charge, at the offices of Teather & Greenwood at Beaufort House, 15 St Botolph Street, London EC3A 7QR during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and will remain available for at least one month after Admission.

Dated 26 April 2007