

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities. If you have sold or transferred all of your Ordinary Shares in Chrome Technology plc, please send this document and the Form of Proxy to the purchaser or transferee or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Alternative Investment Market ("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 officially listed.

A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

London Stock Exchange plc has not itself examined or approved the contents of this document.

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) ("the POS Regulations"). A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales for registration pursuant to Regulation 4(2) of the POS Regulations.

To the best of the knowledge 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 there is no other material information the omission of which is likely to affect the import of such information. The Directors, whose names are set out on page 3, accept responsibility accordingly, including individual and collective responsibility under the AIM Rules.

Application will be made for re-admission of the issued Existing Ordinary Shares and admission of the New Ordinary Shares of Chrome Technology plc to trading on AIM. It is expected that dealings in the New Ordinary Shares will commence on 1 May 2001.

The Placing is not underwritten and is conditional, *inter alia*, on Admission taking place on or before 31 May 2001.

The whole of the text of this document should be read. Your attention is also drawn to the risk factors set out in Part 1 of this document.

CHROME TECHNOLOGY PLC

(Incorporated and Registered in England and Wales under the Companies Act 1985
with registered number 4058698)

Proposed acquisition of Xworks Limited

**Proposed Placing of up to 2,000,000 New Ordinary Shares of 5p each
at 10p per share**

**Proposed Issue of up to 12,681,481 Warrants to subscribe
for New Ordinary Shares at 10p per share**

Adoption of Share Option Plan

and

Change of name to Xworks plc

Nominated Adviser

Grant Thornton

Broker

Keith, Bayley, Rogers & Co.

Share capital immediately following the Proposals (assuming that the Placing is fully subscribed)				
Authorised			Issued	
Number	£		Number	£
80,000,000	4,000,000	Ordinary shares of 5p each	45,897,436	2,294,872

The New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on Admission.

Grant Thornton, which is regulated by the Institute of Chartered Accountants in England and Wales, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director. No representation or warranty, express or implied, is made by Grant Thornton as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Keith, Bayley, Rogers & Co. who are regulated by The Securities and Futures Authority Limited and are a member of the London Stock Exchange, are acting exclusively for the Company in connection with the Proposals. Neither Grant Thornton nor Keith, Bayley, Rogers & Co. will be responsible to anyone other than the Company for providing the protections afforded to their clients or for advising any other person on the Placing and the transactions and arrangements described in this document.

Notice of an Extraordinary General Meeting of Chrome Technology plc, to be held at the registered office of the Company, Adelaide House, London Bridge, London EC4R 9HA, at 10.00 a.m. on 30 April 2001 is set out at the end of this document. To be valid, the enclosed Form of Proxy for use at the meeting should be completed, signed and returned in accordance with the instructions thereon so as to be received by the Company's Registrars (Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU) as soon as possible but in any event not later than 10.00 a.m. on 28 April 2001. Completion of a Form of Proxy will not preclude a shareholder from attending and voting at the meeting in person.

CONTENTS

	<i>Page</i>
Directors and Advisers	3
Definitions	4
Expected Timetable of Principal Events	6
Placing Statistics	6
Part 1 Letter from the Chairman	7
Part 2 Further information on Xworks Limited	15
Part 3 Accountants' Report on Chrome Technology plc	21
Part 4 Accountants' Report on Xworks Limited	27
Part 5 Pro forma Statement of Net Assets of the Enlarged Group	36
Part 6 Summary of the terms of the Warrants	38
Part 7 Additional Information	42
Notice of Extraordinary General Meeting	62

DIRECTORS AND ADVISERS

Current Directors	David Samuel Rogers (Chairman) John William Maundrell (Director) Ian Michael Ryden (Director) all of Adelaide House, London Bridge, London EC4R 9HA
Proposed Directors	Justin Piers Drummond (Chief Executive) Peter John Williams (Finance Director) Charles Michael Andrew Black (Director) all of The Plaza, 535 King's Road, London SW10 0SZ
Secretary and registered office	John William Maundrell ACA Adelaide House London Bridge London EC4R 9HA
Nominated Adviser	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP
Broker	Keith, Bayley, Rogers & Co. Ebbark House 93-95 Borough High Street London SE1 1NL
Solicitors to the Company	Berwin Leighton Adelaide House London Bridge London EC4R 9HA
Solicitors to Xworks	Mundays Crown House Church Road Claygate Esher Surrey KT10 0LP
Auditors and Reporting Accountants	Grant Thornton 8 West Walk Leicester LE1 7NH
Registrars	Capita IRG Plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

Unless the contrary intention appears, the following definitions apply:

<i>Acquisition</i>	the proposed conditional acquisition of the entire issued share capital of Xworks pursuant to the Acquisition Agreement;
<i>Acquisition Agreement</i>	the conditional agreement dated 6 April 2001 between the Concert Party (1), Xworks (2), the Company (3) and David Rogers (acting as trustee for the Shareholders) (4) relating to the purchase by the Company of the entire issued share capital of Xworks, further details of which are set out in paragraph 8.1.6 of part 7 of this document;
<i>Act</i>	the Companies Act 1985 as amended;
<i>Admission</i>	the effective admission of the Enlarged Issued Share Capital to trading on AIM, in accordance with the AIM Rules;
<i>AIM</i>	the Alternative Investment Market of the London Stock Exchange;
<i>AIM Rules</i>	the AIM Rules for companies as published by the London Stock Exchange;
<i>Careerplus</i>	Careerplus Limited;
<i>City Code</i>	the City Code on Takeovers and Mergers;
<i>Chemserve</i>	Chemserve Group Plc;
<i>Company or Chrome Technology</i>	Chrome Technology plc;
<i>Combined Code</i>	the Principles of Good Governance and Code of Best Practice (derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports) included within The Listing Rules of the UK Listing Authority;
<i>Concert Party</i>	the existing shareholders of Xworks as set out on page 12 and any persons acting in concert with them;
<i>Consideration Shares</i>	the 26,777,436 Ordinary Shares to be issued credited as fully paid as consideration for the Acquisition;
<i>CREST</i>	the system for paperless settlement of trades and the holding of uncertificated shares administered by CRESTCo. Limited;
<i>Current Directors</i>	the current directors of the Company as set out on page 3 of the Prospectus;
<i>Directors or Board</i>	the Current Directors and the Proposed Directors;
<i>Enlarged Group</i>	Chrome Technology and its subsidiaries, as enlarged by the Acquisition;
<i>Enlarged Issued Share Capital</i>	the Existing Ordinary Shares and the New Ordinary Shares;
<i>Existing Ordinary Shares</i>	the 17,120,000 Ordinary Shares in issue at the date of this document;
<i>Extraordinary General Meeting or EGM</i>	the extraordinary general meeting of the Company to be held on 30 April 2001, notice of which is set out at the end of this document;

<i>Form of Proxy</i>	the form of proxy enclosed with this document;
<i>Keith, Bayley, Rogers</i>	Keith, Bayley, Rogers & Co., who are regulated by The Securities and Futures Authority Limited;
<i>London Stock Exchange</i>	London Stock Exchange plc;
<i>New Ordinary Shares</i>	the Placing Shares and Consideration Shares;
<i>Onthebox</i>	onthebox.com Limited;
<i>Ordinary Shares</i>	ordinary shares of 5p each in the capital of the Company;
<i>Panel</i>	the Panel on Takeovers and Mergers;
<i>Placing</i>	the proposed conditional placing of up to 2,000,000 Ordinary Shares by the Company at the Placing Price;
<i>Placing Price</i>	10p per Placing Share;
<i>Placing Shares</i>	the Ordinary Shares that are subscribed for pursuant to the Placing;
<i>POS Regulations</i>	the Public Offers of Securities Regulations 1995 (as amended);
<i>Proposals</i>	the Acquisition, the Placing, the issue of the Warrants, the adoption of the Share Option Plan and the change of name to Xworks plc;
<i>Proposed Directors</i>	Justin Drummond, Peter Williams and Charles Black;
<i>Prospectus</i>	this document;
<i>Qualifying Shareholders</i>	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date;
<i>Quantum</i>	Quantum Products Limited;
<i>Record Date</i>	the close of business on 30 April 2001;
<i>Resolutions</i>	the resolutions set out in the notice of Extraordinary General Meeting at the end of this document;
<i>Share Option Plan</i>	the proposed share option plan of the Company;
<i>Shareholders</i>	the holders of Existing Ordinary Shares;
<i>Space</i>	Space 7 Limited;
<i>UK</i>	United Kingdom of Great Britain and Northern Ireland;
<i>USA</i>	United States of America, its territories and possessions and the District of Columbia;
<i>Warrants</i>	up to 12,681,481 equity warrants 2003 to be authorised for issue by the Company entitling holders thereof to subscribe for Ordinary Shares at a price of 10p per share (subject to adjustment), further details of which are set out in Part 6 of this document;
<i>WMS</i>	World Motorsports Limited; and
<i>Xworks</i>	Xworks Limited, a company registered in England and Wales with Company Number 3836178.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2001
Publication of this Prospectus	6 April
Latest time for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 28 April
Extraordinary General Meeting	10.00 a.m. on 30 April
Record Date	30 April
Re-admission/admission effective and trading expected to recommence/commence	1 May
Certificates in respect of Placing Shares and Warrants despatched by	8 May

PLACING STATISTICS

(assuming all the Placing Shares are subscribed for under the Placing)

Placing Price	10p
Number of Placing Shares	2,000,000
Placing Shares as a percentage of the Enlarged Issued Share Capital	4.36 per cent.
Proceeds receivable by the Company pursuant to the Placing	£200,000
Number of Consideration Shares	26,777,436
Consideration Shares as a percentage of the Enlarged Issued Share Capital	58.34 per cent.
Number of Ordinary Shares in issue following Admission	45,897,436
Market capitalisation at the Placing Price following Admission	£4,589,744

PART 1
LETTER FROM THE CHAIRMAN
CHROME TECHNOLOGY PLC

Directors

David Samuel Rogers (Chairman)
John William Maundrell
Ian Michael Ryden

Registered Office
Adelaide House
London Bridge
London EC4R 9HA

6 April 2001

To the Shareholders and, for information only, the holders of options over Ordinary Shares

Dear Shareholder

Proposed acquisition of Xworks Limited, Placing of up to 2,000,000 Ordinary Shares of 5p each, issue of up to 12,681,481 Warrants to subscribe for New Ordinary Shares at 10p per share, adoption of the Share Option Plan and change of name to Xworks plc

Introduction

The Company has today entered into an acquisition agreement, conditional *inter alia* on the consent of Shareholders, to acquire Xworks for a consideration of £2,677,744 to be satisfied by the issue of the Consideration Shares. Xworks is a business incubator focused on the technology and Internet sectors. The Company also proposes to raise up to £200,000 by the issue of up to 2,000,000 New Ordinary Shares at 10p per share pursuant to the Placing. The proceeds of the Placing will be used to provide additional working capital for the business of the Enlarged Group. The expenses of the Proposals will be met from existing funds.

On 31 January 2001 the Company announced that it was in discussions with a view to acquiring Xworks, and that its intention was to acquire a direct controlling interest in Wundercars. It is no longer the Board's intention to acquire a direct controlling interest in Wundercars as part of the Proposals.

Following completion of the Acquisition and, assuming the Placing is subscribed in full, existing Shareholders will hold approximately 37.3 per cent. of the Enlarged Issued Share Capital, with the Concert Party holding approximately 58.3 per cent.

By reason of its size the Acquisition is classified as a "reverse takeover" under the AIM Rules and therefore requires the approval of the Company's shareholders. To complete the Acquisition and implement the Placing it will be necessary to give the Directors the necessary powers and authorities to allot the New Ordinary Shares.

In addition, it is proposed to adopt a new share option plan for the directors and employees of the Enlarged Group, to issue to Qualifying Shareholders up to 12,681,481 Warrants to subscribe for Ordinary Shares at a price of 10p per share and to change the name of the Company to Xworks plc.

If the Resolutions are passed at the EGM, it is anticipated that Admission will occur and dealings in the Enlarged Issued Share Capital will commence on the following day.

Your approval is being sought for the Proposals. The purpose of this document is to provide you with information on the Proposals and to seek your approval at the EGM, notice of which is set out at the end of this document.

Background to and reasons for the Acquisition

Chrome Technology plc was established to exploit opportunities in the incubator sector by acquiring technology and Internet incubators. The Company was incorporated on 18 August 2000, with £100,000 being raised through the issue of two million shares at 5p on incorporation and subsequently on 4 October 2000. A further £1,512,000 was raised at the time the Company was admitted to trading on AIM on 23 October 2000.

In the Company's prospectus dated 16 October 2000, the Current Directors identified the characteristics of any potential acquisition as including one or more of the following:

- significant growth prospects;
- either with existing profits or a realistic prospect of making profits within the foreseeable future;
- a strong management team;
- the ability to provide or procure a range of incubator services to its incubatees and potential incubatees;
- a requirement for working capital to achieve its potential; and
- the likelihood of benefiting from being part of a substantial group with quoted shares.

The Current Directors believe that Xworks possesses all of the above characteristics, and that it represents a good investment for the Company. The Current Directors also believe that Xworks would benefit from the additional working capital that the Company can provide and from the Current Directors' expertise in the technology and internet sectors and corporate finance, as well as from being part of a larger group with quoted shares.

Information on Xworks

Xworks is a business incubator that commenced trading in March 2000 to provide funding, services and business management to create and/or accelerate businesses operating in the digital economy. The Xworks' incubation process involves the application of management expertise which is focused on financial controls, sales and making profits. Xworks generates revenue through the provision of services and by realising value from its investments.

The range of business management services that Xworks offers includes business planning, office space, brand creation and development, web site design and development, marketing and PR, online strategy, call centre services, a sales team, accounting and legal services and corporate finance. Xworks has achieved ISO9002 accreditation as an investment and management company and the Proposed Directors believe that Xworks is one of the first incubators in Europe to receive this certification.

Xworks currently has investments in five businesses, all of which are generating revenue. These businesses, which are described in greater detail in Part 2 of this document, are as follows:

<i>Name</i>	<i>Description</i>	<i>Percentage held by Xworks</i>
Careerplus	Online recruitment business serving the information technology and new media sectors	97.5 per cent. held. (5 per cent. of the issued share capital is subject to an option in favour of the managing director of Careerplus)
Quantum	Marketing solutions including consultancy, market research and a web-enabled call centre	100 per cent.
Space	E-business service provider: design, software, hosting and computer networks	16.8 per cent. with options to acquire the remaining 83.2 per cent.
Onthebox	Electronic programme guide providing online TV listings	51 per cent. held, with an option to acquire an additional 44 per cent.
Wundercars	Sale of new and used cars, finance and warranties via the Internet	10 per cent.

Xworks completed its first trade sale with the disposal of its formula 1 web site in January 2001 to 365 Corporation PLC. The consideration of £250,000 consisted of cash, equity in 365 Corporation PLC and advertising on its web sites.

Xworks has received ISO9002 certification and has also been selected by Barclays Merchant Services to serve as a Barclays Merchant Development Partner assisting their customers with e-commerce transactions. In addition, Xworks is working with Ernst & Young's eBusiness Accelerator unit, so as to be able to provide a full support service to new economy start-ups from launch to maturity.

Acquisition Agreement

As set out above, the Company has entered into the Acquisition Agreement, which is conditional, *inter alia*, upon approval of Shareholders. The consideration for the Acquisition is £2,677,744, to be satisfied by the

issue of the 26,777,436 Consideration Shares to the Shareholders of Xworks. The Consideration Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares.

Current trading and prospects

Chrome Technology has no employees other than the Current Directors and has not traded since its incorporation in August 2000. The Directors intend that Chrome Technology will continue to be a company that invests in businesses whose growth can be accelerated and from which value can be realised.

Reasons for the Placing

The proceeds of the Placing will provide additional working capital for the Enlarged Group.

Information on the Placing

Arrangements are being made by the Company to place up to 2,000,000 Ordinary Shares at 10p per Ordinary Share. None of the other Proposals are conditional upon any amount being raised under the Placing. The Placing is subject to the fulfilment of certain conditions including approval of the Acquisition by Shareholders and Admission taking place on or before 31 May 2001.

Issue of Warrants

In the event that the Resolutions numbered 1 and 2 are passed by the requisite majority and become unconditional, Qualifying Shareholders will be issued with Warrants to subscribe for New Ordinary Shares on the basis of:

One Warrant for every 1.35 Existing Ordinary Shares

held at the Record Date and so on in proportion for any greater number of Existing Ordinary Shares then held. Fractions of Warrants will not be allotted.

Each new Warrant will entitle the holder thereof to subscribe for one Ordinary Share at a price of 10p per share from the date of issue of the Warrants until 30 April 2003.

Qualifying Shareholders who have sold or transferred all or part of their holdings of Existing Ordinary Shares are advised to consult their stockbroker, or other agent through whom the sale or transfer was effected as soon as possible, as the right to receive Warrants may represent a benefit which can be claimed from them by the purchasers or transferees of such shares.

All documents sent to a Qualifying Shareholder will be sent through the post at his/her risk.

No application is being made to admit the Warrants to trading on AIM.

Further details of the terms of the Warrants are set out in Part 6 of this document.

Current Directors

David Rogers, Chairman, aged 52, has wide business experience and in recent years has been involved with a number of public companies in the technology sector. He is a director of Internet Music & Media plc, a company admitted to AIM, and until February 2000 was a director of Virtual Internet plc, which is now listed on the official list of the UK Listing Authority. He is also a director of Corum plc, Tolmount plc, and Silentpoint plc, all of which are admitted to AIM. He has spent the majority of his working life in the property industry, predominantly in the City of London as a partner in City commercial property agents, Furze Rogers and Partners (and a shareholding director of the company formed when that firm incorporated).

John Maundrell, Director, aged 45, qualified as a chartered accountant in 1982 with what is now PricewaterhouseCoopers. He spent the next eleven years in corporate finance, first with NatWest Markets and then as a director of Gilbert Elliott Corporate Finance Limited and Rea Brothers Limited. He was company secretary of Hobson PLC from 1994 to 1996 and corporate development director of Utilitec plc from 1996 to 1997. In 1998 he formed his own consultancy practice and has since advised the boards of a number of public companies on their flotation and acquisition plans. He is chief executive of Tolmount plc and a director of Airow plc, which are companies admitted to AIM.

Ian Ryden, Director, aged 37, started his career as an accountant for Texas Homecare, a division of Ladbroke's plc (now Hilton plc), where he became financial planning and analysis manager. In 1994, he joined the Barber Group Limited, a food manufacturing business, and became sales and marketing director in 1995. In 1997 he founded and became managing director of Select Catalogues Limited, a mail order

business specialising in providing goods to UK servicemen around the world. In November 1998 he left the business to pursue other interests and he is currently a director of, and from January 2000 to November 2000 was chief executive of, Gaming Internet plc, a company which is admitted to AIM.

Board changes

Conditional upon Admission Justin Drummond, Peter Williams and Charles Black will join the Board as executive directors and David Rogers, John Maundrell and Ian Ryden will assume non-executive roles. Further details of the Proposed Directors are set out below.

Proposed Directors

Justin Drummond, Proposed Chief Executive

Justin Drummond, aged 27, founded Xworks which commenced trading in March 2000. Justin began his business career in 1993 when he established his first call-centre company in South Africa. He returned to the UK in 1999 and has since set up Quantum, a web-enabled call centre business, further details of which are set out in Part 2 of this document. In addition he played a key role in the £450,000 fundraising for building industry website click4home.com.

Peter Williams, Proposed Finance Director

Peter Williams, aged 34, qualified as a Chartered Accountant with what is now PricewaterhouseCoopers in 1992 before joining Rea Brothers Limited where he undertook corporate finance work for a large number of small and growing companies. From 1996 to 1998 he was Finance Director of Lanica Limited, a subsidiary of Lanica Trust Limited, and from 1998 to 1999 he was Financial Director at Virtual Internet plc where he oversaw the company's AIM flotation and subsequent expansion. Peter has since provided consultancy advice to a number of Internet start-ups, including asseenonscreen.com and zapcasino.com (part of Gaming Internet plc).

Charles Black, Proposed Director

Charles Black, aged 29, qualified as a barrister in 1996, specialising in media and company law. In 1998 he set up Space, a now well-established e-business service provider developing web sites and business software for corporate clients. Employing a large team of specialist developers, Space's client list includes Virtual Internet plc, Sportscape Group plc and Postoptics.

Directors' Service Agreements

Details of the Directors' service agreements and arrangements and other benefits are set out in paragraph 5 of Part 7 of this document.

Share Option arrangements

On 16 October 2000, Mr Rogers, Mr Maundrell and Mr Ryden were granted options over 550,000 Ordinary Shares, 550,000 Ordinary Shares and 200,000 Ordinary Shares respectively (representing in aggregate approximately 2.83 per cent. of the Enlarged Issued Share Capital, assuming the Placing is fully subscribed) at an exercise price of 10p per share.

On Admission options proposed to be granted under the Share Option Plan will amount to a further 4.74 per cent. of the Enlarged Issued Share Capital assuming the Placing is fully subscribed. The Directors intend that the exercise price of the options granted under the Share Option Plan will be not less than the Placing Price.

The main provisions of these option arrangements are set out in paragraphs 6 and 7 of Part 7 of this document.

Lock-in arrangements

On Admission the Directors and persons connected with them will be interested in an aggregate of 10,693,200 Ordinary Shares representing 23.3 per cent. of the Enlarged Issued Share Capital (assuming the Placing is fully subscribed). Details of these shareholdings are set out in paragraph 5 of Part 7 of this document.

In accordance with the AIM Rules, each of the Directors and Jason Drummond (the brother of Justin Drummond, details of whom are set out on page 12), has agreed, for himself and his associates, not to dispose of any interest in Ordinary Shares held by him or his associates on the date of Admission for a period of 12 months following Admission, save in the event of an intervening court order, a take-over becoming or being declared unconditional, or his death.

Each of the Proposed Directors and Jason Drummond has agreed that for a second 12 month period he may only dispose of such shares with the consent of the Keith, Bayley, Rogers (such consent not to be unreasonably withheld). Furthermore any such disposal in the second 12 month period shall be made and conducted through Keith, Bayley, Rogers.

The holders of the Ordinary Shares in issue on 16 October 2000 agreed on that date, for themselves and their associates, not to dispose of any interest in an aggregate of 2,000,000 Ordinary Shares held by them or their associates for a period of 6 months following admission of the Company to AIM on 23 October 2000 save in the event of an intervening court order, a take-over becoming or being declared unconditional, or in the case of an individual, their death. For a further 18 month period the said shareholders may dispose of such shares with the consent of the Company's broker (such consent not to be unreasonably withheld). Furthermore any such disposal in the further 18 month period shall be made and conducted through the Company's broker.

Dividend Policy

The Directors intend to commence payment of dividends when it is commercially prudent to do so subject to availability of distributable profits and the Enlarged Group's requirements for funds to finance growth and future acquisitions.

Corporate Governance

The Company intends, following Admission and so far as is practicable and appropriate for a smaller public company, to comply with the principles of good governance contained within the Combined Code.

An audit committee has been established which will be composed of the Company's non-executive Directors and chaired by David Rogers. It is charged with making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for the proper reporting of the financial performance of the Group and for reviewing financial statements prior to publication. At least one meeting a year will take place with the auditors without executive Board members being present.

A remuneration committee has been established which is composed of the Company's non-executive Directors and chaired by David Rogers. It reviews the performance of the executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. It will also determine the allocation of share options to employees.

Admission and Dealings

Application will be made for the Enlarged Issued Ordinary Share Capital to be admitted to trading on AIM. No application is being made for any of the Ordinary Shares of the Enlarged Group to be admitted to the Official List of the UK Listing Authority.

It is anticipated that trading in the Ordinary Shares will commence at 8.00 a.m. on 1 May 2001.

CREST

The Company's Memorandum and Articles of Association are consistent with the transfer of shares in dematerialised form in CREST under the Uncertificated Securities Regulations 1995 and the consent of CRESTCo Limited has been obtained. Accordingly, settlement of transactions in the Ordinary Shares may take place within the CREST system if relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

The City Code

At Admission, the shareholding of the Concert Party in Chrome Technology will amount to 26,777,436 Ordinary Shares, representing 58.34 per cent. of the Enlarged Issued Share Capital, assuming the Placing is fully subscribed. If no shares are issued under the Placing, the Concert Party's shareholding will amount to 61 per cent. of the Enlarged Issued Share Capital.

The members of the Concert Party will each own the following number of Ordinary Shares and options over Ordinary Shares under the Share Option Plan:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>	<i>Number of options</i>	<i>% of Enlarged Issued Share Capital (assuming exercise of options and full subscription under the Placing)</i>	<i>% of Enlarged Issued Share Capital (assuming exercise of options and no subscription under the Placing)</i>
Jason Drummond	16,334,236	35.59%	—	33.98%	35.45%
Justin Drummond	5,355,487	11.67%	1,000,000	13.22%	13.79%
Peter Williams	3,748,841	8.17%	675,000	9.20%	9.60%
Charles Black	1,338,872	2.92%	500,000	3.83%	3.99%
Total	26,777,436	58.34%	2,175,000	60.23%	62.84%

Jason Drummond, whose business address is Elysium House, 126-128 New Kings Road, London SW6 4LZ, is a major shareholder of Xworks, but is not a director. He started Micromax at the age of 15, distributing computer software through newsagents. At 18, he established IDL Communications Limited distributors of cell phones and fax machines. He spent approximately three years outside the UK, establishing and running distribution and new media companies in emerging markets such as Russia and Africa, and returned to the UK in 1995, prior to establishing Virtual Internet Limited. Virtual Internet PLC (www.vi.net) became one of the first European hosting companies to be quoted on a major stock exchange in January 1999, and in April 2000 combined a further fundraising in excess of £30 million with a move to the Official List of the UK Listing Authority. Jason Drummond is the brother of Justin Drummond.

Details of Justin Drummond, Peter Williams and Charles Black are set out on page 10 of this document.

Under Rule 9 of the City Code (“Rule 9”) (i) when any person acquires shares which, when taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code and such person, or persons acting in concert with him, acquires any voting rights, that person is normally obliged to make a general offer to all shareholders at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months. The Panel has agreed, subject to the resolutions numbered 1 and 3 being passed on a poll at the Extraordinary General Meeting, to waive the obligation on the Concert Party to make a general offer to shareholders under Rule 9 which would otherwise arise as a result of the issue of the Consideration Shares or the issue of any Ordinary Shares to the Concert Party on the exercise of options proposed to be granted to them on Admission under the Share Option Plan.

On Admission the shareholding of the Concert Party (assuming the Placing is subscribed for in full) will be 58.34 per cent. of the Enlarged Issued Ordinary Share Capital. Accordingly, the Concert Party will own or control more than 50 per cent. of the voting rights of the Company and, save as set out below, will therefore be able to acquire any number of Ordinary Shares, without incurring any further obligation under Rule 9 to make a general offer.

Following Admission, each of Charles Black and Peter Williams will be able to purchase further shares without incurring an obligation under Rule 9 to make a general offer provided that neither of them, or persons acting in concert with them, comes to hold 30 per cent. or more of the voting rights of the Company.

Notwithstanding the Panel waiver, Jason Drummond and Justin Drummond (who as brothers are deemed to be acting in concert) will not be able to increase their shareholdings in the Company for so long as they own or control more than 30 per cent. and less than 50 per cent. of the voting rights of the Company without incurring an obligation under Rule 9 to make a general offer.

If, as a result of the issue of any Ordinary Shares to Justin Drummond on the exercise of options proposed to be granted to him on Admission under the Share Option Plan, Justin Drummond and Jason Drummond together come to hold more than 50 per cent. of the voting rights of the company, Justin Drummond will be able to purchase further shares without incurring an obligation under Rule 9 to make a general offer provided that he personally does not come to hold 30 per cent. or more of the voting rights of the Company.

No member of the Concert Party has purchased any Ordinary Shares in the 12 months immediately preceding the date of this document. The waiver which the Panel has agreed to provide will be invalidated if any purchases of Ordinary Shares of the Company are made by any member of the Concert Party in the period between the date of this document and the Extraordinary General Meeting.

Taxation

Information regarding taxation is set out in paragraph 10 of Part 7 of this document.

Risk Factors

In the opinion of the Directors the following risks should be taken into account when considering an investment in the Company:

- The Enlarged Group depends on key individuals the loss of whom could affect its business.
- The ability of the Enlarged Group to generate income may depend in part upon its ability to sell or float incubatees. Market or trading conditions may prevent the Enlarged Group from doing so.
- In order to acquire either incubators or incubatees, the Enlarged Group may need to raise further funds. There can be no guarantee that these funds will be forthcoming.
- The Enlarged Group may face competition to acquire incubatees from businesses which are larger and better funded than itself.
- Changes in legislation, regulation and/or business practices may inhibit or restrict some of the Enlarged Group's activities.
- There can be no guarantee that present or future incubatees will trade profitably.
- Xworks has a short operating history, having commenced trading in March 2000. There is no guarantee that it will trade profitably.
- Potential investors should be aware that the value of shares can go down as well as up, and an investment in a share which is to be traded on AIM is likely to be less realisable and to carry a higher degree of risk than an investment in a share quoted on the Official List of the UK Listing Authority.

Although the Directors will seek to minimise the risks, an investment in the Company should only be made by investors able to sustain a loss of their entire investment.

Extraordinary General Meeting

You will find set out at the end of this document a Notice convening the Extraordinary General Meeting to be held at the registered office of the Company, Adelaide House, London Bridge, London EC4R 9HA at 10.00 a.m. on 30 April 2001. At the meeting, the Resolutions will be proposed as follows:

- 1 An ordinary resolution to approve the Acquisition. This resolution will be taken on a poll.
- 2 A special resolution to:
 - 2.1 increase the authorised share capital of the Company to £4,000,000 by the creation of 55,000,000 new Ordinary Shares;
 - 2.2 give the Directors authority under Section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £3,144,000; and
 - 2.3 disapply the statutory pre-emption rights contained in Section 89(1) of the Act for the purposes of the Placing, certain future issues, and for the allotment of equity securities for cash up to an aggregate nominal amount of £114,750.
- 3 An ordinary resolution on a poll to approve the adoption of the Share Option Plan and the grant of certain options under the Share Option Plan. This resolution will be taken on a poll.
- 4 A special resolution to change the Company's name to Xworks plc.

Resolution numbered 2 is conditional upon the Acquisition becoming unconditional save for Admission.

Action to be taken by Shareholders

Shareholders will find enclosed with this document a form of proxy for use at the Extraordinary General Meeting. Forms of proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's Registrars, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 28 April 2001.

Completion and return of a form of proxy will not prevent Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Recommendation

The Current Directors consider that the Proposals described in this document are in the best interests of the Company and its Shareholders. The Current Directors, having been so advised by Grant Thornton, are of the opinion that the Proposals are fair and reasonable so far as Shareholders are concerned. In providing advice to the Current Directors, Grant Thornton has taken into account the Current Directors' commercial assessments.

Accordingly, the Current Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to 250,000 Ordinary Shares (representing approximately 1.46 per cent. of the voting rights exercisable at the Extraordinary General Meeting).

Yours faithfully

David Rogers
Chairman

PART 2
FURTHER INFORMATION ON XWORKS LIMITED
BUSINESS APPROACH

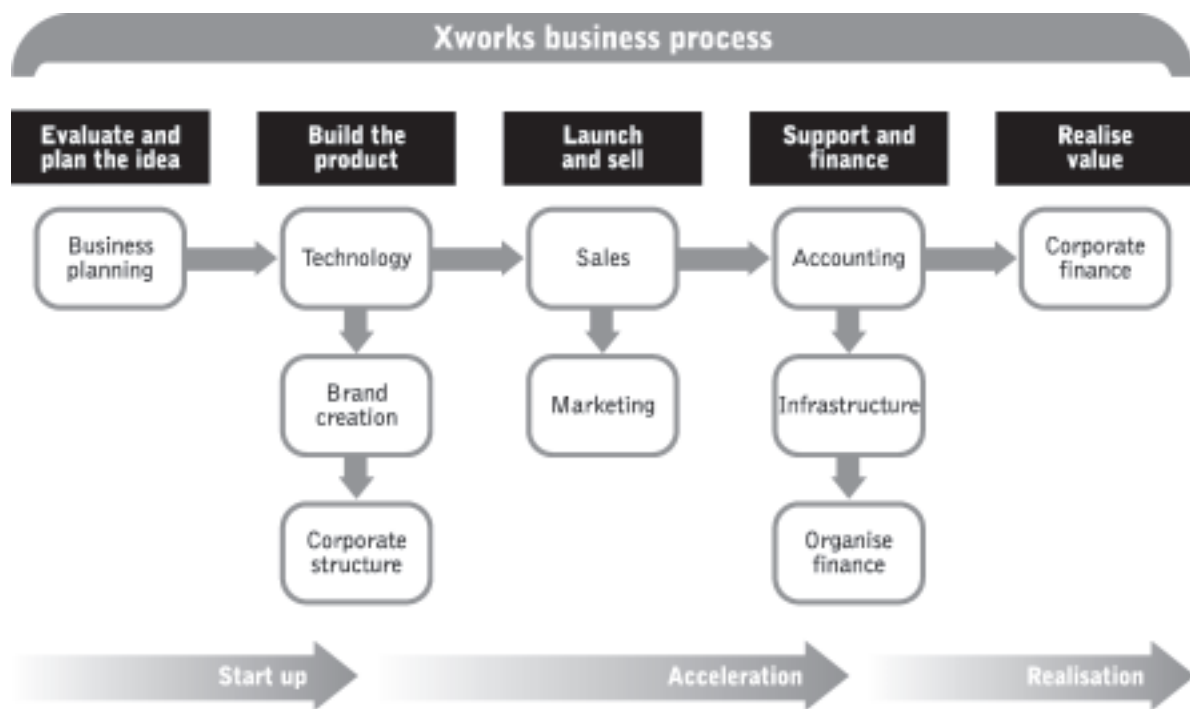
Xworks is a business incubator that provides the funding, services and business management to launch businesses, accelerate their growth and ultimately to realise value. Its vision is to become one of Europe's leading business incubators through the application of its incubation process.

THE XWORKS BUSINESS MODEL

The key elements of Xworks' strategy can be summarised as:

- Identification of businesses which can be turned into profitable companies with the application of the business incubation process shown below.
- Provision of services and management to accelerate the development of companies into profitability.
- A broad vision of utilising the global electronic network encompassing the Internet and digital media such as television to distribute product, services and content.

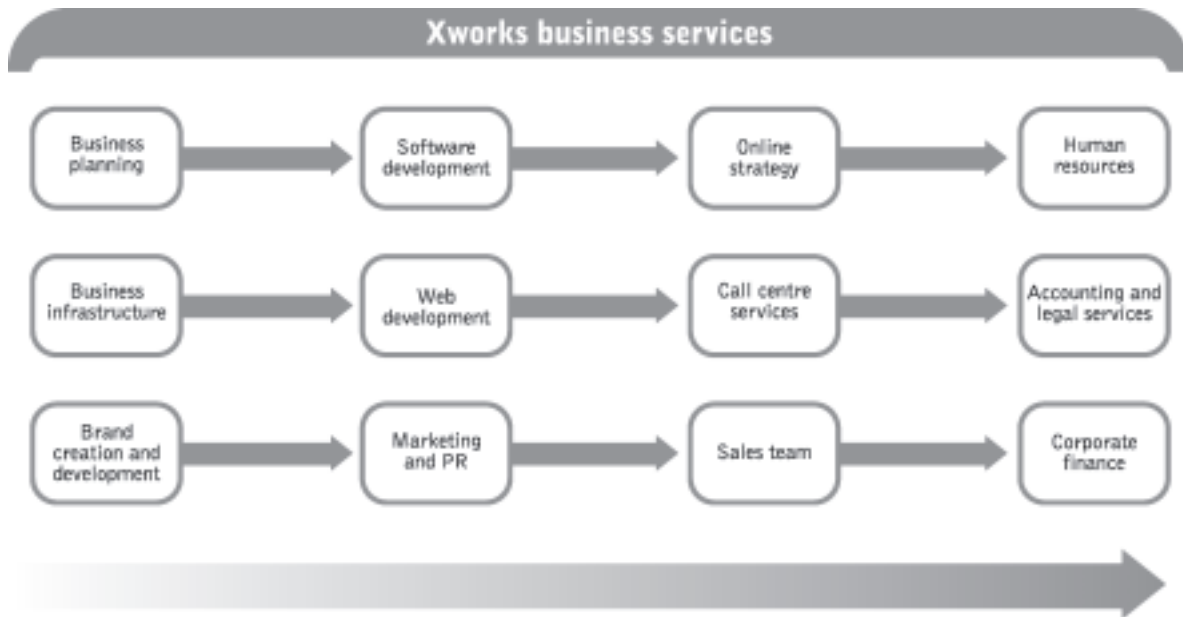
Xworks defines the incubation process in terms of a sequence of events which is set out in the following diagram:



The process involves providing the following services to investee businesses:

- **Funding.** Xworks may invest directly or introduce the funding necessary to develop appropriate technology and to market effectively the products or services of the incubatees.
- **Business Management.** Xworks has built a management team with considerable experience in the services it provides to the investee companies.

- **Services.** These are described in the diagram below:



Xworks derives revenue from three primary sources:

- realising value from equity stakes in investee companies; Xworks will seek to realise value by way of flotation, trade sale or joint venture;
- the provision of services to investee companies. During the incubation process, Xworks charges its services by way of a monthly management fee based on the specific services provided;
- provision of services to external clients.

As part of its commitment to providing the highest level of service to its incubatees, Xworks has achieved ISO 9002 certification as an investment and management services company, and the Proposed Directors believe that it is the first company of its kind in Europe to have done so.

Business incubation process case study: Wundercars

Xworks has provided a wide range of its incubation services to Wundercars. The Wundercars’ brand and corporate identity were created and produced by the Xworks design team. The web site and “e-flow” system were built by Space (details on Space are set out below). The e-flow system is a business system built to manage enquiries received both through the web site and the call centre. Details of each enquiry, including quotations and journal notes, are stored by the system and are updated by the Wundercars’ sales team. The directors of Wundercars have reported that, as a result of e-flow, the conversion rate of enquiry to order has now reached approximately 1 in 20. Space also hosts the web site, and is currently developing additional features for the site (www.wundercars.com). Xworks has also provided PR and marketing services to Wundercars, including the marketing for their presence at the 2000 Motor Show. The set up of Wundercars’ accounting systems has been managed by Xworks in partnership with Wundercars’ financial controller. Xworks is currently overseeing the implementation of further systems which, in the opinion of the Proposed Directors, will ensure an efficient automated system is in place from order to delivery of a car. Further details on Wundercars are set out below.

INVESTMENTS

DEAL FLOW AND INVESTMENT OPPORTUNITIES

The Proposed Directors believe that whilst Xworks' portfolio will change over time, as investments are sold or floated, Xworks' process will continue to be applied to new business opportunities.

Deal flow and investment opportunities will arise principally from business plans submitted to Xworks and the network of contacts of the Directors and senior management. Xworks currently receives approximately 20 business plans per month.

In the opinion of the Proposed Directors, a higher profile following Admission is likely to present Xworks with further investment opportunities.

CURRENT INVESTMENTS

CAREERPLUS

Xworks has a 97.5 per cent. stake in Careerplus. Richard Bowery, Managing Director of Careerplus, is currently the holder of 2.5 per cent. of the issued share capital and has an option to purchase a further 5 per cent. of the issued share capital from Xworks.

Current Business

Careerplus is a recruitment business operating in the information technology and new media industry. Careerplus has two aspects to its business, consisting of:

- an online service, careerplus.com, which utilises the Internet to offer a low cost recruitment solution; and
- a consultancy service for employers who require the expertise of experienced recruitment consultants to source new staff.

Revenue from careerplus.com is generated by employers posting jobs on the site and by employers who request the contact details of candidates. Revenue from the consultancy business is based on a percentage between 15 per cent. and 25 per cent. of the candidate's earnings in the first year of employment.

Since commencement of trading in July 2000, Careerplus' consultancy business has generated revenue and has recently begun to trade profitably and is growing rapidly having placed a large number of candidates with clients such as National Blood Services, Netdecisions and Wide Learning.

Senior Management

Richard Bowery, Managing Director

Richard Bowery has several years' experience in the recruitment sector since leaving University. He has a proven track record in consultancy and account management to a diverse range of large clients.

Darren Tipping, Team Leader

Darren Tipping joined Careerplus in September 2000. He brings considerable experience following consultancy and team lead roles at MSB International plc, MSI and MacKenzie Consultants.

QUANTUM

Xworks has a 100 per cent. stake in Quantum.

Current Business

Quantum is a marketing solutions company that was established in 1999. It operates a London based web-enabled call centre that provides premium rate technical help lines, market research and other call centre services.

Quantum has already undertaken several market research projects and call centre campaigns for clients such as Coms.com Plc, Click4Home Limited, Virtual Internet Plc, Name planet and Burson Marsteller (a division of Young & Rubicam, one of the Worlds largest advertising and PR companies). With the expansion of Quantum's services it is intended that further revenue will be generated from:

- establishing call centre operations for new clients; and
- advertising sales.

SPACE

Xworks has a 16.8 per cent. stake in Space and options to acquire the remaining 83.2 per cent.

Current Business

Space is a software service provider that was established at the beginning of 1998. Space's services include:

- the provision of bespoke software which enables the management of a business' orders, enquiries and processes. Space's range of software include "space modules", a range of e-business tools which provide a low cost, scaleable and effective solution for sales and customer relationship management functions;
- design of corporate identities and web development; and
- hosting of web sites and business software.

Revenue is generated from the sale of the above services and providing consultancy advice. Repeat revenue is generated from the sale of software licence fees, hosting and support fees. Space's clients include Postoptics and Sportscape Group Limited.

Senior Management and Relevant Qualifications

Sophie Gwynne, Head of Sales	MA (Cantab.)
Ian Wilson, Creative Director	BA (Hons.)

In addition to the above, Space has a team of highly skilled programmers. These are listed below:

Tim Gentry, Senior Developer	BSc (Hons.) (Electronic Engineering and Physics) AMIEE DIP GMI
Robert Sells, Developer	BSc (Hons.) (Computing & Management Science)
Giles Haines, Support Analyst	BSc (Hons.) (Information Technology with Business)
Charlie Roberts, Site Administrator	BA (Hons.)

ONTHEBOX

Xworks has a 51 per cent. stake in Onthebox and options to acquire an additional 44 per cent.

Current Business

Onthebox is an Electronic Programme Guide (EPG) and content provider. Onthebox intends to generate revenue from the supply of online TV listings to large Internet portals, newspapers, magazines and television networks. The product has been developed to be platform agnostic, enabling delivery of TV listings to a wide range of digital platforms. One of the main features of Onthebox's EPG is that, although it can generate over 160 UK channel listings, the 5 main channels of your choice are displayed on a single page, making the service quick and easy to use. The listings data feed is supplied to Onthebox by BBC Worldwide Limited.

Onthebox intends to generate revenue from:

- annual software licence and hosting revenue to use the Onthebox EPG software and television listings feed;
- advertising and sponsorship revenue from the onthebox.com website;
- advertising revenue from co-branded services (a co-branded service is where Onthebox's EPG technology is used to power a TV listings service whose interface is branded in the style of the business using the service).

Onthebox has only recently commenced trading and has now begun to generate advertising revenue. The co-branded service has been set up for several large portals including gay.com, bigwideworld.com and just35.com. In addition, Onthebox has been appointed by Granada Broadband to deliver TV listings for ITV2.co.uk. A large number of contracts and heads of agreement for the co-branded service have recently been finalised.

Onthebox aims to become Europe's leading EPG, delivering TV listings and content across both the web and digital television.

Senior Management

Sara Vincent, Commercial Manager

Sara joined Onthebox after a management role with GALT Global, an international recruitment consultancy. After being promoted to a management role at their Sydney branch she returned to the UK to establish a new office where she was responsible for all strategic planning and the development of new client relationships.

WUNDERCARS

Xworks has a 10.44 per cent. stake in Wundercars.

Current business

Wundercars sells prestige and volume cars, both new and used, to business and consumer markets principally via the Internet. Wundercars derives additional revenue through the sale of related products. These include warranties, finance and contract hire.

From inception Wundercars has focused on building up a team of experienced car sales people. In the opinion of the Proposed Directors it is a car business using the Internet to improve efficiency and sales rather than an Internet business trying to sell cars.

Wundercars generates enquiries to the website from a combination of television and newspaper advertising. The website receives approximately 70,000 page impressions per month and Wundercars estimates that it converts approximately 1 in 20 enquiries received by telephone and the e-flow system.

Wundercars has a dedicated fulfilment team with experience of sourcing both new and used cars from the UK and Europe, including direct relationships with motor manufacturers. Wundercars aims to maintain competitive pricing by using its considerable buying power to negotiate discounts from suppliers and by delivering direct to customers rather than operating a showroom and holding large volumes of rapidly depreciating stock.

Senior Management

David Sugars, Managing Director

David Sugars has over 25 years experience in the motor industry ranging from component manufacturing to main dealer management experience at Volvo, Ford and BMW.

The Car Market

The Proposed Directors believe that the demand from the British public for competitively priced cars has led to substantial growth in sales volumes in Internet based car retailers over the past few years.

- The UK car market is estimated at approximately nine million new and used vehicles per year.
- The number of franchised dealers in the UK is currently in decline. It has been predicted that within three years franchised dealers will supply only 60 per cent. of new cars with Internet retailers and car supermarkets sales growing in inverse proportion.
- A recent poll has indicated that one in twenty people would be prepared to purchase a car over the Internet. Wundercars' rapid growth and high sales volume supports this research.

CASINO.CO.UK

The online gambling market is estimated to reach a value of over US\$120 billion by 2015. Xworks plans to generate revenue from the promotion of its web site which provides information on the world of online gaming. To this end, Xworks has entered into its first online casino revenue agreement with Zapcasino.com, a division of Gaming Internet PLC, (of which Ian Ryden is a director), pursuant to which Xworks receives 30 per cent. of the net revenue generated by Zapcasino players who click through to the site from www.casino.co.uk.

REALISATION OF VALUE

Xworks will seek to realise value from its investments by way of trade sale, flotation or joint venture. Many factors including market conditions are likely to affect the timing of the individual realisations and Xworks will analyse the most appropriate method of realising value. Proceeds generated by exit strategy will be used to continue the growth of Xworks or its investments for the time being.

Xworks completed its first disposal in January 2001 with the sale of its formula-1 web site business to 365 Corporation Plc (“365”). Xworks had incubated the business for a period of 10 months, providing marketing, sales, accounting and technology services. The consideration of £250,000 gives Xworks cash, equity in 365 and advertising on 365 web sites, which will be used to further promote other Xworks companies. The value Xworks has realised from the 365 transaction represents a profit on its investment in the formula-1.co.uk web business.

PRINCIPAL BUSINESS PARTNERSHIPS

Ernst & Young

Xworks will work with Ernst & Young’s eBusiness Accelerator unit to provide a full support service to new economy start-ups from launch to maturity.

The two companies are able to provide distinct services through a company’s start-up and growth phases. Xworks is able to provide a full range of practical services, including technology and marketing and the development of online relationships. Ernst & Young eBusiness Accelerator is able to provide the essential strategic advice and support to enable fund raising, business planning, team building and structuring for the growth and development of the enterprise.

Barclays

Xworks is one of the first European incubators to become a Barclays Merchant Development Partner, which enables the company to launch a new range of ‘off the peg’ e-commerce services for small businesses.

Xworks is authorised to assist companies in setting up ePDQ, Barclays’ online payment system, technology on their websites, which means that businesses can sell goods and services online by taking payments in real time on the Internet.

The ePDQ system was developed by Barclays Merchant Services in association with Cyber Cash to provide a secure, reliable, end-to-end service for card payment authorisation and settlement. It gives businesses the ability to accept and process credit and debit card payments online.

PART 3

ACCOUNTANTS' REPORT ON CHROME TECHNOLOGY PLC

The Directors
Chrome Technology plc
Adelaide House
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EC4R 9HA

Grant Thornton 

8 West Walk
LEICESTER
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and

Keith, Bayley, Rogers & Co.
Ebbark House
93/95 Borough High Street
LONDON
SE1 1NL

and

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

6 April 2001

CHROME TECHNOLOGY PLC (“THE COMPANY”)

1. INTRODUCTION

- 1.1 We report on the financial information of the Company set out in paragraphs 2 to 7 below. This financial information has been prepared for inclusion in the Prospectus of the Company dated 6 April 2001.

Basis of preparation

- 1.2 The financial information set out in paragraphs 2 to 7 below is based on the transactions of the Company from incorporation on 18 August 2000 to 28 February 2001, to which no adjustments were considered necessary.

Responsibility

- 1.3 The Directors of the Company are responsible for the contents of the Prospectus dated 6 April 2001 in which this report is included. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

- 1.4 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.
- 1.5 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 or other irregularity or error.

Opinion

- 1.6 In our opinion the financial information gives, for the purposes of the Prospectus dated 6 April 2001, a true and fair view of the results and cash flows of the Company for the period ended 28 February 2001 and the state of affairs of the Company at the end of that period.

Consent

- 1.7 We consent to the inclusion in the Prospectus dated 6 April 2001 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. STATUTORY INFORMATION

- 2.1 The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.
- 2.2 The Company was incorporated on 18 August 2000 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. Since incorporation there have been the following changes in the authorised and issued share capital of the Company:
- on incorporation two ordinary shares were issued at a subscription price of £1 each
 - the Company subdivided its authorised and issued share capital into 5 pence ordinary shares resulting in the conversion of the existing two ordinary shares of £1 each into 40 ordinary shares of 5 pence each
 - on 4 October 2000 a further 1,999,960 ordinary shares were allotted at a subscription price of 5 pence each
 - on 23 October 2000 a further 15,120,000 ordinary shares were placed at a subscription price of 10 pence per share
- 2.3 At the date of this report, the total authorised share capital of the Company is £1,250,000 comprising 25,000,000 ordinary shares of 5 pence each. The issued share capital of the Company is £856,000 comprising 17,120,000 ordinary shares of 5 pence each and has been fully paid up.
- 2.4 On 16 October 2000, the Directors were granted options over 1,300,000 ordinary shares at an exercise price of 10 pence per share.
- 2.5 The Company has not entered into any material contracts at the date of this report other than those set out in paragraph 8 of Part 7 of the Prospectus.

3. ACCOUNTING POLICIES

- 3.1 The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

4. PROFIT AND LOSS ACCOUNT

		<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Administrative expenses	<i>Note</i>	(35)
Operating loss	7.1	(35)
Interest receivable and similar income	7.3	13
Loss on ordinary activities before taxation		(22)
Tax on loss on ordinary activities		—
Loss transferred to reserves	7.8	(22)

- 4.1 The Company has no recognised gains or losses other than the results for the period as set out above.
- 4.2 All of the activities of the Company are classed as continuing.

5. BALANCE SHEET

		<i>At 28 February 2001 £'000</i>
	<i>Note</i>	
Fixed assets		
Investments	7.4	260
Current assets		
Cash at bank and in hand		1,443
Creditors: amounts falling due within one year	7.5	(240)
Net current assets		<u>1,203</u>
Net assets		<u>1,463</u>
Capital and reserves		
Called up share capital	7.6	856
Share premium account	7.7	629
Profit and loss account		(22)
Shareholders' funds	7.8	<u>1,463</u>

6. CASH FLOW STATEMENT

		<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
	<i>Note</i>	
Cash inflow from operating activities	7.9	205
Returns on investment and servicing of finance		
Interest received	7.3	13
Acquisitions and disposals		
Costs incurred in connection with the proposed acquisition of Xworks Limited	7.4	(260)
Financing		
Net proceeds from the issue of shares	7.8	1,485
Increase in cash and cash equivalents	7.11	<u>1,443</u>

7. NOTES TO THE FINANCIAL INFORMATION

7.1 Operating loss

Operating loss is stated after charging:

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Directors' emoluments	<u>18</u>

7.2 Employees and Directors

The aggregate payroll costs in the period were:

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Wages and salaries	17
Social security costs	1
	<u>18</u>

The average number of employees (including Directors) employed by category was:

	<i>Number</i>
Directors	3

Directors' emoluments

	<i>£'000</i>
Emoluments receivable	17

Each Director received emoluments of £5,692 in the period.

7.3 Interest receivable and similar income

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Interest receivable on bank balances	13

7.4 Investments

	<i>At 28 February 2001 £'000</i>
Cost and net book value	260

The investment noted above represents the legal and other costs incurred in respect of the Company's proposed acquisition of Xworks Limited, further details of which are set out in Note 7.12.

7.5 Creditors: amounts falling due within one year

	<i>At 28 February 2001 £'000</i>
Trade creditors	52
Taxation and social security	4
Accruals and deferred income	184
	<u>240</u>

7.6 Called up share capital

	<i>At 28 February 2001 £'000</i>
Authorised 25,000,000 ordinary shares of 5 pence	<u>1,250</u>
Allotted called up and fully paid 17,120,000 ordinary shares of 5 pence	<u>856</u>

7.7 Share premium account

On 23 October 2000, the Company received proceeds of £1.512 million in respect of the placing of 15,120,000 ordinary shares of 5 pence each at a premium of 5 pence per ordinary share.

Issue costs of £126,666 in respect of this transaction were deducted from the share premium account.

7.8 Reconciliation of movements in shareholders' funds

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Loss for the financial period	(22)
Issue of shares	<u>1,485</u>
Closing shareholders' funds	<u>1,463</u>

7.9 Net cash inflow from operating activities

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Operating loss	(35)
Increase in creditors	<u>240</u>
Net cash inflow from operating activities	<u>205</u>

7.10 Reconciliation of net cash flow to movements in net funds

	<i>Period from 18 August 2000 to 28 February 2001 £'000</i>
Increase in cash for the period	<u>1,443</u>

7.11 Analysis of changes in net funds

	<i>At 18 August 2000 £'000</i>	<i>Cash flow £'000</i>	<i>At 28 February 2001 £'000</i>
Cash at bank and in hand	<u>—</u>	<u>1,443</u>	<u>1,443</u>

7.12 Post balance sheet events

The Directors have entered into an agreement, conditional upon the consent of the shareholders of the Company, to acquire Xworks Limited. The consideration for the acquisition is to be satisfied by the issue of New Ordinary Shares. By reason of its size, the acquisition of Xworks Limited will be classified as a “reverse takeover” under the AIM Rules.

The Company proposes to issue up to 12,681,481 Warrants to subscribe for Ordinary Shares in the Company exercisable at a price of 10 pence per share.

Yours faithfully

GRANT THORNTON

PART 4
ACCOUNTANTS' REPORT ON XWORKS LIMITED

The Directors
Chrome Technology plc
Adelaide House
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Grant Thornton 
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and

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and

Grant Thornton
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NW1 2EP

6 April 2001

**XWORKS LIMITED (“THE COMPANY”)
AND ITS SUBSIDIARIES (TOGETHER “THE GROUP”)**

1. INTRODUCTION

- 1.1 We report on the financial information set out in paragraph 2 to 7 below. This financial information has been prepared for inclusion in the Prospectus dated 6 April 2001 of Chrome Technology plc.

Basis of preparation

- 1.2 The financial information set out in paragraphs 2 to 7 below is based on the audited financial statements of the Company from incorporation on 3 September 1999 to 30 September 2000 which has been prepared on the basis set out in paragraph 3.1 below, to which no adjustments were considered necessary.

Responsibility

- 1.3 Such financial statements are the responsibility of the Directors of the Company who approved their issue. The Directors of Chrome Technology plc are responsible for the contents of the Prospectus relating to the acquisition of the Company dated 6 April 2001 in which this report is included. It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

- 1.4 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors, Wise & Co., who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

- 1.5 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 or other irregularity or error.

Fundamental uncertainty

- 1.6 In forming our opinion we have considered the adequacy of the disclosures made in the financial information concerning the preparation of the financial information on a going concern basis. Details of the reasons for the preparation of the financial information on a going concern basis are described in paragraph 3.1 below. Our opinion is not qualified in this respect.

Opinion

- 1.7 In our opinion the financial information gives, for the purposes of the Prospectus of Chrome Technology plc dated 6 April 2001, a true and fair view of the results and cash flows of the Company for the period ended 30 September 2000 and the state of affairs of the Company at the end of that period.

Consent

- 1.8 We consent to the inclusion in the Prospectus of Chrome Technology plc dated 6 April 2001 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. STATUTORY INFORMATION

- 2.1 No statutory financial statements have been filed with the Registrar of Companies since incorporation.
- 2.2 The Company was incorporated on 3 September 1999 as a private limited company under company number 3836178 as Exsort Limited. It changed its name to Xworks Limited on 11 February 2000. The Company commenced trading in March 2000.
- 2.3 On incorporation two ordinary shares were issued at a subscription price of £1. Since incorporation there have been the following changes in the authorised and issued share capital of the Company:
- on 1 April 2000 the Company subdivided its authorised and issued share capital into 25 pence ordinary shares, resulting in the conversion of the existing two ordinary shares of £1 each into eight ordinary shares of 25 pence each
 - also on 1 April 2000 the Company increased its authorised share capital to £250,000 comprising 1,000,000 ordinary shares of 25 pence each
 - on 3 April 2000 454,608 ordinary shares of 25 pence each were allotted at par
 - on 30 June 2000 a further 545,384 ordinary shares of 25 pence each were allotted at 45.84 pence each
- 2.4 At the date of this report, the total authorised and issued share capital of the Company is £250,000 comprising 1,000,000 ordinary shares of 25 pence each.

3. ACCOUNTING POLICIES

3.1 Basis of accounting

The financial information has been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

The Group has incurred trading losses of £476,400 since incorporation and has net current liabilities of £210,337 at 30 September 2000. At that date, total liabilities exceeded total assets by £112,746.

At the date of this report, the shareholders of the Company are in the process of entering into an agreement with Chrome Technology plc, a company listed on the Alternative Investment Market (AIM), such that the entire issued share capital of the Company is to be acquired by Chrome Technology plc, subject to the approval of its shareholders and readmission of its shares to AIM. Chrome Technology plc upon acquisition will fund the foreseeable future working capital requirements of the Group.

The Directors believe that the acquisition by Chrome Technology plc will take place and accordingly believe it is appropriate to prepare the financial information on the basis that the Group will be able to continue to trade as a going concern.

3.2 **Basis of consolidation**

The financial information consolidates the financial information relating to the Company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions of investments in companies with a shareholding in excess of 50 per cent. are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 5 years from the year of acquisition.

The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

Undertakings in which the Group has an interest of 20 per cent. or less and where the Directors do not consider that they are in a position to exercise a significant influence are valued at cost, less provision for any permanent diminution in value.

3.3 **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, stated net of value added tax. All Group turnover results from activities within the UK.

3.4 **Amortisation of goodwill**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Quantum Limited — useful economic life of 5 years

Goodwill - Chemserve Group PLC— immediate write off

3.5 **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment — 25 per cent. on reducing balance

Fixtures and fittings — 25 per cent. on reducing balance

Computer equipment — 33 $\frac{1}{3}$ per cent. on cost

3.6 **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

3.7 **Leasing**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

3.8 **Trademarks**

As with other intangible assets, trademarks are capitalised at their fair value and amortised, so as to write off their cost, less residual value, over their useful economic life of 10 years.

4. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	<i>Period from 3 September 1999 to 30 September 2000</i>
		£ £
Turnover		70,971
Cost of sales		<u>(26,070)</u>
Gross profit		44,901
Administrative expenses:		
– before goodwill amortisation		(491,637)
– goodwill amortisation		<u>(29,144)</u>
		<u>(520,781)</u>
Operating loss	7.1	(475,880)
Interest payable and similar charges	7.3	<u>(520)</u>
Loss on ordinary activities before taxation		(476,400)
Tax on loss on ordinary activities		—
Loss transferred to reserves	7.11	<u><u>(476,400)</u></u>

4.1 The Company has no recognised gains or losses other than the results for the period as set out above.

4.2 All amounts relate to continuing activities.

5. CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<i>At 30 September 2000</i>
		£
Fixed assets		
Intangible assets	7.4	14,760
Tangible assets	7.5	70,331
Investments	7.6	<u>12,500</u>
		97,591
Current assets		
Debtors	7.7	81,814
Cash at bank and in hand		<u>43</u>
		81,857
Creditors: amounts falling due within one year	7.8	<u>(292,194)</u>
Net current liabilities		<u>(210,337)</u>
Net liabilities		<u><u>(112,746)</u></u>
Capital and reserves		
Called up share capital	7.9	250,000
Share premium account	7.11	113,654
Profit and loss account	7.11	<u>(476,400)</u>
Shareholders' funds	7.10	<u><u>(112,746)</u></u>

6. CONSOLIDATED CASH FLOW STATEMENT

	<i>Period from 3 September 1999 to 30 September 2000</i>
<i>Note</i>	<i>£</i>
Cash outflow from operating activities	
Returns on investment and servicing of finance	
Interest paid	(520)
Capital expenditure	
Payments to acquire intangible fixed assets	(43,904)
Payments to acquire tangible fixed assets	(79,202)
Net cash outflow from capital expenditure	(123,106)
Acquisitions and disposals	
Acquisition of other trades and businesses	(12,500)
Financing	
Issue of ordinary share capital	363,654
Decrease in cash and cash equivalents	<u>(71,211)</u>

7. NOTES TO THE FINANCIAL INFORMATION

7.1 Operating loss

Operating loss is stated after charging:

	<i>Period from 3 September 1999 to 30 September 2000</i>
	<i>£</i>
Amortisation:	
Write off of goodwill on Chemsolve Group PLC	25,875
Amortisation of goodwill on Quantum Limited	3,269
Depreciation	8,871
Auditors' remuneration:	
As auditors	12,500
Operating lease costs:	
Land and buildings	39,154
Plant and machinery	21,052
	<u>21,052</u>

7.2 Employees and Directors

The aggregate payroll costs in the period were:

	<i>Period from 3 September 1999 to 30 September 2000</i>
	<i>£</i>
Wages and salaries	224,645
Social security costs	27,024
Recruitment costs	5,350
	<u>257,019</u>

Average monthly number of people (including Directors) employed by category:

	<i>Number</i>
Directors	4
Information Technology	4
Sales	2
Administration	2
Marketing	2
	<u>14</u>

Directors' emoluments

	<i>£</i>
Emoluments receivable	<u>63,500</u>

The highest paid Director during the period was Mr Justin Drummond, whose aggregate emoluments were £20,000.

7.3 Interest payable and similar charges

	<i>Period from 3 September 1999 to 30 September 2000 £</i>
Interest payable on bank borrowing	394
Other similar charges payable	126
	<u>520</u>

7.4 Intangible fixed assets

	<i>Goodwill £</i>	<i>Trade marks £</i>	<i>Total £</i>
Cost			
Additions	42,221	1,683	43,904
At 30 September 2000	<u>42,221</u>	<u>1,683</u>	<u>43,904</u>
Amortisation			
Charge for the period	29,144	—	29,144
At 30 September 2000	<u>29,144</u>	<u>—</u>	<u>29,144</u>
Net book value			
At 30 September 2000	<u>13,077</u>	<u>1,683</u>	<u>14,760</u>

7.5 Tangible fixed assets

	<i>Fixtures and fittings £</i>	<i>Office equipment £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost				
Additions	31,619	6,956	40,627	79,202
At 30 September 2000	<u>31,619</u>	<u>6,956</u>	<u>40,627</u>	<u>79,202</u>
Depreciation				
Charge for the period	2,280	441	6,150	8,871
At 30 September 2000	<u>2,280</u>	<u>441</u>	<u>6,150</u>	<u>8,871</u>
Net book value				
At 30 September 2000	<u>29,339</u>	<u>6,515</u>	<u>34,477</u>	<u>70,331</u>

7.6 Investments

At
30 September
2000
£

Cost	
Additions	12,500
At 30 September 2000	<u>12,500</u>
Net book value	
At 30 September 2000	<u><u>12,500</u></u>

The investments noted above represent the cost of the Group's 20 per cent. share in Space 7 Limited and 5 per cent. share in Wundercars. The Group's investment in these companies has changed subsequent to the period end as discussed further in Note 7.17.

In the opinion of the Directors, the aggregate value of the investments in undertakings in which the Directors do not exercise significant influence is not less than the amount at which it is stated in the balance sheet.

Subsidiary undertakings	<i>Country of incorporation</i>	<i>Proportion of voting rights and ordinary share capital held</i>	<i>Nature of business</i>	<i>Aggregate capital and reserves</i>
Chemserve Group PLC	England and Wales	100%	Holding company	£26,259
Quantum Products Limited	England and Wales	100%	Telesales	£(10,371)
Careerplus Limited	England and Wales	97.5%	Recruitment agency	£100
World Motorsports Limited	England and Wales	90%	Motor sport website	£100
onthebox.com Limited	England and Wales	51%	Web based TV listings	£100

7.7 Debtors

At
30 September
2000
£

Trade debtors	18,486
Other debtors	63,328
	<u>81,814</u>

7.8 Creditors: amounts falling due within one year

At
30 September
2000
£

Bank loans and overdrafts	71,254
Trade creditors	121,094
Taxation and social security	57,985
Other creditors	4,183
Accruals and deferred income	37,678
	<u>292,194</u>

7.9 Called up share capital

At
30 September
2000
£

Authorised	
1,000,000 ordinary shares of 25p	<u>250,000</u>
Allotted called up and fully paid:	
1,000,000 ordinary shares of 25p	<u><u>250,000</u></u>

Details of the allotment of shares during the period are set out in paragraph 2.3 above.

7.10 Reconciliation of movements in shareholders' funds		<i>Period from 3 September 1999 to 30 September 2000 £</i>	
Loss for the financial period			(476,400)
Issue of shares			363,652
Net reduction in shareholders' funds			<u>(112,748)</u>
Opening shareholders' funds			<u>2</u>
Closing shareholders' funds			<u><u>(112,746)</u></u>
7.11 Statement of movement on reserves		<i>Share premium account £</i>	
Premium on new issue		<i>Profit and loss account £</i>	113,654
Loss for the period		—	—
Balance at 30 September 2000		<u>(476,400)</u>	<u>113,654</u>
7.12 Net cash outflow from operating activities		<i>Period from 3 September 1999 to 30 September 2000 £</i>	
Operating loss			(475,880)
Amortisation of goodwill			29,144
Depreciation			8,871
Increase in debtors			(81,814)
Increase in creditors			220,940
Net cash outflow from operating activities			<u>(298,739)</u>
7.13 Reconciliation of net cash flow to movement in net funds		<i>Period from 3 September 1999 to 30 September 2000 £</i>	
Decrease in cash for the period and net debt at 30 September 2000			<u>(71,211)</u>
7.14 Analysis of changes in net funds		<i>At 30 September 1999 £</i>	
Cash in hand and at bank		<i>At 30 September 2000 £</i>	<i>Cash flows £</i>
Bank overdraft		43	43
Net debt		<u>(71,254)</u>	<u>(71,254)</u>
		<u>—</u>	<u>(71,211)</u>

7.15 Operating Lease Commitments

At 30 September 2000 the Company had annual commitments under non-cancellable operating leases as set out below:

	<i>At 30 September 2000</i>	
	<i>Land & Buildings</i>	<i>Other</i>
	£	£
Operating leases which expire:		
Between two and five years	<u>51,290</u>	<u>7,047</u>

7.16 Transactions with directors

During the period Mr Justin Drummond received 200,000 25p Ordinary Shares in the Company plus £5,000 in consideration for his 100 per cent. shareholding in Quantum Products Limited and his 65 per cent. shareholding in Chemserve Group PLC. Chemserve Group PLC subsequently ceased trading and the Company's investment of £46,154 was written off.

During the period payments were made to Pardao Consulting Services Limited of £39,960 for the services of two members of staff. Mr P Williams, a director and shareholder of the Company, is also a director and the majority shareholder of Pardao Consulting Services Limited. At the period end £1,211 was owed to Pardao Consulting Services Limited.

7.17 Post balance sheet events

Since 30 September 2000, the Company has undertaken the following transactions.

- an option to acquire a further 5 per cent. of the ordinary shares in Wundercars Limited was exercised on 14 March 2001 such that the Company now owns 10.44 per cent. of its issued share capital
- the disposal of the Formula-1 site web site included within World Motorsports Limited. As part of the transaction, the Company took over the minority shareholding and accordingly now owns 100 per cent. of issued share capital of World Motorsports Limited, which is dormant.

In addition, the Company's 20 per cent. holding in Space 7 Limited at 30 September 2000 has been diluted to 16.8 per cent. as a result of the capitalisation into share capital of loans made to Space 7 Limited by certain of its shareholders.

7.18 Ultimate controlling related party

In the Directors' opinion the Company is controlled by Mr Jason Drummond, the majority shareholder in the Company.

Yours faithfully

GRANT THORNTON

PART 5

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following unaudited pro forma statement of net assets of the Enlarged Group has been prepared for illustrative purposes only and may not, because of its nature, give a true picture of the financial position of the Enlarged Group. It has been prepared to show the net assets of the Enlarged Group following the acquisition of Xworks Limited (the Acquisition) and the Placing as if the Acquisition and Placing had taken place on 28 February 2001.

	<i>Chrome Technology plc (Note 1) £'000</i>	<i>Xworks Limited (Note 2) £'000</i>	<i>Adjustments (Notes 3 to 9) £'000</i>	<i>Enlarged Group pro forma net assets 2001 (Note 10) £'000</i>
Fixed assets				
Intangible assets	—	15	3,235	3,250
Tangible assets	—	70	—	70
Investments	260	13	(260)	13
	260	98	2,975	3,333
Current assets				
Stocks	—	—	—	—
Debtors	—	82	—	82
Cash at bank and in hand	1,443	—	(221)	1,222
	1,443	82	(221)	1,304
Creditors: amounts falling due within one year	(240)	(292)	236	(296)
Net current assets/(liabilities)	1,203	(210)	15	1,008
Total assets less current liabilities	1,463	(112)	2,990	4,341
Creditors: amounts falling due after more than one year	—	—	—	—
Net assets/(liabilities)	1,463	(112)	2,990	4,341

Notes to the pro forma statement of net assets of the Enlarged Group:

- 1 The financial information on Chrome Technology plc at 28 February 2001 has been extracted from the Accountants' Report set out in Part 3 of this document.
- 2 The financial information on Xworks Limited at 30 September 2000 has been extracted from the Accountants' Report set out in Part 4 of this document.
- 3 The purchase of 100 per cent. of the issued share capital of Xworks Limited will be satisfied on completion by the issue of 26,777,436 New Ordinary Shares at a price of 10p per share.
- 4 Gross proceeds from the Placing are assumed to be £200,000 derived from the placing of 2,000,000 New Ordinary Shares at 10p per share.
- 5 The adjustment to intangible assets represents goodwill of £3,235,000 reflecting the aggregate consideration to the vendors of Xworks Limited (£2,678,000) and attributable costs of £445,000 over net liabilities assumed of £112,000.
- 6 No adjustments have been made, which may be necessary to reflect the fair value of net assets to be acquired, which may impact on the value of goodwill.
- 7 The adjustment to investments represents the elimination on consolidation of the costs already capitalised in connection with the Acquisition.
- 8 The £221,000 decrease in cash at bank and in hand represents the net of:
 - proceeds from the proposed placing of £200,000
 - further transaction costs payable of £421,000
- 9 The adjustment to creditors reflects the elimination on consolidation of the transaction costs accrued by Chrome Technology plc in connection with the Acquisition.
- 10 The pro forma statement of net assets does not take into account any trading or working capital movements arising in Chrome Technology plc and Xworks Limited since 28 February 2001 and 30 September 2000 respectively.

The Directors
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and

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and

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6 April 2001

Dear Sirs

PRO FORMA STATEMENT OF NET ASSETS

We report on the pro forma statement of net assets set out in this Part 5 of the Prospectus dated 6 April 2001, which has been prepared, for illustrative purposes only, to provide information about how the proposed acquisition of Xworks Limited together with certain other matters might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of Chrome Technology plc to prepare the pro forma statement of net assets.

It is our responsibility to form an opinion on the pro forma statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma statement of net assets beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the Directors of Chrome Technology plc.

Opinion

In our opinion:

- (i) the pro forma statement of net assets has been properly compiled on the basis stated;
- (ii) such basis is consistent with the accounting policies of Chrome Technology plc; and
- (iii) the adjustments are appropriate for the purposes of the pro forma statement of net assets as disclosed.

Yours faithfully

GRANT THORNTON

PART 6

SUMMARY OF THE TERMS OF THE WARRANTS

The Warrants will be constituted by a Warrant Instrument (the “Instrument”) to be executed by the Company and the issue of the Warrants will be authorised by resolutions of the Board or a duly appointed committee thereof. Qualifying Shareholders will be entitled to the benefit of, be bound by, and be deemed to have notice of, all the provisions of the Instrument which in summary will contain provisions, *inter alia*, to the following effect:

1. Subscription Rights

- 1.1 The holder of a Warrant shall have rights (“subscription rights”) to subscribe in cash for one Ordinary Share in respect of each new Warrant of which he is a holder at the price of 10p per Ordinary Share (the “subscription price”) payable in full on subscription. Such rights are exercisable from the date of issue of the Warrants until 30 April 2003. The number and/or nominal value of Ordinary Shares to be subscribed and/or subscription price will be subject to adjustment as provided in paragraph 2 below.
- 1.2 To exercise their subscription rights in whole or in part the holders of Warrants shall deliver the relevant Warrant certificates to the Company’s registrar from time to time (“Registrar”) having completed the notice of subscription set out in the Warrant certificate accompanied by a remittance for the subscription price of the Ordinary Shares in respect of which the subscription rights are exercised. Once delivered, a Notice of Subscription shall be irrevocable save with the consent of the Directors.
- 1.3 Unless the Company otherwise determines on the exercise of subscription rights Ordinary Shares shall be issued in certificated form.
- 1.4 Exercise of subscription rights must comply with applicable statutory and regulatory requirements.
- 1.5 Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 28 days after the relevant documentation and remittance are received by the Registrar and the allottee of such Ordinary Shares shall be registered in the Company’s register of members and certificates in respect of such Ordinary Shares will be issued and despatched (at the risk of the person entitled thereto) not later than 35 days after the relevant subscription day to the holder of such Warrants or to such other person as may be named in the form of nomination set out in such Warrant certificate. In the event of a partial exercise of the subscription rights comprised in such Warrant certificate, the Company shall at the same time issue and despatch (at the risk of the person entitled thereto) a Warrant certificate in respect of the balance of subscription rights. In the event of a partial exercise of the subscription rights comprised in a Warrant certificate during the period of 28 days prior to 30 April 2003 the Company shall at the same time cancel the remaining subscription rights.
- 1.6 Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, made or paid in respect of any financial year or other period ended prior to the relevant day on which such Warrants are exercised but subject thereto will rank in full for all dividends and other distributions in respect of the then current financial year (other than any distribution declared, made or paid for which the record date is a date prior to their allotment) and otherwise *pari passu* in all respects with the Ordinary Shares in issue at that date.
- 1.7 Application will be made to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights under the Warrants to be admitted to trading on AIM.

2. Adjustment of Subscription Rights

- 2.1 After any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date (or by reference to a record date) while any subscription rights remain exercisable or upon any sub-division or consolidation of the Ordinary Shares while any subscription rights remain exercisable the number and/or nominal value of Ordinary Shares to be subscribed on a subsequent exercise of the subscription rights will be increased or (as the case may be) reduced proportionately on the basis that immediately before such allotment, sub-division or consolidation, the subscription rights shall relate to the same percentage of the Ordinary Shares as that to which the subscription rights related immediately before such allotment, sub-division or consolidation and the subscription price will be adjusted accordingly. On any such capitalisation, sub-division or consolidation, the auditors of the Company shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to the holder of the Warrants, together with a Warrant

certificate evidencing the rights to which the holder of the Warrants is entitled in consequence of such adjustments, fractional entitlements being ignored.

3. Undertakings

Except with the sanction of an Extraordinary Resolution (as defined in paragraph 4.5 below) for as long as any subscription rights remain exercisable:

- 3.1 the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class in any way which operates to vary the rights of the holders of Warrants (but nothing herein shall restrict the right of the Company to increase, consolidate, sub-divide or reduce its share capital);
- 3.2 the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 3.7 below, if, as a result, the Company would, on exercise of any subscription rights, be obliged to issue Ordinary Shares at a discount to nominal value;
- 3.3 the Company shall not make any distribution to shareholders save for distributions set out of distributable profits and shall not make any distribution of a capital nature;
- 3.4 the Company shall maintain sufficient authorised but unissued share capital and all requisite authorities to enable the issue of Ordinary Shares (free from any rights of pre-emption) pursuant to the exercise of all the Warrants outstanding from time to time;
- 3.5 The Company will (insofar as payment is not in contravention of Section 151 of the Act or any other applicable laws relating to financial assistance to which the Company is or may be subject) pay all taxes, stamp and other duties and charges in respect of the creation and issue of Warrants and on the issue of Ordinary Shares on the exercise of Warrants;
- 3.6 Warrantholders will have made available to them, at the same time and in the same manner as they are made available to holders of Ordinary Shares, copies of the audited accounts of the Company (with the relevant directors' and auditor's reports) and copies of all other circulars or notices made available to holders of Ordinary Shares;
- 3.7 the Company shall not make, authorise, consent to or permit any offer or sale to the holders of Existing Ordinary Shares generally of any assets of the Company, or any subsidiary of the Company, or of rights to acquire any such assets, except (a) at a price which is, in the opinion of the auditors acting as experts, not lower than the fair market price of such assets as between a willing buyer and a willing seller, or (b) where the offer or sale extends to include Warrantholders on the same terms;
- 3.8 the Company shall not permit any subsidiary to issue (other than to the Company or any wholly-owned subsidiary of the Company) any shares ranking as regards participating in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of any such shares (otherwise than as aforesaid).

4. General Offers and Liquidation

- 4.1 Subject to paragraphs 4.2 and 4.3 below, if at any time an offer is made to all holders of equity share capital of the Company (as the same is defined in Section 744 of the Act) (or all such holders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror) to acquire the whole or any part of such equity share capital of the Company and the Company becomes aware that as a result of such an offer the right to cast a majority of votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall forthwith give notice to the holder of the Warrants of such vesting within 14 days of its becoming so aware and such holder shall be entitled, at any time within the period of 28 days following the date of such notice, to exercise his subscription rights at the subscription price as if the said 28 day period was a subscription period, the publication of a scheme of arrangement providing under Section 425 of the Act for the acquisition by any person of the whole or any part of such equity share capital of the Company shall be deemed to be the making of an offer for the purposes of this sub-paragraph.
- 4.2 If subscription rights shall have become exercisable in the circumstances described in the preceding sub-paragraph and the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror shall have made an offer to holders of Warrants, or all such holders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert

with the offeror, to acquire all of the outstanding Warrants or such person(s) shall have proposed a scheme with regard to such acquisition and in either case the value of the consideration (on such basis as the auditors of the Company may determine, acting as experts, and shall have confirmed in writing to the holder of the Warrants no less than 21 days prior to the expiry of such offer or the date on which such scheme becomes effective) receivable by the holder of the Warrants pursuant to such offer or scheme represents no less than that which he would have received pursuant to the offer made or scheme proposed to holders of Ordinary Shares had his subscription rights been exercised on the date upon which such offer became wholly unconditional or such scheme became effective (after deduction of the costs of subscription), then subscription rights attaching to any Warrants which are not the subject of an acceptance of the offer to holders of Warrants or are not effectively transferred pursuant to such scheme shall lapse upon the expiry of that offer or (provided such scheme becomes effective) upon the date upon which that scheme is sanctioned by the Court, save to the extent that such subscription rights have been or may be exercised pursuant to paragraph 4.1 above.

- 4.3 If, on a date (or by reference to a record date) while any Warrants remain outstanding: (a) an offer or invitation is made by the Company (whether by way of rights or otherwise but not being an offer to which paragraph 4.6 below applies) to all the holders of Ordinary Shares; or (b) any offer of invitation (not being an offer to which paragraph 4.1 above applies) is made to all the holders of Ordinary Shares otherwise than by the Company, then the Company shall procure (but in the case of (b) only in so far as it is able) that at the same time the same offer or invitation is made to the holder of the Warrants as if his subscription rights had been exercisable and had been exercised and the holder of the Warrants entered in the register of members accordingly on that day immediately preceding the record date of such offer of invitation then applicable. Provided that, if the directors so resolve, in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the holder of the Warrants but that the subscription price and/or the subscription rights shall be adjusted in such manner as the auditors of the Company shall certify to be fair and reasonable to take account of such offer or invitation by the Company. Any such adjustments shall become effective as at the record date for the offer or invitation. The Company shall give notice to the holder of the Warrants forthwith upon (and in any event within 14 days of) any adjustment made pursuant to this paragraph 4.3 and shall at the same time send to the holders of the Warrants a new Warrant certificate evidencing the rights to which they are entitled in consequence of such adjustments fractional entitlements being ignored.
- 4.4 If an offer is made as referred to in paragraph 4.1 above whereunder the consideration consists solely of the issue of ordinary shares of the offeror and the offeror makes available an offer of warrants to subscribe for ordinary shares of the offeror in exchange for Warrants which the auditors of the Company consider in their opinion (acting as experts) is fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to the auditors to be relevant) then any Director shall be authorised as attorney for the holders of the Warrants (a) to execute a transfer thereof in favour of the offeror in consideration of the issue of a warrant to subscribe for ordinary shares of the offeror as aforesaid whereupon the relevant Warrants shall lapse; and (b) to do such act and things as may be reasonably necessary or appropriate in connection therewith; subject in both (a) and (b) aforesaid to such offer becoming or being declared wholly unconditional and the offeror being in a position compulsorily to acquire the whole of the then issued ordinary share capital of the Company in accordance with the Act.
- 4.5 If on a date while any Warrants remain outstanding any order is made or an effective resolution is passed for winding up the Company, except for the purpose of reconstruction or amalgamation on terms sanctioned by a resolution proposed at a meeting of the holders of Warrants duly convened and held in accordance with paragraph 5 below and passed by a majority of not less than three-fourths of the votes cast, whether on a show of hands or on a poll (“Extraordinary Resolution”), the holder of the Warrants will (if, in such winding up and on the basis that all subscription rights had been exercised in full and the subscription moneys therefore had been received in full the Company, there would be a surplus available for distribution amongst the holders of the Ordinary Shares which would exceed in respect of each Ordinary Share a sum equal to the subscription price) be treated as if immediately before the date of such order or resolution his subscription rights had been exercised in full at the subscription price and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares an amount equal to the sum to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the subscription price; subject to the foregoing all subscription rights shall lapse on the liquidation of the Company.

- 4.6 If on a date while any Warrants remain outstanding an offer or invitation is made by the Company to the holders of the Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the holders of the Warrants and the holders of the Warrants shall be entitled, at any time whilst such offer or invitation is open for acceptance, to exercise any or all of their subscription right on the basis applicable on the day immediately preceding the record date for such offer or invitation.

5. Modification of Rights

- 5.1 The Company may at any time and shall on receipt of a request in writing of persons holding not less than one-tenth of the outstanding Warrants (upon receiving such indemnity (if any) as it may require against reasonable costs, expenses and liabilities which it may incur by so doing) convene a meeting of Warrantholders to be held at such place within the United Kingdom as the Company shall determine.
- 5.2 At least fourteen days' or, when the meeting is being convened to pass an Extraordinary Resolution, shall have power, *inter alia*, to sanction any compromise or arrangement proposed between the Company and any of them or modification or compromise of their rights against the Company, to sanction any proposal by the Company for the exchange or substitution for the Warrants of, or the conversion of the Warrants into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company or any other body corporate or assent to any modification of the conditions to which the Warrants are subject proposed by the Company.

6. Transfer

- 6.1 Warrants shall be transferable individually and in integral multiples by an instrument of transfer in any usual or common form or such other form as may be approved by or on behalf of the Company. The Registrar shall maintain a register of Warrantholders in registered form.
- 6.2 The registered holder of a Warrant shall be treated as its absolute owner for all purposes notwithstanding any notice of ownership or notice of previous loss or theft or of a trust or other interest therein (except as ordered by a court of competent jurisdiction or required by law). The Company shall not (except as stated above) be bound to recognise any other claim to or interest in any Warrant.
- 6.3 The Company may decline to recognise any instrument of transfer unless such instrument is deposited at the office of the Registrar or other such place as the Registrar may appoint accompanied by the Warrant certificate to which it relates, and such other evidence as the Registrar may reasonably require to show the right of the transferor, the authority of that person to do so. The Registrar may waive production of any Warrant certificate upon evidence satisfactory to the Registrar of its loss or destruction or upon execution of an appropriate indemnity. All instruments of transfer which are registered may be retained by the Company for so long as it thinks fit together with the cancelled Warrant certificates.

7. Purchase

The Company may at any time purchase Warrants by tender (available to all Warrantholders alike) at any price or by private treaty at any price. All Warrants purchased pursuant to this provision shall be cancelled forthwith and may not be reissued or sold.

PART 7
ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 Chrome Technology

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge 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 there is no omission likely to affect the import of such information.

1.2 The Concert Party

Each member of the Concert Party, whose names are set out on page 12, accepts responsibility for the information contained in this document relating to himself, members of his immediate family, related trusts and persons connected with him. To the best of the knowledge and belief of each member of the Concert Party (who has taken all reasonable care to ensure that such is the case) the information contained in this document for which he is responsible is in accordance with the facts and there is no omission likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated on 18 August 2000 in England and Wales under the Act as a public company limited by shares with registered number 4058698. On 9 October 2000 the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to Section 117 of the Act and the Existing Ordinary Shares were admitted to trading on AIM on 23 October 2000.

2.2 The principal legislation under which the Company operates is the Act and regulations made thereunder.

2.3 The Company's registered office in the United Kingdom is Adelaide House, London Bridge, London EC4R 9HA and its principal place of business in the UK is 22 Soho Square, London W1D 4NS.

2.4 The liability of the members of the Company is limited.

2.5 The Company's main activity is that of a holding company. The Company currently has no subsidiaries. Conditional upon completion of the Acquisition the following companies will become subsidiaries of the Company:

<i>Name</i>	<i>Nature of Business</i>	<i>Date of Incorporation</i>	<i>Issued Share Capital</i>	<i>Percentage Held</i>
Xworks Limited	e-business investment	3 September 1999	£250,000	100%
Quantum Products Limited	Online marketing solutions and call centre	7 July 1999	£102	100%
Chemserve Group PLC	Intermediate Holding Company	22 November 1999	£30,000	100%
Chemserve.net Limited	Non trading, business exchange concept in development	22 November 1999	£100	100%
Careerplus Limited	Recruitment agency providing a consultancy and online service	27 June 2000	£100	97.5%
onthebox.com Limited	Electronic Programme Guide and application software and hosting provider	4 November 1999	£100	51%
World Motorsports Limited	Dormant	27 March 2000	£100	100%

The capital of the above companies' shares is credited as fully paid. The registered office of the above companies is at 50 West Street, Farnham, Surrey GU9 7DX.

2.6 In addition to the subsidiaries set out above Xworks owns 20 ordinary shares of £1 each in Space representing 16.8 per cent. of the issued share capital of Space and 43 Ordinary Shares of £1 each in Wundercars representing 10.44 per cent. of Wundercars.

2.7 Xworks has entered into the following leases:

<u>Property</u>	<u>Term</u>	<u>Rent</u>
Units 2.10 and 2.11 The Plaza, 535 Kings Road London SW10 0SZ	16 November 2000 – 25 July 2001	£33,040 p.a
Unit 3.22, The Plaza, 535 Kings Road London SW10 0SZ	27 June 2000 – 26 June 2003	£18,500 p.a.

3. SHARE CAPITAL

3.1 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 Ordinary Shares of £1 each of which two were issued.

3.2 The following is the summary of the changes in the authorised and issued share capital of the Company since incorporation:

3.2.1 On 18 August 2000, two ordinary shares of £1 were allotted at a subscription price of £1 each;

3.2.2 On 4 October 2000 the Company subdivided each £1 ordinary share into 20 Ordinary Shares;

3.2.3 On 4 October 2000 the authorised share capital of the Company was increased from £50,000 to £1,250,000 by the creation of an additional 24,000,000 Ordinary Shares;

3.2.4 On 4 October 2000, 1,999,960 Ordinary Shares were allotted at a price of 5p each; and

3.2.5 On 23 October 2000, 15,120,000 Ordinary Shares were allotted at a price of 10p each.

3.3 The following tables show the authorised and issued share capital of the Company immediately following Admission:

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
4,000,000	80,000,000	Ordinary Shares of 5p each	2,294,872	45,897,436

3.4 The Directors have power to allot Ordinary Shares as follows:

3.4.1 in the period ending 3 October 2001, general authority pursuant to section 80 of the Act to allot up to an aggregate nominal amount of £394,000 (7,880,000 Ordinary Shares); and

3.4.2 in the period ending at the conclusion of the Company's next Annual General Meeting or, if earlier, 3 October 2001, authority pursuant to Section 94(2) of the Act to make allotments for cash, otherwise than *pro rata* to existing shareholdings, pursuant to the share option arrangements set out in paragraph 6 below and additionally up to an aggregate nominal amount of £42,800 (856,000 Ordinary Shares).

Other authorities have been exhausted. If the Resolution numbered 2 set out in the notice of EGM is passed, the authorities set out in paragraph 3.5 below will replace those set out in this paragraph.

- 3.5 At the Extraordinary General Meeting a special resolution will be proposed such that, conditional upon Admission:
- 3.5.1 the Company's authorised share capital will be increased from £1,250,000 to £4,000,000 by the creation of an additional 55,000,000 Ordinary Shares;
- 3.5.2 that the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £3,144,000 provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire on 29 April 2002 provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by the Resolution has not expired; and
- 3.5.3 the Directors will be given power pursuant to section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the Section 80 authority referred to in sub-paragraph 3.5.2 above as if Section 89(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of the Annual General Meeting of the Company next following the passing of the Resolution or, if earlier, on 29 April 2002. The power is limited to:
- 3.5.3.1 the allotment of up to 2,000,000 Ordinary Shares in connection with the Placing;
- 3.5.3.2 the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;
- 3.5.3.3 the allotment of Ordinary Shares pursuant to the Share Option Plan up to a maximum nominal value of £164,487;
- 3.5.3.4 the allotment of the Warrants; and
- 3.5.3.5 the allotment (other than pursuant to 3.5.3.1, 3.5.3.2, 3.5.3.3 and 3.5.3.4 above) of equity securities up to a maximum aggregate nominal amount of £114,750 (being equal to approximately five per cent. of the issued ordinary share capital of the Company immediately following implementation of the Proposals assuming the Placing is fully subscribed).
- The Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.
- 3.6 The New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.
- 3.7 The Company has granted and there remain outstanding options to the Current Directors in respect of 1,300,000 Ordinary Shares in aggregate under share option arrangements, further details of which are set out in paragraph 6 below.
- 3.8 Save as disclosed in this paragraph 3 and in paragraphs 6 and 7 of this Part 7 no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 3.9 The Existing Ordinary Shares are and the New Ordinary Shares and the Warrants will be in registered form. Otherwise than pursuant to the Placing, none of the Ordinary Shares or the Placing Shares or the Warrants have been sold or are available in whole or in part to the public in conjunction with the application for the Enlarged Issued Share Capital to be admitted to AIM.
- 3.10 The amount payable on application and allotment of each Placing Share is 10p of which 5p is payable by way of premium.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a holding company. The objects of the Company are set out in full in Clause 3(a) of the Memorandum of Association which is available for inspection at the address specified in paragraph 14 of this Part 6.

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

4.1 Voting rights

4.1.1 Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by him.

4.1.2 No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a restriction notice in the manner described in sub-paragraph 4.2 below.

4.2 Restrictions on Ordinary Shares

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice pursuant to Section 212 of the Act and is in default in supplying to the Company information thereby required within a prescribed period after the service of such notice the Directors may serve on such member or on any such person a notice (a "restriction notice") in respect of the shares in relation to which the default occurred and any other shares held by the member at the date of the restriction notice ("restriction shares") directing that the member shall not be entitled to vote at any general meeting or class meeting of the Company. Where the restriction shares represent at least 0.25 per cent. of the shares, the restriction notice may, in addition, direct that any dividend or other monies which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered (save as required by the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/13272)(the "Regulations")) unless the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default is interested in any shares subject to the transfer or the transfer is an approved transfer. The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 where the default shares represent at least 0.25 per cent. of the class of shares concerned and 28 days in all other cases.

4.3 Variation of class rights and alteration of capital

4.3.1 If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act and any other act relating to companies (the "Statutes"), be modified, abrogated or varied either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of Sections 369, 370, 376 and 377 of the Act and the provisions of the Articles relating to general meetings shall apply, *mutatis mutandis*, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith.

4.3.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person.

- 4.3.3 Subject to any consent required by law, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account.
- 4.3.4 Subject to the provisions of the Act and the Articles, all unissued shares of the Company are at the disposal of the Directors.
- 4.3.5 Subject to the provisions of the Statutes, any shares may be issued on terms that they are redeemed or liable to be redeemed at the option of the Company or the shareholders on the terms and in the manner provided for by the Articles.
- 4.3.6 Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) provided that the Company shall not purchase its own shares if there are outstanding any convertible shares which remain capable of being converted, unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of each class of such convertible shares.

4.4 Transfer of shares

- 4.4.1 A shareholder may transfer any of his shares by an instrument of transfer in writing in any usual form or in another form approved by the Directors or, without a written instrument (subject to the call of shares becoming a participating security for the purposes of the Regulations), through CREST in accordance with the Regulations. The transferor will remain the holder of the share transferred until the name of the transferee is entered in the Company's register of members in respect of it.
- 4.4.2 The Directors may refuse to register a transfer of a certificated share which is in respect of a partly paid share, is in favour of more than four transferees, is not duly stamped (if required) or is not delivered for registration with the appropriate evidence of the transferor's title to the Company's registered office or such other place as the Directors may decide.
- 4.4.3 The Directors are required to register a transfer of an uncertificated share (a share in CREST) in accordance with the Regulations, except that the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register any such transfer which is in favour of more than four persons jointly or in any other circumstance permitted by the Regulations.
- 4.4.4 If the Directors refuse to register a share transfer, the Board must send notice of the refusal to the transferee within two months following the delivery of the transfer to the Company (except in the case of fraud). No fee is chargeable by the Company for the registration of a share transfer. The registration of share transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may decide.

4.5 Borrowing powers

- 4.5.1 The Directors may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, or any part thereof, and, subject to the provisions of the Statutes and the Articles, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 4.5.2 The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to 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 outstanding of all monies borrowed by the Company and any such subsidiary undertakings (in this paragraph, "the Group") and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed twice the aggregate of (i) the amount paid up on the issued share capital of the Company and (ii) the total of the capital and revenue reserves of the Group (including any share premium account, capital redemption reserve and credit balance on the profit and loss account) all as shown in the latest audited and consolidated balance sheet of the Group.

4.6 Dividends and distributions to shareholders on liquidation

- 4.6.1 The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any priority, preference or special rights, all dividends

shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

- 4.6.2 The Directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the Company half-yearly or otherwise on fixed dates.
- 4.6.3 No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Statutes.
- 4.6.4 On a liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out.
- 4.6.5 The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of any dividend.
- 4.6.6 Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.

4.7 Directors

- 4.7.1 The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Statutes or by the Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Articles or of the Statutes, and to such directions, being not inconsistent with any provisions of the Articles or of the Statutes, as may be given by the company in general meeting.
- 4.7.2 Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall not be more than ten nor less than two. A Director shall not be required to hold any shares in the capital of the Company.
- 4.7.3 No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other office or place of profit or acting in a professional capacity for the Company or as a vendor, purchaser or otherwise. Subject to the provisions of the Statutes and save as therein provided, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit or other benefit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Statutes.
- 4.7.4 A Director shall in the absence of some other material interest than is indicated below be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters, namely:
 - 4.7.4.1 the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or its subsidiary;
 - 4.7.4.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or its subsidiary for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - 4.7.4.3 any proposal concerning an offer of shares in or debentures or other securities of or by the Company or its subsidiary for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
 - 4.7.4.4 any contract, arrangement, transaction or other proposal concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or

shareholder or otherwise howsoever, provided that he has disclosed the nature of that interest to the Board in accordance with Section 317 of the Act;

- 4.7.4.5 any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirements death or disability benefit scheme under which he may benefit and which relates to both employees and Directors and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates;
 - 4.7.4.6 any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of any scheme for enabling employees including full-time Directors and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the company or its subsidiary under which the Director benefits in a similar manner to employees and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such scheme or arrangement relates; and
 - 4.7.4.7 any proposal concerning any insurance which the Company is to purchase and/or maintain for the benefit of the Directors or persons who include the Directors.
- 4.7.5 If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
- 4.7.6 The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in the aggregate an annual sum of £150,000 or such larger amount as the Company may by ordinary resolution determine). Such remuneration shall be divided between the Directors as they shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.
- 4.7.7 Subject to the provisions of the Statutes, the Directors may from time to time appoint one or more of their body to such executive office as they may decide. His appointment shall be automatically determined if he ceases from any cause to be a Director, without prejudice to any claim for damages such Director may have for breach of any service contract between him and the Company. The salary or remuneration of any executive Director shall, subject as provided in any contract, be such as the Directors may from time to time determine, and may either be a fixed sum of money, or may altogether or in part be governed by the business done or profits made, and may include the making of provisions for the payment to him, his widow or other dependants, of a pension on retirement from the office or employment to which he is appointed and for the participation in pension and life assurance and other benefits.
- 4.7.8 The Directors may entrust to and confer upon a managing director or an executive Director any of the powers and discretions exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and discretions and may from time to time revoke, withdraw, alter or vary all or any of such powers or discretions.
- 4.7.9 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (subject to the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 4.7.10 Subject to the provisions of the Statutes, the Company may, by ordinary resolution, suspend or relax certain of these provisions to any extent or ratify any contract, arrangement or transaction not duly authorised by reason of a contravention of those provisions.
- 4.7.11 Section 293 of the Act (which regulates the appointment and continuation in office of Directors who have attained the age of 70) does not apply to the Company.

4.7.12 Each Director shall have the power at any time to appoint as an alternate Director either (i) another Director or (ii) any other person approved for that purpose by a resolution of the Directors, and at any time to terminate such appointment.

4.7.13 At each annual general meeting of the Company one third of the Directors shall retire from office. The Directors to retire will be those who have been longest in office, or in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot.

5. INTEREST OF DIRECTORS AND OTHERS

5.1 The interests (all of which are beneficial) of the Directors and their immediate families and of persons connected with them within the meaning of Section 346 of the Act in the share capital of the Company as at the date of this document (which have been notified to the Company pursuant to Section 324 of the Act and are required to be entered in the Register of Directors' Interests maintained under the provisions of Section 325 of the Act) or could, with reasonable diligence, be ascertained by the Directors and as they are expected to be immediately following Admission are as follows:

<u>Name</u>	<i>Number of Ordinary Shares immediately before Admission</i>	<i>Number of Ordinary Shares after Admission</i>	<i>Percentage of Enlarged Issued Share Capital after Admission*</i>	
				<i>options over Ordinary Shares</i>
D Rogers	100,000	100,000	0.22	550,000
J Maundrell	100,000	100,000	0.22	550,000
I Ryden	50,000	50,000	0.11	200,000
Justin Drummond	—	5,355,487	11.67	1,000,000
P Williams	—	3,748,841	8.17	675,000
C Black	—	1,338,872	2.92	500,000

*assuming the Placing is fully subscribed

Save as disclosed in this paragraph 5.1, no Director nor any member of their respective immediate families, nor any person connected with them within the meaning of section 346 of the Act, is interested in any share capital of the Company.

5.2 No loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.

5.3 The Directors whose names appear in the section entitled "Directors, Proposed Directors and Senior Management of the Enlarged Group" in Part I of this document, have been appointed to the offices set out against their respective names.

5.3.1 On 16 October 2000 Mr Rogers entered into a service contract with the Company which provides for him to act as Chairman of the Company at an initial salary of £15,000 per annum from the date the contract was entered into. The contract is for a minimum period of one year and continuing thereafter unless terminated by either party giving not less than one year's notice expiring on or after the date which is one year after the date of the contract. The salary will be reviewed by the Board annually in January of each year the first such review to take place in January 2002. On Admission the aforementioned service contract will be terminated. On 6 April 2001 Mr Rogers was engaged by the Company, conditional upon Admission, as a non-executive Director of the Company for an annual fee of £15,000. The terms of the engagement enable him to sit on the Audit and Remuneration Committees of the Company and his appointment is for a period of one year subject, however, to either party giving the other three months' notice in writing of termination.

5.3.2 On 16 October 2000 Mr Maundrell entered into a service contract with the Company which provides for him to act as a director of the Company on the same terms as Mr Rogers. On Admission the aforementioned service contract will be terminated. On 6 April 2001 Mr Maundrell was engaged by the Company, conditional upon Admission, as a non-executive Director of the Company for an annual fee of £15,000. The terms of the engagement enable him

to sit on the Audit and Remuneration Committees of the Company and his appointment is for a period of one year subject, however, to either party giving the other three months' notice in writing of termination.

5.3.3 On 16 October 2000 Mr Ryden entered into a service contract with the Company which provides for him to act as a director of the Company on the same terms as Mr Rogers. On Admission the aforementioned service contract will be terminated. On 6 April 2001 Mr Ryden was engaged by the Company, conditional upon Admission, as a non-executive Director of the Company for an annual fee of £15,000. The terms of the engagement enable him to sit on the Audit and Remuneration Committees of the Company and his appointment is for a period of one year subject, however, to either party giving the other three months' notice in writing of termination.

5.3.4 On 6 April 2001 Mr Justin Drummond entered into a service contract with the Company, conditional upon Admission, which provides for him to act as chief executive of the Company at an initial salary of £60,000 per annum. The contract is for an initial period of two years and shall continue thereafter unless terminated by either party giving to the other not less than one year's notice, expiring on or after the date which is two years after the date of the contract. The salary will be reviewed by the remuneration committee of the Board annually (but not downwards) in January of each year, the first such review to take place in January 2002.

5.3.5 On 6 April 2001 Mr Williams entered into a service contract with the Company on the same terms as Mr Drummond, save that Mr Williams shall act as finance director of the Company for an initial salary of £55,000.

5.3.6 On 6 April 2001 Mr Black entered into a service contract with the Company on the same terms as Mr Drummond, save that Mr Black shall act as a director of the Company for an initial salary of £55,000.

5.3.7 Except as set out above there have been no amendments to any of the above contracts.

5.4 It is estimated that the aggregate emoluments (including benefits in kind and pension contributions) of the Directors for the period ending 30 September 2001 assuming Admission, will amount to £113,000 under the arrangements in force at Admission.

5.5 Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

5.6 The Company is aware of the following persons, in addition to those disclosed in paragraph 5.1 above, who at the date of this document and following Admission directly or indirectly, jointly or severally, hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company.

<u>Shareholder</u>	<i>At Present</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital*</i>
Highland Fund Advisors Limited	1,066,680	6.23	1,066,680	2.32
Brookspsey Limited	1,516,650	8.86	1,516,650	3.30
Corvus Capital Inc	5,000,000	29.21	5,000,000	10.89
Jason Drummond	—	—	16,334,236	35.59

*assuming the Placing is fully subscribed

Save as disclosed above, the Company is not aware of any person who, immediately following Admission, will, directly or indirectly, be interested in three per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The directorships held by each of the Directors and the partnerships in which they are or were partners over the five years preceding the date of this document other than in the Company are as follows:

	<i>Current</i>	<i>Past</i>
David Rogers	Allverge Limited Corum plc Internet Music & Media plc David Rogers Commercial Limited General Electronics Limited Tolmount plc Silentpoint plc	Furze Rogers & Partners Limited R & E Properties Limited Roseparade Limited Virtual Internet plc (formerly Virtual Internet.net plc) St. James & Suburban Investments Limited
John Maundrell	Corbie Sike & Co (a partnership) Tolmount plc Aviation Partners Worldwide Limited Airow plc	Utilitec plc Clearline Services Limited Conival Limited
Ian Ryden	Web Management Services Limited Gaming Internet Plc Gaming Internet (Holdings) limited Fortuna Universal Juegos Globales SA Fortuna Investments SA Barkingmad.com Limited Racing Network.co.uk Limited Burton Communications Limited Sportsmad Limited	Naafi Select (Germany) Limited Select Catalogues Limited
Justin Drummond	Xworks Limited Quantum Products Limited World Motorsports Limited Onthebox.com Limited Chemserve Group PLC Chemserve.net Limited Careerplus Limited Space 7 Limited	Click4home Limited
Peter Williams	Xworks Limited Quantum Products Limited World Motorsports Limited Onthebox.com Limited Chemserve Group PLC Chemserve.net Limited Careerplus Limited Space 7 Limited Pardao Consulting Services Limited	Virtual Internet plc (formerly Virtual Internet.net PLC) Names Net Limited Virtual Internet (UK) Limited VI Limited Net Searchers International Limited Lanica Limited Aerospace Composite Structures LLC
Charles Black	Xworks Limited Quantum Products Limited World Motorsports Limited Onthebox.com Limited Chemserve Group PLC Chemserve.net Limited Careerplus Limited Echospin Limited Space 7 Limited Space TV Limited	

In 1991 Telford Glade Limited a property development and investment company, of which Mr Rogers was a director, went into voluntary liquidation with a deficiency of £84,000.

- 5.7 No Director or Proposed Director has any unspent convictions relating to indictable offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.

- 5.8 Save as disclosed in paragraph 5.6 above, none of the Directors has been a director of any company at the time of or within 12 months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors has been a partner of any partnership at the time of or within 12 months preceding the date of any partnership voluntary arrangement or been a director or partner of a company or partnership any of whose assets have been the subject of a receivership at the time of or within 12 months following the cessation of such directorship or partnership.
- 5.9 None of the Directors has been criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management of the affairs of a company.
- 5.10 The entire issued share capital of Xworks is held as follows:

<u>Shareholder</u>	<u>Ordinary shares of 25p each</u>
Jason Drummond	610,000
Justin Drummond	200,000
Peter Williams	140,000
Charles Black	50,000

Xworks was incorporated with an authorised share capital of £1,000 divided into 1,000 shares of £1 each of which two were issued.

On 1 April 2000 each authorised share of £1 was divided into 4 shares of 25p each and the authorised share capital was increased by £249,000 by the creation of a further 996,000 shares of 25p each ranking *pari passu* with the existing shares of Xworks.

On 3 April 2000 404,608 shares of 25p each were allotted at a price of 25p each.

On 3 April 2000 50,000 shares of 25p each were allotted in consideration of the transfer to Xworks of 20 shares of Wundercars and 20 shares of Space 7 Limited.

On 30 June 2000 545,384 shares of 25p each were allotted at a price of 45.83p.

- 5.11 The following dealings for value in shares in Chrome Technology by the Directors, their immediate families and connected persons have taken place since its incorporation:

<u>Name</u>	<u>Date</u>	<u>Nature of transaction</u>	<u>Number of Existing Ordinary Shares</u>	<u>Price paid per share</u>
D Rogers	23 October 2000	Subscription	100,000	10p
J Maundrell	23 October 2000	Subscription	100,000	10p
I Ryden	23 October 2000	Subscription	50,000	10p

Save as set out in this paragraph, there were no dealings for value in Existing Ordinary Shares by the Directors, their immediate families and connected persons during the disclosure period.

- 5.12 Save for their interests arising as a consequence of the Acquisition no member of the Concert Party nor any person acting in concert with any member of the Concert Party owned, controlled or was interested, directly or indirectly, in any relevant securities on 5 April 2001 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value in any relevant securities during the disclosure period.
- 5.13 Save as disclosed in paragraphs 5.1, 5.11 and 5.12 above neither the Company nor any of the Directors nor any member of their immediate families owned, controlled or (in the case of the Directors and their immediate families) was interested, directly or indirectly, in any relevant securities on 5 April 2001 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value in any relevant securities during the disclosure period.
- 5.14 Save as disclosed in paragraph 5.10 above neither the Company nor any of the Directors nor any member of their immediate families owned, controlled (or in the case of the directors and their immediate families) was interested, directly or indirectly, in any ordinary shares in Xworks on 5 April],

2001 the latest practicable date prior to the posting of this document), nor has any such person dealt for value in any such ordinary shares during the disclosure period.

- 5.15 No bank, stockbroker, financial or other professional adviser other than an exempt market maker to the Company or any associated company of the Company, nor any person controlling, controlled by, or under the same control as such bank, stockbroker, financial or other professional adviser, nor any pension fund of the Company, nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, owned, controlled or was interested, directly or indirectly, in any relevant securities on 5 April 2001 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value therein during the disclosure period.
- 5.16 No member of the Concert Party nor the Company nor any associate (as defined in sub-paragraph 5.18.1 below) of any member of the Concert Party or the Company has any arrangement with any person in relation to relevant securities. For the purposes of this paragraph, “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.
- 5.17 In this paragraph 5:
- 5.17.1 references to an “associate” is to:
- 5.17.1.1 subsidiaries and associated companies of Chrome Technology and companies of which any such subsidiaries or associated companies are associated companies;
 - 5.17.1.2 banks, financial and other professional advisers (including stockbrokers) to the Concert Party and Chrome Technology, as appropriate, or a company covered in 5.8.11 above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
 - 5.17.1.3 its directors and the directors of any company in 5.8.11 above (together in each case with their immediate families and related trusts);
 - 5.17.1.4 the pension funds of Chrome Technology or of a company covered in 5.8.11 above; and
 - 5.17.1.5 (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this sub-paragraph 5.8.1) manages on a discretionary basis, in respect of the relevant investment accounts;
- 5.17.2 references to a “bank” do not apply to a bank whose sole relationship with any member of the Concert party or the Company or a company covered in 5.8.1.1 above is the provision of normal commercial banking services or activities in connection with the Proposals, such as registration work;
- 5.17.3 ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting, irrespective of whether the holding gives *de facto* control;
- 5.17.4 “relevant securities” means the Existing Ordinary Shares and other securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, or derivatives referenced to, any of the foregoing;
- 5.17.5 “disclosure period” is the period commencing on 18 August 2000 being the date of incorporation of Chrome Technology and ending on 5 April 2001, being the latest practicable date prior to the posting of this document.
- 5.18 Save as disclosed in paragraph 5.10, 5.11 and 5.12 above, no Existing Ordinary Shares or shares in Xworks are owned or controlled or have been dealt in for value during the past twelve months by any member of the Concert Party or by any person acting in concert with any of them.
- 5.19 The Directors are not aware of any agreement, arrangement or understanding by which the beneficial ownership of any Consideration Shares will be transferred to any other person.

6. EXISTING SHARE OPTION ARRANGEMENTS

On 16 October 2000 Mr Rogers, Mr Maundrell and Mr Ryden were granted options by the Company to subscribe for 550,000 Ordinary Shares, 550,000 Ordinary Shares and 200,000 Ordinary Shares respectively (representing in aggregate approximately 2.83 per cent. of the Enlarged Issued Share Capital assuming the Placing is fully subscribed). The principal terms of the share options are as follows:

6.1 Exercise price

61.1 The exercise price for each of the Share Options is 10p per Ordinary Share which is the subject of that particular Share Option.

6.1.2 The option price may be adjusted in the event of a rights issue, bonus issue, share split and certain other alterations of share capital subject to the written certificate of the auditors that such adjustment is fair and reasonable.

6.2 When options may be exercised

6.2.1 The Share Options may be exercised in whole or in part at any time during the period between the three months after completion of the first acquisition by the Company and the third anniversary of their date of grant. The Share Options will lapse two years after the holder ceases to be an eligible employee.

6.3 Voting, dividend, transfer and other rights

6.3.1 Until the Share Options are exercised, option holders have no voting rights in respect of the shares covered by their options.

6.3.2 Shares issued pursuant to the Share Options will rank *pari passu* in all respects with the shares already then in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the Share Option.

6.3.3 The Share Options are non-transferable.

7. SHARE OPTION PLAN

7.1 Shareholders approval for the Share Option Plan is to be sought at the EGM. The Share Option Plan has not been approved by the Inland Revenue and it is not intended to apply for approval in respect of it. The principal terms of the Share Option Plan are as follows:

(a) Administration

The Share Option Plan will be administered and the grant of options supervised by the remuneration committee of the Board.

(b) Eligibility

The remuneration committee may select employees and directors of the Company and of its subsidiaries to whom options may be granted over Ordinary Shares.

(c) Exercise price

The exercise price per Ordinary Share will not, in the case of options granted within 30 days of the date the Share Option Plan is adopted by the board, be less than the Placing Price and, in the case of options granted more than 30 days after the Share Option Plan is adopted by the board, not be less than the middle market price averaged over the three dealing days immediately preceding the date of grant as derived from the Alternative Investment Market Section of the London Stock Exchange or not be less than the nominal value of an Ordinary Share.

(d) Performance conditions

The exercise of options may be made conditional on the achievement of a specified performance target determined by the remuneration committee when options are granted.

(e) Grant of options

Options may normally only be granted within 42 days of the announcement by the Company of its interim or final results each year. Options may be granted outside these periods if the Directors

consider that there are sufficiently exceptional circumstances to justify the grant of options at that time. No payment is required for the grant of an option.

(f) Exercise of options

Save in the event of a change of control an option may only be exercised after three years (or such other period as may be determined prior to grant) and within ten years from its grant and, in the case of an option granted subject to the satisfaction of a performance condition, if that performance condition has been satisfied.

An option will normally lapse if a participant ceases to be an employee of the group. Where, however, a participant ceases to be employed within the group by reason of disability or injury, he will have six months from the date of leaving within which to exercise his options (or, if longer, forty two months from the date of grant of the option). The remuneration committee has discretion to extend the period for exercise.

If a participant dies, his options may be exercised by his legal personal representatives within twelve months after his death (or, if longer, forty eight months from the date of grant of the option). The remuneration committee has discretion to extend the period for exercise.

In the event of a change of control, options may, within three months of the relevant event, be exercised. Any performance condition may be waived by the Board unless the condition otherwise provides.

When options are exercised the Company will account through the PAYE system for the income tax and national insurance contributions (if any) due on the option gain. Participants will be required to reimburse the Company or authorise the Company to sell sufficient shares to meet this income tax liability and, if required by the Company, any employer's national insurance contribution.

(g) Terms of options and issue of Ordinary Shares

Options are neither transferable nor assignable. As soon as practicable after the exercise of an option granted over unissued shares, the appropriate number of Ordinary Shares will be allotted and issued to the option holder. The Ordinary Shares allotted will rank *pari passu* with all other issued Ordinary Shares of the Company save that they will not rank for any dividend or other rights attaching to such shares by reference to a record date prior to their issue. Existing Ordinary Shares may also be transferred on the exercise of an option.

(h) Variation of capital

In the event of a variation of share capital including a capitalisation issue or rights issue or any consolidation, sub-division or reduction of capital of the Company the number and option price of Ordinary Shares subject to options shall be adjusted in such manner as the auditors of the Company confirm in their opinion is fair and reasonable.

(i) Amendment and termination

The Directors may make amendments, but no amendment may be made which would adversely affect any rights already acquired by a participant. No alteration to the advantage of participants may be made to provisions relating to the persons to whom options may be granted, the limits on the total number of Ordinary Shares over which options may be granted, the adjustments to be made in the event of a variation of share capital and the periods or circumstances in which options may be exercised without the prior approval of the Company in general meeting (except for minor alterations to benefit the administration of the Share Option Plan, to take account of a change in legislation or to obtain or maintain favourable exchange control or regulatory treatment for participants or any member of the group).

No option may be granted more than ten years after the Share Option Plan has been approved by Shareholders.

(j) Limits on share capital available to the Share Option Plan

No option to subscribe for shares shall be granted if the nominal value of shares issuable on exercise of the option when aggregated with the nominal value of shares issuable or issued in

respect of subsisting options under the Share Option Plan would exceed in aggregate 10 per cent. of the Company's issued ordinary share capital.

- 7.2 The following options are proposed to be granted under the Share Option Plan conditional upon Admission:

<i>Name</i>	<i>Number of Options</i>
Justin Drummond	1,000,000
Peter Williams	675,000
Charles Black	500,000

These options will become exercisable in three equal tranches on the first, second and third anniversary of their date of grant. The price at which the said options are to be exercisable is 10p in the second year following grant, 11p in the third year following grant and 12p in the fourth and subsequent years following grant.

8. MATERIAL CONTRACTS

8.1 Chrome Technology

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company since incorporation and are, or may be, material:

- 8.1.1 An agreement dated 16 October 2000 between the Company (1), the Current Directors (2) and Insinger Townsley (3) pursuant to which Insinger Townsley agreed to use reasonable endeavours to procure subscribers for 15,120,000 new Ordinary Shares proposed to be issued by the Company at 10p per share. Under this agreement Insinger Townsley received commission of £3,000 and a corporate finance fee of £10,000. Each of the Current Directors undertook that, during the 12 months following 23 October 2000 they would not (other than pursuant to the terms of the agreement, his death, an intervening court order or a takeover offer relating to the Ordinary Shares becoming or being declared unconditional) dispose of any Ordinary Shares.
- 8.1.2 A Nominated Broker appointment letter dated 16 October 2000 between the Company and Insinger Townsley setting out the terms upon which it agreed to act as the Company's Nominated Broker for the purposes of the AIM Rules for an annual fee of £5,000. This appointment was terminated by mutual agreement on 6 April 2001.
- 8.1.3 A Nominated Adviser agreement dated 27 September 2000 between the Company and Grant Thornton setting out the terms on which Grant Thornton agreed to act as the Company's Nominated Adviser for the purposes of the AIM Rules for an initial fee of £10,000, a fee on admission of the Existing Ordinary Shares to AIM of £35,000 and for an annual fee of £20,000. The agreement may be terminated by either party on seven days within notice. This agreement has been superseded by the agreement set out at 8.1.4 below.
- 8.1.4 A Nominated Adviser agreement dated 16 November 2000 between the Company and Grant Thornton setting out the terms on which Grant Thornton has agreed to act as the Company's Nominated Adviser for the purposes of the AIM Rules for an initial fee of £20,000, a fee on Admission of £55,000 and a continuing annual fee of £20,000.
- 8.1.5 An agreement dated 10 October 2000 as varied by a letter dated 4 April 2001 between the Company and Odyssey Partners Limited setting out the terms upon which Odyssey Partners Limited agreed to assist the Company in the process of admission to AIM and in identifying and completing the acquisition of potential targets. A fee of £50,000 plus VAT is payable to Odyssey Partners Limited on completion of the Acquisition.
- 8.1.6 A conditional agreement dated 6 April 2001 between the Concert Party (1), Xworks (2) the Company (3) and David Rogers as trustee (4) in relation to the acquisition by the Company of 1,000,000 ordinary shares of 25p in Xworks being the entire issued share capital of Xworks. The Acquisition Agreement is conditional, *inter alia*, on Admission. The consideration payable under the Acquisition Agreement by the Company to the Concert Party is £2,677,743.60, to be satisfied by the allotment and issue to the Concert Party of the Consideration Shares. Jason Drummond, Justin Drummond, Peter Williams and Charles Black have given certain warranties in relation to Xworks in the Acquisition Agreement both to the Company and to David Rogers (as trustee for the benefit of the shareholders of the Company). The aggregate

potential liability of the Concert Party under these warranties is £1,700,000. The Acquisition Agreement contains restrictive covenants on the part of the Concert Party.

- 8.1.7 A Broker agreement dated 6 April 2001 between the Company, the Current Directors and Keith, Bayley, Rogers setting out the terms upon which Keith, Bayley, Rogers have agreed to act as the Company's Broker for the purposes of the AIM Rules for a fee on Admission of £25,000 and a continuing quarterly fee of £5,000. The agreement may be terminated by either the Company or Keith, Bayley, Rogers on 3 months' notice.

8.2 Xworks

The following contracts, not being contracts in the ordinary course of business, have been entered into by Xworks since incorporation and are, or may be, material:

- 8.2.1 the Acquisition Agreement described in paragraph 8.1.6
- 8.2.2 A conditional agreement dated 27 October 2000 between David Sugars and Stephen Colling (1) and Xworks (2) (the "First Wundercars Agreement") in relation to the acquisition by Xworks of 268 Ordinary Shares of £1 in Wundercars being 67 per cent. of the issued share capital of Wundercars. The consideration payable under this agreement was to be £1,005,000 to be satisfied as to £739,000 by the issue of 8 per cent. guaranteed redeemable loan stock and as to £266,000 by the issue of ordinary shares of Xworks or any holding company of Xworks at the price at which such shares were to have been issued in a public placing or offer completed at the same time as such shares are admitted to the London Stock Exchange (the "IPO Price"). David Sugars and Stephen Colling gave warranties to Xworks in relation to Wundercars in this agreement. This agreement was terminated by the deed of release described in paragraph 8.2.4;
- 8.2.3 a conditional agreement dated 27 October 2000 between Michael Evans and Others (1) and Xworks (2) (the "Second Wundercars Agreement") in relation to the acquisition by Xworks of 36 ordinary shares of £1 each in Wundercars, being 9 per cent. of the issued share capital of Wundercars. The consideration payable under this agreement was to be £135,000 to be satisfied as to £75,000 in cash and as to £60,000 by the issue of ordinary shares of Xworks or any holding company of Xworks at the IPO Price. This agreement was terminated by the deed of release described in paragraph 8.2.4;
- 8.2.4 a deed of release and subscription dated 14 March 2001 between David Sugars and Stephen Colling (1) Wundercars (2) and Xworks (3) pursuant to which it was agreed that in consideration for Xworks being given the opportunity to subscribe for 23 shares of £1 in Wundercars at par, (being 5.44 per cent. of Wundercars, which, together with Xworks' existing holding of 5 per cent. gives Xworks a holding of 10.44 per cent. of the issued Share capital of Wundercars) Xworks released David Sugars and Stephen Colling from all provisions of the First Wundercars Agreement. It was further acknowledged that, as the Second Wundercars Agreement was conditional upon the First Wundercars Agreement, the Second Wundercars Agreement lapsed upon execution of the deed of release and subscription;
- 8.2.5 a facility letter (the "Wundercars Facility") dated 27 October 2000 between Wundercars (1) and Xworks (2) pursuant to which Xworks advanced £400,000 to Wundercars, repayable on 9 June 2001. Interest is payable at a rate of 2 per cent. per annum above the base rate of Barclays Bank plc. The Wundercars Facility is secured by a mortgage debenture creating fixed and floating charges over Wundercars' assets (the "Wundercars Security");
- 8.2.6 a facility letter (the "Highland Facility") between Highland Fund Advisors Limited ("Highland") (1) and Xworks (2) pursuant to which Highland made available a total facility of £600,000 repayable on 11 June 2001. Interest is payable at a rate of 2 per cent. per annum above the base rate of Barclays Bank Plc. The Highland Facility is secured by a mortgage debenture creating fixed and floating charges over Xworks' assets (the "Highland Security"). £475,000 has been advanced under the Highland Facility as to £400,000 to Wundercars and £75,000 to Xworks;
- 8.2.7 a Deed of Release dated 5 April 2001 between Xworks (1) and Highland (2) pursuant to which Xworks was released from liability under the Highland Facility and the Highland Security in consideration for Xworks assigning to Highland its rights under the Wundercars Facility and the Wundercars Security and agreeing the repay £75,000 of the Highland Facility immediately.

In addition, Xworks gave certain warranties to Highland regarding the Wundercars Facility and the Wundercars Security and Wundercars itself;

- 8.2.8 an option agreement between David Mee (1) and Xworks (2) dated 25 October 2000 pursuant to which Xworks has the option to purchase 26 ordinary shares of £1 each in Onthebox in exchange for £260,000 worth of ordinary shares in Xworks or any holding company of Xworks from time to time. The option is exercisable until 31 October 2001;
- 8.2.9 an option agreement between Nigel Regan (1) and the Company (2) dated 25 October 2000 pursuant to which the Company has the option to purchase 18 ordinary shares of £1 each in Onthebox in exchange for £180,000 worth of ordinary shares in Xworks or any holding company of Xworks from time to time. The option is exercisable until 31 October 2001;
- 8.2.10 an option agreement between Charles Black (1) and Xworks (2) dated 3 April 2001 pursuant to which Xworks has the option to purchase 79 ordinary shares of £1 each in Space in exchange for 1,327,732 Ordinary Shares. The agreement is conditional upon Admission and is exercisable for 12 months from the date of Admission;
- 8.2.11 an option agreement between Alan George Black (1) and Xworks (2) dated 3 April 2001 pursuant to which Xworks has the option to purchase 19 ordinary shares of £1 each in Space in exchange for 319,328 Ordinary Shares. The agreement is conditional upon Admission and is exercisable for 12 months from the date of Admission; and
- 8.2.12 an option agreement between Simon Rupert Kay Black (1) and Xworks (2) dated 3 April 2001 pursuant to which Xworks has the option to purchase 1 ordinary shares of £1 each in Space in exchange for 16,808 Ordinary Shares. The agreement is conditional upon Admission and is exercisable for 12 months from the date of Admission.

9. MARKET QUOTATIONS

The following table shows the closing middle market quotations for Existing Ordinary Shares as derived from the AIM Appendix to the Daily Official List on the first dealing day of each month from November 2000 to April 2001 and on 5 April 2001 (being the latest practicable date prior to the printing of this document):

1 November 2000	52.5p
1 December 2000	39.5p
2 January 2001	22.5p
1 February 2001	25.5p
1 March 2001	17.5p
2 April 2001	11p
5 April 2001	11p

10. TAXATION

The following paragraphs summarise advice received by the Directors about the tax position of shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares in the Company. The statements below do not constitute advice to any shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom through a branch or agency or United Kingdom insurance companies). Any investors who are in doubt as to their position should consult their professional adviser.

10.1 Taxation of the Company

The Company will be liable to United Kingdom corporation tax at rates (depending on the level of its profits for each accounting period) currently of between 20 per cent. and 30 per cent.

10.2 Taxation of shareholders

The information given below is provided in summary form only and based on tax legislation as it exists at the present time.

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend

and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.)

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident (for tax purposes) corporate shareholder will generally not be liable to corporation tax or income tax in respect of dividends received from the Company unless that corporate shareholder is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the Schedule F trust rate, currently 25 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

10.3 Capital Gains Tax Deferral and EIS Relief (“Deferral and EIS Relief”)

The intended activities of the Company are such that the Directors are advised that the Ordinary Shares will not rank as eligible shares for Deferral and EIS Relief.

10.4 Stamp Duty

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value, or agreements for such transfer which are not completed by written instrument made within two months from the date of the agreement, will give rise to a liability to United Kingdom *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 (or, as from 1 October 1999, expressed as 0.5 per cent.) of the amount or value of the consideration. Transfers under the proposed CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

11. WORKING CAPITAL

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from Admission.

12. LITIGATION

12.1 Chrome Technology

Since incorporation the Company has not been engaged in, nor is it currently engaged in, any litigation or arbitration which has or may have a significant effect on the financial position of the Company and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

12.2 Xworks

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened against or being brought by Xworks or any of its subsidiaries) which have, or may have had during the 12 months preceding the date of this document, a significant effect on the financial position of Xworks.

13. GENERAL

13.1 Save as disclosed in this document there has been no significant change in the financial or trading position of the Company since 18 August 2000, being the date of incorporation of the Company.

- 13.2 Save as disclosed in this document there has been no significant change in the financial or trading position of Xworks and its subsidiaries since 30 September 2000, being the date to which the latest audited accounts of Xworks were prepared.
- 13.3 The accounting reference date of the Company is 30 September.
- 13.4 The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £NIL:
- 13.5 For the purposes of paragraph 25 of part 4 of schedule 1 to the POS Regulations, the subscription lists for the Placing will open at 10.00 a.m. on 9 April 2001 and may be closed at any time thereafter but not later than 31 May 2001.
- 13.6 Grant Thornton have given and not withdrawn their written consent to the inclusion of their reports on the Company and on Xworks in the form set out in Parts 3, 4 and 5 of this document and the reference to such reports in the form and context in which they appear and accept responsibility for such reports in accordance with paragraph 45(8)(b) and paragraph 45(1)(b)(iii) respectively of Schedule 1 to the POS Regulations.
- 13.7 Grant Thornton and Keith, Bayley, Rogers have given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which they appear.
- 13.8 The total costs and expenses payable by the Company in connection with the Proposals (including professional fees, commissions, the costs of printing and the fees and expenses payable to the registrars, Grant Thornton and Keith, Bayley, Rogers) are estimated to amount to approximately £445,000 (including VAT).
- 13.9 Save as disclosed in this document, there are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraphs 21 (a)(i) to (iv) of Schedule 1 of the POS Regulations and the Enlarged Group has no investments in progress.
- 13.10 Save as disclosed in this document, there are no arrangements which relate to the financing of this transaction.
- 13.11 There are no agreements, arrangements or undertakings pursuant to which any of the Consideration Shares will be transferred to any other person.
- 13.12 Save as disclosed, the Directors believe that there are no trade marks, patents, licenses or contracts relating to intellectual property which are of fundamental importance to the Enlarged Group's business or profitability.
- 13.13 Save as otherwise set out in this document no person (excluding professional advisers disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company or Xworks within 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company or Xworks on or after Admission fees totalling £10,000 or more or securities in the Company or Xworks with a value of £10,000 or more, calculated by reference to the Placing Price in the case of the Company, or any other benefit with a value of £10,000 or more at the date of Admission.
- 13.14 Each of the Directors is, or may be, deemed to be a promoter of the Company.
- 13.15 The financial information for the relevant accounting period set out in the Accountants' Reports in Parts 3 and 4 of this document concerning the Company and Xworks do not constitute statutory accounts within the meaning of Section 240 of the Act.
- 13.16 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by the Company until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 31 May 2001 application monies will be returned to applicants at their risk without interest.
- 13.17 The Existing Ordinary Shares are, and the New Ordinary Shares will be in registered form and may be held in uncertificated form in CREST. Definitive certificates in respect of Placing Shares and Warrants are expected to be despatched to persons entitled thereto by post at their risk within seven days of Admission. Temporary documents of title will not be issued in respect of Placing Shares and Warrants.
- 13.18 Copies of this document are available to the public, free of charge, at the offices of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP, during normal business

hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month from the date on which the New Ordinary Shares are admitted to trading on AIM.

14. DOCUMENTS

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Berwin Leighton, Adelaide House, London Bridge, London EC4R 9HA for a period of one month from the date of this document.

- 14.1 the Memorandum and Articles of Association of the Company;
- 14.2 the reports from the reporting accountants set out in Parts 3, 4 and 5 of this document;
- 14.3 the instrument constituting the Warrants referred to in Part 6 of this document;
- 14.4 the service contracts referred to in paragraph 5.3 of this Part 7;
- 14.5 the share option arrangements referred to in paragraph 6 of this Part 7;
- 14.6 the rules of the Share Option Plan referred to in paragraph 7 of this Part 7;
- 14.7 the material contracts referred to in paragraph 8 of this Part 7; and
- 14.8 the consent letters referred to in paragraphs 13.6 and 13.7 of this Part 7.

Dated 6 April 2001

CHROME TECHNOLOGY PLC

(registered in England and Wales no. 4058698)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the above named Company will be held at the registered office of the Company, Adelaide House, London Bridge, London EC4R 9HA on 30 April 2001 at 10.00 a.m. for the purpose of considering and if thought fit passing the following Resolutions (of which Resolutions 1 and 3 will be taken on a poll):

1. AS AN ORDINARY RESOLUTION

THAT, conditional upon Admission (as defined in the prospectus dated 6 April 2001 published by the Company a copy of the same being produced to the meeting and signed by the Chairman for identification (the "Prospectus")), for the purposes of the waiver by the Panel on Takeovers and Mergers of any obligation on Jason Drummond, Justin Drummond, Charles Black and Peter Williams ("the Concert Party") to make a mandatory general offer for the Company, which would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers, the issue of 26,777,436 new Ordinary Shares (as defined in the Prospectus) by the Company to the Concert Party pursuant to the Acquisition Agreement (as defined in the Prospectus) representing 58.34 per cent. of the Enlarged Issued Share Capital (as defined in the Prospectus), be and the same is hereby approved and the Directors be and are hereby authorised to cause the Acquisition Agreement and all matters provided therein or related thereto to be completed and, at their discretion, to amend, waive, vary and /or extend any of the terms of the said Acquisition Agreement and/or any document referred to therein and/or connected therewith in whatever way they may consider to be or such acts and/or things as they may consider necessary and/or desirable in connection therewith provided that these are not material in relation to the Acquisition as a whole.

2. AS A SPECIAL RESOLUTION

THAT, conditional upon the Placing (as defined in the Prospectus) becoming unconditional in all respects (save for the condition requiring the passing of this Resolution and Admission) and not being terminated:

- 2.1 the Company's authorised share capital be increased from £1,250,000 to 4,000,000 by the creation of an additional 55,000,000 new Ordinary Shares of 5p each;
- 2.2 the Directors be generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £3,144,000. Such authority shall unless and to the extent previously revoked, varied or renewed by the Company in general meeting expire on 29 April 2002 provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by the Resolution had not expired; and
- 2.3 the Directors be given power pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the Section 80 authority referred to in paragraph 3.2 above as if Section 89(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of the Annual General Meeting of the Company next following the passing of the Resolution or, if earlier, on 29 April 2002. The power is limited to:
 - 2.3.1 the allotment of up to 2,000,000 new Ordinary Shares in connection with the Placing;
 - 2.3.2 the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and
 - 2.3.3 the allotment of Ordinary Shares pursuant to the Share Option Plan (as defined in the Prospectus) up to a maximum nominal value of £164,487

2.3.4 the allotment of up to 12,681,481 Warrants to subscribe for new Ordinary Shares of 5p each constituted in accordance with the terms of a Warrant Instrument (a copy of which has been signed by the Chairman for the purposes of identification) to be executed by the Company and referred to in the Prospectus.

2.3.5 the allotment (other than pursuant to 2.3.1, 2.3.2 and 2.3.3 above) of equity securities up to a maximum aggregate nominal amount of £114,750 (being equal to approximately 5 per cent. of the issued ordinary share capital of the Company immediately following completion of the Placing and the Acquisition assuming the Placing is subscribed for in full.

provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

3. AS AN ORDINARY RESOLUTION

THAT

3.1 the Chrome Technology plc Share Option Plan, described in paragraph 7 of Part 7 of the Prospectus and to be constituted by Rules in the form of the draft to be produced to the Meeting and for the purposes of identification initialled by the Chairman of the Company ('the Share Option Plan'), be and is hereby approved and the Directors be authorised to do all acts and things necessary to establish and carry into effect the Share Option Plan; and

3.2 For the purposes of the waiver by the Panel on Takeovers and Mergers of any obligation on the Concert Party to make a mandatory offer for the Company which would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers, the grant of the following number of options under the Share Option Plan to certain members of the Concert Party be and is hereby approved:

<i>Name of Concert Party Member</i>	<i>Number of Ordinary Shares over which options are to be granted</i>
Justin Drummond	1,000,000
Charles Black	500,000
Peter Williams	675,000

4. AS A SPECIAL RESOLUTION

THAT the name of the Company be changed to Xworks plc.

Dated 6 April 2001

Registered Office:
Adelaide House
London Bridge
London EC4R 9HA

By Order of the Board
John William Maundrell
Company Secretary

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. A proxy need not be a member of the Company.
2. A form of Proxy is enclosed for the holders of Ordinary Shares.
3. The instrument appointing a proxy must reach the Company's registrars, Capita IRG Plc, not less than 48 hours before the holding of the meeting.

