

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at the General Meeting of the Company to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 10.30 a.m. on 30 October 2009. If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

Copies of this document will be available free of charge until 30 October 2009 at the Company's registered office, Carisbrooke Court, Buckingham Business Park, Anderson Road, Swavesey, Cambridge CB24 4UQ during normal business hours.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy for use in relation to the General Meeting as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

The Directors, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 2 November 2009.

CYAN HOLDINGS PLC

(Incorporated and registered in England and Wales with registered no. 04554942)

Proposed Placings of 95,238,095 new Ordinary Shares at 2.1 pence per share

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of a General Meeting of Cyan Holdings plc to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 10.30 a.m. on 30 October 2009 is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is also enclosed with this document. The Form of Proxy should be completed and returned to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 48 hours prior to the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as nominated adviser and broker to the Company in relation to the Placings. The responsibilities of Cenkos Securities plc as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Cenkos Securities plc is not making any representation or warranty, express or implied, as to the contents of this document. Cenkos Securities plc will not be offering advice and will not be responsible for providing customer protections to recipients of this document in respect of the Placings or any acquisition of shares in the Company.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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EXPECTED TIMETABLE OF EVENTS

Latest time for receipt of Forms of Proxy	10.30 a.m. on 28 October 2009
General Meeting	10.30 a.m. on 30 October 2009
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 2 November 2009

PLACING STATISTICS

Total number of Existing Ordinary Shares	559,129,314
Number of VCT Placing Shares being placed on behalf of the Company*	29,821,429
Number of Non-VCT Placing Shares being placed on behalf of the Company*	65,416,666
Number of Placing Shares as a percentage of the existing issued share capital*	17.0 per cent.
Number of Placing Shares as a percentage of the Enlarged Share Capital*	14.6 per cent.
Total number of Ordinary Shares in issue following Admission*	654,367,409
Placing Price	2.1 pence
Market capitalisation of the Company immediately following the Placings at the Placing Price*	£13.7 million

* Assuming Admission

DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context requires otherwise:

“Admission”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
“AIM”	AIM, a market regulated by the London Stock Exchange;
“AIM Rules for Companies”	the rules of the London Stock Exchange governing the admission to and operation of AIM;
“AIM Rules for Nominated Advisers”	the rules of the London Stock Exchange for Nominated Advisers;
“Board” or “Directors”	the directors of Cyan, as at the date of this document, whose names are set out on page 6 of this document;
“Cenkos Securities plc”	Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS, being the Company’s nominated adviser for the purposes of the AIM Rules for Companies;
“Companies Act”	the Companies Act 2006 (as amended);
“Company” or “Cyan”	Cyan Holdings plc, a company incorporated and registered in England and Wales with company number 04554942;
“CREST”	the paperless share settlement system of which Euroclear UK & Ireland Limited is the Operator (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755));
“Enlarged Share Capital”	the Company’s issued share capital immediately after the completion of the Placings;
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this document prior to the Placings;
“Form of Proxy”	the form of proxy attached to this document for use by Shareholders in connection with the GM;
“FSA” or “Financial Services Authority”	the Financial Services Authority;
“GM” or “General Meeting”	the general meeting of Cyan to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 10.30 a.m. on 30 October 2009, notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange plc;
“Non-VCT Placing Shares”	65,416,666 new Ordinary Shares which do not satisfy the VCT conditions;
“Ordinary Shares”	the ordinary shares of 0.2 pence each in the capital of the Company;
“Placing Agreement”	the conditional agreement dated 9 October 2009 between Cenkos Securities plc and the Company, details of which are set out in the letter from the Chairman;

“Placings”	the proposed placings by Cenkos Securities plc, as agent for the Company, of the Placing Shares at the Placing Price on the terms of the Placing Agreement;
“Placing Price”	2.1 pence per Placing Share;
“Placing Shares”	95,238,095 new Ordinary Shares to be allotted on the terms of the Placing Agreement, comprising the Non-VCT Placing Shares and the VCT Placing Shares;
“Resolutions”	the resolutions to be proposed at the GM, as set out in the notice of GM at the end of this document;
“Shareholders”	holders of Ordinary Shares at the date of this document;
“Share Option Scheme”	the Cyan Holdings plc Enterprise Management Incentive Scheme;
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“VCT Conditions”	the conditions contained within sections 285 and 286 of the Income Tax Act 2007 relating to the Company and the Ordinary Shares under which the Ordinary Shares may be regarded as ‘eligible shares’ comprised in the Company’s qualifying holding for the purposes of Chapter 4 of Part 6 of the Income Tax Act 2007; and
“VCT Placing Shares”	29,821,429 new Ordinary Shares which are issued to VCT investors and which are intended will satisfy the VCT Conditions.

GLOSSARY

The following terms apply throughout this document, unless the context requires otherwise:

“16-bit microcontroller chips”	chips that process data words 16 bits long;
“automated metering”	the automatic reading of meters measuring usage by customers;
“bit”	a unit of information, a computational quantity that can take one of two values, such as true or false or 0 and 1; also the smallest unit of storage sufficient to hold one bit;
“microcontroller”	a single integrated circuit that contains a microprocessor, memory and input/output circuitry. A microcontroller is often called a “computer on a chip” since it contains all the major parts of a computer; and
“industrial wireless network”	the control of industrial equipment by radio.

PART 1

LETTER FROM THE CHAIRMAN

Cyan Holdings plc

(Incorporated and registered in England and Wales with registered no. 04554942)

Registered office: Carisbrooke Court, Buckingham Business Park, Anderson Road, Swavesey, CB24 4UQ

Directors:

Dr. John William Read Non-Executive Chairman

Kenneth John Lamb Chief Executive Officer

David Gutteridge Non-Executive Director

12 October 2009

To: all Shareholders and, for information only, holders of options under the Share Option Scheme

Dear Shareholder,

Proposed Placings and Notice of General Meeting

1 Introduction

The Board announced today that Cyan Holdings plc has raised, subject to certain conditions, £2 million, before expenses (approximately £1.84 million after expenses), by way of two share placings. It is intended that the net proceeds from the Placings will be used for general working capital requirements and will provide the Company with the resources to execute its strategy and to take it through to profitability. Further details of the Placings are set out in paragraph 4 of this letter.

The Placings are conditional, *inter alia*, upon the Company's Shareholders passing the Resolutions to increase the Company's authorised share capital, grant authority to the Board to allot the Placing Shares and to disapply pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placings are also conditional upon Admission. A notice convening a GM to be held at 10.30 a.m. on 30 October 2009, at which the Directors will seek your approval for the Resolutions, is to be found at the end of this document.

The purpose of this document is to explain the background to and reasons for the Placings, to explain why the Board considers the Placings to be in the best interests of both the Company and its Shareholders and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the GM.

2 Background to and reasons for the Placings

Cyan is a fabless semiconductor company focusing on the design, sale and support of a range of low power, richly featured 16-bit general-purpose microcontroller chips ("MCU"). Through 2007 and early 2008 Cyan developed a range of products that demonstrated the cost and power reduction capabilities of these MCUs in wireless communication. These products enabled the Company to enter a partnership with Micrel Inc ("Micrel") which has now resulted in Cyan offering wireless products across the full range of frequencies required to address the global industrial control market. Later in 2008, in response to customer demand, Cyan further developed these products for wireless monitoring of utility meters and control of streetlights. In 2009 these metering and lighting products enabled the Company to enter a partnership with Future Electronics, one of the three largest electronic component distributors in the world with 169 offices in 44 countries and a focus on both lighting and metering markets.

During 2009 Cyan has taken the first steps in its aim of becoming a major supplier to the global automated/smart metering market and the global street lamp control market and becoming a leading supplier of gateways (access points) in these markets as well as supplier of a wide range of industrial wireless networks. In addition, Cyan has in place contract manufacturing partners capable of supporting a rapid increase in orders and shipments of these products.

Cyan has already secured working relationships with established suppliers of meters and street lamps and has actively engaged in multiple field trials across a range of applications. One such trial with an established gas meter manufacturer in China has led to a performance breakthrough that has had significant impact on the competitiveness of Cyan's wireless metering solutions. Cyan had been asked to develop a battery operated mesh networking gas meter that uses conventional AA batteries rather than very expensive lithium batteries. Through a series of design modifications implemented in July 2009 and August 2009 the battery life has been increased to 60 months with western alkaline batteries which comfortably exceeds the 12-month target even using the lower performance and lower cost batteries available in China. Cyan believes that this is the only such meter where networking and metering functions are carried out by a single 16 bit MCU. As a result, in the Board's opinion, Cyan now has the lowest power, wireless mesh networking, metering solution currently available anywhere in the world. Low power operation is a common requirement globally and the combination of lowest power, lowest cost and robust wireless networking makes this a very competitive product.

In September 2009 Cyan demonstrated the first 470MHz version of this meter, based on a new product from Micrel that completes coverage of all global metering bands. This frequency has been specified as a future requirement for all meters in China. Cyan now has a 470MHz product to address electricity metering opportunities in China as well as gas and water meter opportunities in all Chinese provinces. The availability of 470MHz versions increases the size of the Chinese gas meter market for Cyan products, and then doubles this again by providing access to the Chinese electricity meter market.

In July 2009 Cyan revisited prospective customers in India, first visited in January 2009, and demonstrated metering products, developed with Micrel to meet the frequency requirements of the Indian market. One such prospect has already progressed to a trial and a further four prospects visited in September this year have indicated their intention to commence trials using this product.

In the lighting markets Cyan has had similar experiences with one trial nearing completion in China and a second Chinese trial successfully completed in July this year. Three other prospects in China have tested Cyan products and indicated an intention to move to field trials in the near future. These lighting projects are all for outdoor installations including street and tunnel lighting where the Cyan product uses a single 16 bit MCU to implement both wireless control and dimming functions. These functions are required to realise energy savings, such energy saving reducing running costs but also triggering incentive payments by the Chinese government intended to stimulate rapid deployment.

Future Electronics already supply a substantial portion of the global in-building LED lighting market through their Future Lighting Solutions ("FLS") division. As a result of the relationship with Future Electronics, Cyan is currently working on wireless lighting control to be incorporated into a new product that is expected to be released to production early in 2010 and offered to current and prospective customers of FLS.

In 2009 Cyan has engaged in six field trials and is in the process of scheduling five further trials. On a monthly basis new prospects are entering the sales pipeline that leads to such trials. None of these trials has resulted in Cyan being rejected or the customer selecting another supplier, some have triggered requests for incremental features and some have completed successfully, others are ongoing. Cyan's customers incorporate Cyan products into their own to offer new features to their target markets. Successful trials lead to incorporation of Cyan products but substantial orders on Cyan depend on the demand subsequently generated from our customers target markets. Timing of these orders is difficult for Cyan to predict.

3 Current trading and prospects

The breadth and range of customer engagements has increased significantly in the last quarter helped by the recently established partnerships with Future Electronics and Micrel. The Directors believe that the nature of the customers with which Cyan is engaged is encouraging, and that Future Electronics is able to add financial and operational credibility, as the majority of the prospective customers are corporations substantially larger than Cyan.

The Directors believe that Cyan has now entered a phase where it has delivered what its potential customers have asked for in terms of cost and performance. These customers have either confirmed, or are conducting trials to confirm, that Cyan's products meet their requirements. Every month more customers start this process and the Board believes that the Company will start to see the fruits of its endeavours with evidence of firm volume orders although the exact timing of such remains difficult to predict.

The rate at which customers can fund the purchase and deployment of the Company's products determines how soon Cyan will achieve profitability and the Directors remain mindful that in the current economic climate customers cannot predict timing with any certainty.

The prospects for 2010 are exciting particularly given the number of companies where Cyan is currently actively engaged in product evaluation and since the Company's AGM statement made in May this year the number of such prospects has increased and none have been lost. Cyan has a readily identifiable market for its products and an existing and new product range that, the Directors believe, has key attractions for customers. With a strong sales pipeline and the fact that following the Placing the Directors expect the Company to have sufficient funds to support the business through the period required to secure orders from many of the prospective customers, the Directors are excited about Cyan's prospects and view the future with confidence.

4 Details of the Placings

The Company intends to raise approximately £1.844 million, net of expenses, through the issue of 95,238,095 new Ordinary Shares at the Placing Price.

The Placing Price represents a discount of approximately 10.7 per cent. to the closing mid-market price of 2.33 pence per Ordinary Share as at 9 October 2009, the latest practicable date prior to the announcement of the Placings. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

The Placing Shares will represent approximately 14.6 per cent. of the Enlarged Share Capital.

The Placings are being made on a non pre-emptive basis as the time and costs associated with a pre-emptive offer are considered by the Directors to be excessive. The making of a pre-emptive offer would require the production of a prospectus which would have to comply with the Prospectus Rules and be pre-vetted and approved by the FSA.

Application will be made by the Company for the Placing Shares to be admitted to trading on AIM. Subject to completion of the Placings, it is expected that the Placing Shares will be admitted to trading on AIM and that dealings will commence at 8.00 a.m. on 2 November 2009 in respect of the Placing Shares.

The issue of the Placing Shares, is conditional, *inter alia*, upon:

- (a) the approval of the Resolutions at the GM;
- (b) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- (c) Admission,

in each case by no later than 8.00 a.m. on 2 November 2009 (or such time and date as the Company and Cenkos Securities plc may agree, being not later than 16 November 2009).

Pursuant to the terms of the Placing Agreement, Cenkos Securities plc has conditionally agreed to use its reasonable endeavours, as agent to the Company, to place the Placing Shares at the Placing Price with certain institutional and other investors. The above obligations are subject to certain conditions including those listed above. The Placings are not underwritten.

The Placing Agreement contains warranties given by the Company with respect to its business and certain matters connected with the Placings. In addition, the Company has given certain indemnities to Cenkos Securities plc in connection with the Placings and Cenkos Securities plc's performance of services in relation to the Placings. Cenkos Securities plc is entitled to terminate the Placing Agreement in specified circumstances.

5 Directors' Shareholdings

The beneficial and non-beneficial interests of the Directors in Ordinary Shares (not including Ordinary Shares held by the Cyan Employee Benefit Trust) on the date of this document and following the Placings are set out below:

<i>Director</i>	<i>Existing</i>		<i>Following the Placings</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Ordinary Share Capital</i>
David Gutteridge	1,250,000	0.22%	1,250,000	0.19%
Kenneth Lamb	7,000,000	1.25%	7,476,000	1.14%
Dr. John Read	4,113,636	0.74%	4,351,636	0.67%

The following Ordinary Shares held by the Cyan Employee Benefit Trust are beneficially owned by the following Directors to the extent the share price exceeds 2.5p per Ordinary Share:

<i>Director</i>	<i>Number of Ordinary Shares</i>
Kenneth Lamb	30,000,000
Dr. John Read	1,000,000

Save as stated above, the Directors have no interest in the share capital of the Company.

6 Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not in the course of a trade, and are based on current legislation and UK HM Revenue & Customs practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue of Placing Shares will be regarded as an acquisition of a new holding in the share capital of the Company. The Placing Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Placing Shares will usually constitute the base cost of a shareholder's holding.

If a Shareholder disposes of all or some of his Placing Shares, a liability to tax on chargeable gains may, depending on their circumstances, arise. Companies are entitled to indexation allowance which may also reduce the chargeable gain.

Stamp Duty and Stamp Duty Reserve Tax

No charge to stamp duty or stamp duty reserve tax (“SDRT”) will arise on the issue or registration of applications for Placing Shares under the Placing. Transfers of or sale of Ordinary Shares will be subject to *ad valorem* stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the stamp duty consideration given). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent.). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument any liability to SDRT will be cancelled or repaid. Paperless transfers of Placing Shares within CREST will generally be charged to SDRT (generally at the rate of 0.5 per cent.) rather than stamp duty. CREST is obliged to collect SDRT on relevant transactions settled within the system.

Dividends and other Distributions

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend (the “net dividend” received) or ten per cent. of the aggregate of the cash dividend and associated tax credit (the “gross dividend” received). 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 ordinary rate applicable to dividends (10 per cent.) or the upper rate applicable to dividends (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 of 22.5 per cent. of the gross dividend (or 25 per cent. of the net dividend received). 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.

With effect from 6 April 2010, a new additional tax rate of 50 per cent. is proposed to be introduced for taxable non-savings and savings income above £150,000. From that date onwards, if and to the extent that the gross dividend received by a UK resident individual falls above the threshold for income tax at the new 50 per cent. rate, that individual will be subject to tax on the gross dividend at the rate of 42.5 per cent. That individual would be able to set the tax credit off against part of this liability, and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36 per cent. of the cash dividend received) to the extent that the gross dividend fell above the threshold for this additional rate of income tax.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Persons who are not resident in the UK should consult their own tax advisers on what relief or credit may be claimed in the jurisdiction in which they are resident.

7 Enterprise Investment Scheme (“EIS”) and Venture Capital Trust (“VCT”)

The Company has received assurance from HM Revenue & Customs that the Company’s Ordinary Shares will be eligible shares and may form part of a VCT qualifying holding for the purposes of Chapter 4 of Part 6 of the Income Tax Act 2007, subject to certain conditions.

The availability of tax relief will depend, *inter alia*, upon the investor and the Company satisfying various qualifying conditions, normally for a period of not less than three years. The Company cannot guarantee to conduct its activities in a manner which will comply with these requirements, although the Directors do intend to do so in so far as possible.

The VCT Placing Shares may not rank as qualifying investments for the purposes of VCTs which raised funds after 5 April 2007 if the gross amount of funds raised by the Company from VCTs and prospective investors under the Enterprise Investment Scheme in the preceding 12 month period exceeds £2 million.

Investors considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

Any investor or Shareholder who is in any doubt as to his taxation position under the VCT legislation should consult an appropriate professional adviser.

Provisional clearance has also been received from HM Revenue & Customs that the Company will be a “qualifying company” and the Placing Shares will be eligible shares for the purposes of the enterprise investment scheme.

Prospective investors who may be eligible for enterprise investment scheme relief are strongly recommended to consult their own professional advisers particularly on the conditions which must be satisfied to obtain such relief, the nature of the tax advantages which may be obtained, and the circumstances in which relief may be forfeited. Prospective investors should note that the relief may not be available if monies are borrowed to fund the acquisition of or subscription for Placing Shares.

8 General Meeting and action to be taken

A notice convening the GM to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 10.30 a.m. on 30 October 2009 is set out at the end of this document. The Resolutions to be proposed at that meeting are, *inter alia*, to empower the Directors to allot equity securities for cash and to do so otherwise than in accordance with the statutory pre-emption provisions, as set out in the Companies Act, in connection with the Placings and otherwise.

Resolution 1 proposes to increase the authorised share capital of the Company from £1,200,000 to £1,600,000 (an increase of 33 per cent.) by the creation of 200 million Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares in the capital of the Company. This is being proposed to allow the Company the flexibility to make further share issues in the future.

The authority proposed to be given to the Directors to allot new Ordinary Shares in the capital of the Company requires the prior authorisation of the Shareholders at a general meeting under section 551 of the Companies Act. Following the passing of Resolution 2, the Directors will have authority to allot new Ordinary Shares up to an aggregate nominal amount of £406,231. This authority will expire immediately following the annual general meeting of the Company in 2010 and will replace the authority obtained at the annual general meeting held in May 2009.

Following the passing of Resolution 3, in addition to the Placing Shares, the Directors will have authority under section 570 of the Companies Act to allot, for cash, new Ordinary Shares up to an aggregate nominal amount of £138,425 (being approximately 2.3 per cent. of the issued ordinary share capital at the date of this document and 2.0 per cent. of the Enlarged Share Capital), without being required first to offer such securities to Shareholders in accordance with the statutory pre-emption rights. This authority will expire immediately following the annual general meeting of the Company in 2010 and will replace the authority obtained at the annual general meeting held in May 2009. The Directors recommend that Resolution 3 is passed to provide general working capital and give the Company the resources to execute its strategy and to take it through to profitability. The Placing Shares will be allotted at a price of 2.1 pence per Ordinary Share. The Directors believe that this price represents the best price achievable to raise additional working capital.

While the Directors have no present intention to allot any relevant securities pursuant to the authority proposed to be granted to them pursuant to the Resolutions (save for the allotment of the Placing Shares pursuant to the Placings), the authorities described above would provide flexibility for raising additional funds or making acquisitions should suitable opportunities arise.

A Form of Proxy for use by Shareholders in connection with the GM is attached at the end of this document. Whether or not you propose to attend the GM in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company’s Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as

possible and in any event so as to arrive no later than 10.30 a.m. on 28 October 2009. Completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person should you so wish.

9 Recommendation

The Directors consider the terms of the Placings to be in the best interests of the Company and accordingly recommend that you vote in favour of the Resolutions at the GM as they intend to do in respect of those Ordinary Shares in respect of which they have a beneficial interest, representing 12,363,636 Ordinary Shares, being 2.2 per cent. of the current issued ordinary share capital of the Company.

Yours faithfully,

Dr. John William Read
Chairman

PART 2

NOTICE OF GENERAL MEETING

Cyan Holdings plc

*(Incorporated in England and Wales with registered no. 04554942)
(the "Company")*

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 10.30 a.m. 2009 on 30 October 2009. For the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolution 3 will be proposed as a Special Resolution:

ORDINARY RESOLUTIONS

1. THAT the authorised share capital of the Company be and is hereby increased from £1,200,000 to £1,600,000 by the creation of 200 million Ordinary Shares of 0.2 pence each having the same rights in all respects as the existing Ordinary Shares in the capital of the Company.
2. Subject to the passing of the first resolution set out in the General Meeting notice of which this resolution forms part, THAT the directors of the Company (the "Directors") be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company up to (i) an aggregate nominal amount of £190,477 in connection with the Placings (as defined in the circular of the Company to its shareholders dated 12 October 2009) and (ii) otherwise up to an aggregate nominal amount of £215,754. This authority shall expire (unless renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company to be held in 2010 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot relevant securities (as defined in section 80(2) of the Companies Act 1985) or any shares in the Company previously granted to the Directors pursuant to section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006.

SPECIAL RESOLUTION

3. Subject to the passing of the first and second resolutions set out in the General Meeting notice of which this resolution forms part, THAT the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (in substitution for any existing powers given to the directors of the Company pursuant to section 95 of the Companies Act 1985) to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by the second resolution set out in the General Meeting notice of which this resolution forms part, as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:
 - (a) in connection with or pursuant to a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders, where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate as nearly as may be to the respective number of ordinary shares held or deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
 - (b) up to an aggregate nominal amount of £190,477 in connection with the Placings; and

- (c) (otherwise than pursuant to paragraphs (a) and (b)) up to an aggregate nominal amount of £138,425

and such power shall expire upon expiry of the general authority conferred by the second resolution set out in the General Meeting notice of which this resolution forms part, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities to allot equity securities for cash as if section 89(1) of the Companies Act 1985 or section 561 of the Companies Act 2006 did not apply previously granted to the Directors.

Dated: 12 October 2009

Registered office:

Carisbrooke Court
Buckingway Business Park
Anderson Road
Swavesey
Cambridge
CB24 4UQ

By Order of the Board

Capita Company Secretarial Services Limited
Secretary

Notes

- (1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the attached proxy form.
- (2) A Form of Proxy is attached and, to be valid, must be lodged at the offices of the Company's registrars not less than 48 hours before the time appointed for the holding of the meeting. Members submitting a proxy are not precluded from attending the meeting and voting if they wish to do so.
- (3) The Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders entered in the register of members of the Company at 6.00 p.m. on 28 October 2009 shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their respective names at that time. Changes to entries in the register of members after 6.00 p.m. on 28 October 2009 shall be disregarded in determining the right of a person to attend and vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be entitled, members must be entered on the register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

