

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 DoubleTree by Hilton Hotel, Granta Place, Mill Lane, Cambridge, CB2 1RT at 11.00 a.m. on 16 September 2010. 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 16 September 2010 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 5 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 17 September 2010.

CYAN HOLDINGS PLC

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

Proposed Placings of 257,333,333 new Ordinary Shares at 0.75 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 DoubleTree by Hilton Hotel, Granta Place, Mill Lane, Cambridge, CB2 1RT at 11.00 a.m. on 16 September 2010 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, PXS, 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 with First Columbus acting as placing agent. 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	11.00 a.m. on 14 September 2010
General Meeting	11.00 a.m. on 16 September 2010
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 17 September 2010

PLACING STATISTICS

Total number of Existing Ordinary Shares	654,782,659
Number of VCT Placing Shares being placed on behalf of the Company*	125,633,333
Number of Non-VCT Placing Shares being placed on behalf of the Company*	131,700,000
Number of Placing Shares as a percentage of the existing issued share capital*	39.30 per cent.
Number of Placing Shares as a percentage of the Enlarged Share Capital*	28.21 per cent.
Total number of Ordinary Shares in issue following Admission*	912,115,992
Placing Price	0.75 pence
Market capitalisation of the Company immediately following the Placings at the Placing Price*	£6.8 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 whose names are set out on page 5 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;
“Convertible Loan Note”	the proposed £450,000 convertible loan note referred to in non-binding heads of terms entered into by the Company with an institution;
“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;
“First Columbus”	First Columbus Investments LLP, New Broad Street House, 35 New Broad Street, London EC2M 1NH, placing agent;
“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 DoubleTree by Hilton Hotel, Granta Place, Mill Lane, Cambridge, CB2 1RT at 11.00 a.m. on 16 September 2010, notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange plc;
“MOU”	Memorandum of Understanding;
“Non-VCT Placing Shares”	131,700,000 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 31 August 2010 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”	0.75 pence per Placing Share;
“Placing Shares”	257,333,333 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 each VCT investor’s qualifying holding for the purposes of Chapter 4 of Part 6 of the Income Tax Act 2007; and
“VCT Placing Shares”	125,633,333 new Ordinary Shares which are issued to VCT investors and which are intended will satisfy the VCT Conditions.

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

Simon Peter Smith Non-Executive Director

1 September 2010

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, approximately £1.8 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 sufficient resources to execute orders to generate meaningful revenues. Further details of the Placings are set out in paragraph 6 of this letter. The Company has also entered into non-binding heads of terms relating to the proposed issue of the Convertible Loan Note further details of which are set out in paragraph 3 of this letter.

The Placings are conditional, *inter alia*, upon the Company obtaining approval from Shareholders to increase its 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 11.00 a.m. on 16 September 2010, 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 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 has completed the transition from a fables MCU manufacturer to a system supplier which offers an integrated suite of software and hardware products targeting the utility metering and street lighting sectors. These products can be retrofitted to customers' existing products, thus enabling them to benefit from wireless control, enhanced range and penetration within buildings using Cyan's mesh networking solution. The Company has now reached the stage where its products have been designed into those of its customers, thereby significantly improving the prospects for material orders over the next twelve months.

The Directors believe that the growth of Cyan's target markets is driven by a number of factors, including detection and minimisation of fraud and enforcement of payment for utility providers, which can generate financial returns for end customers far in excess of the cost of retrofitting Cyan wireless meter control products. Similarly, the Directors believe that energy and maintenance cost savings realised from individually monitoring, controlling and dimming street lighting can generate significant financial savings far in excess of the cost of retrofitting Cyan wireless lighting control products. The Directors expect this

functionality to become a default requirement as governments become aware of the energy savings that can be realised from street lighting monitoring and control via mesh networks.

Cyan's products can be adapted to have additional features such as meter tamper alarms and lighting power consumption reports. Importantly, Cyan's system solutions are designed for ease of use, which the Directors believe has been an important factor in these products being integrated into customers' end products.

The Directors understand that Cyan's customers have tested competitors' products alongside those of Cyan and in these tests Cyan's products have operated consistently well in locations where those of competitors have failed. Demonstration of this has, the Directors believe, assisted the Company's distributors greatly, thereby accelerating the pace of new business prospects.

The Directors believe that Cyan has a technological advantage that has been achieved through significant investment in development and field trials. The Company's mesh networking protocol has been developed to operate in the sub 1GHz frequency bands which have good building penetration capability and has been further enhanced to maximise range at low signal strengths and data rates. The intellectual property is embedded across multiple products and the Directors believe that duplication of this would require considerable time and expense from a competitor. The Directors believe that Cyan's superior building penetration and signal range provides an opportunity for the Company to become widely and quickly adopted, as well as being difficult to displace.

The existing manufacturing capacity of the customers with which Cyan is currently engaged in tenders is comfortably in excess of the volume required to take Cyan into profitability and the purpose of the Placings is to provide the Company with sufficient resources to execute these initial and follow on orders and to generate meaningful revenues through fulfilling the orders into 2011 and beyond. The Directors are excited by the level of opportunities that they are seeing and recommend that Shareholders support the Resolutions to enable the Placings.

3 Issue of Convertible Loan Note

Cyan has entered into non-binding heads of terms with an institution for the issue of the Convertible Loan Note totalling £450,000. The issue of the Convertible Loan Note is still subject to negotiation of final terms, documentation and appropriate board and shareholder approvals. The proposed terms of the Convertible Loan Note are as follows:

- (a) interest rate of 6 per cent. per annum;
- (b) loan term of five years;
- (c) certain fixed and floating security in respect of the loan notes;
- (d) ability to convert the loan into Ordinary Shares at a conversion price of 1 penny per Ordinary Share, a 33 per cent. premium to the Placing Price; and
- (e) if the loan is redeemed early, Cyan shall issue warrants over such number of Ordinary Shares which would have been issued had the loan been converted at a price of 1 penny per Ordinary Share, exercisable until the end of the 5 year term.

4 Current trading and prospects

Cyan has developed new products specifically for the Indian Electricity Metering market and for the Sodium and Xenon HID lighting markets. Several customers have Cyan products embedded into their own products which have already been submitted into multiple tenders, some of which are understood to be for 100k units. These customers are established suppliers to the utilities and all have existing run rate manufacturing capacity in excess of one million units per annum. These customers have indicated to Cyan that significant costs are incurred in each tender bid and that they expect to win at least a portion of most of the tenders for which they bid. Specifically, the Company has signed an MOU with a multinational electronics customer to integrate Cyan's products into that customer's sodium ballast and the Directors expect this to develop into a volume order during 2011.

With a product range that is now well developed and which is receiving increased levels of commercial traction from its primary customers, the Directors believe that the prospects for the Company for the remainder of 2010 and beyond are promising. Given the number of prospective companies with which Cyan is actively engaged and the fact that several customers are tendering for major projects which, if successful, would result in significant orders in 2011, the Directors are excited about Cyan's prospects and view the future with confidence.

5 Serious loss of capital

The value of the Company's net assets has reached a level that is less than half of its called-up share capital. In such circumstances, the Directors are required under section 656 of the Companies Act 2006 to convene a general meeting of the Company for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation. This matter will be considered at the GM. The steps which are recommended by the Directors are set out in paragraph 2 above. If the steps are implemented, the Directors do not consider that any additional action needs to be taken.

6 Details of the Placings

The Company intends to raise approximately £1.8 million, net of expenses, through the issue of 257,333,333 new Ordinary Shares at the Placing Price pursuant to the Placings.

The Placing Price represents a discount of approximately 9.1 per cent. to the closing mid-market price of 0.825 pence per Ordinary Share as at 31 August 2010, 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 28.21 per cent. of the Enlarged Share Capital.

The Placings are being made on a non pre-emptive basis as the time delay and costs associated with a pre-emptive offer are considered by the Directors to be excessive.

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 17 September 2010 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 17 September 2010 (or such time and date as the Company and Cenkos Securities plc may agree, being not later than 1 October 2010).

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. First Columbus acted as placing agent.

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.

7 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>Existing Ordinary Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Issued Ordinary Share Capital</i>
Kenneth Lamb	8,500,000	1.30%	8,500,000	0.92%
Dr. John Read	5,351,636	0.82%	5,351,636	0.58%
Simon Smith	3,000,000	0.46%	3,000,000	0.33%

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

The Directors have also agreed that, in the interests of retaining cash within the Company, they will use a determined portion of their income from the Company to purchase newly issued Ordinary Shares on a monthly basis on the 1st day of each month, the number of which will be determined by the closing mid-market share price of the Ordinary Shares on the trading day immediately prior to the issue of the Ordinary Shares. The following Directors have agreed to use a percentage of their income to acquire Ordinary Shares:

<i>Director</i>	<i>Percentage of Income</i>	<i>Monetary amount</i>
Kenneth Lamb	50%	£5,010.21 per month
Dr. John Read	100%	£2,794.01 per month

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

8 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

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. applies for taxable non-savings and savings income above £150,000. 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 will be able to set the tax credit off against part of this liability, and the effect of that set-off of the tax credit will 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 falls 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.

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

The Company has applied for 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.

The Company has applied for clearance 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.

10 General Meeting and action to be taken

A notice convening the GM to be held at the DoubleTree by Hilton Hotel, Granta Place, Mill Lane, Cambridge, CB2 1RT at 11.00 a.m. on 16 September 2010 is set out at the end of this document. At the GM the Directors will explain the proposed steps to be taken by the Company to deal with the situation that the Company’s net assets are less than half of its called-up share capital. The steps which are recommended by the Directors are set out in paragraphs 1 and 2 above. 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 £1,600,000 to £3,000,000 (an increase of 87.5 per cent.) by the creation of 700,000,000 Ordinary Shares of 0.2 pence each 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: 257,333,333 new Ordinary Shares in connection with the Placings; 45,000,000 new Ordinary Shares in connection with the Convertible Loan Note; and, in addition, a further 318,653,704 Ordinary Shares, being approximately one third of the Enlarged Share Capital (taking into account outstanding share options and warrants). This authority will expire immediately following the annual general meeting of the Company in 2011 and will replace the authority obtained at the annual general meeting held in April 2010.

Following the passing of Resolution 3, the Directors will have authority under section 570 of the Companies Act to allot, for cash, 257,333,333 new Ordinary Shares in connection with the Placings; 45,000,000 new Ordinary Shares in connection with the Convertible Loan Note; and, in addition up to 95,596,000 new Ordinary Shares (being approximately 10 per cent. of the Enlarged Share Capital taking into account outstanding share options and warrants), 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 2011 and will replace the authority obtained at the annual general meeting held in April 2010. The Directors recommend that Resolution 3 is passed to provide general working capital and give the Company the resources to execute its strategy. The Placing Shares will be allotted at a price of 0.75 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, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so

as to arrive no later than 11.00 a.m. on 14 September 2010. Completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person should you so wish.

11 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 47,851,636 Ordinary Shares, being 7.31 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 DoubleTree by Hilton Hotel, Granta Place, Mill Lane, Cambridge, CB2 1RT at 11 a.m. on 16 September 2010 for the purposes of considering the matter described below under the heading Section 656, Companies Act 2006 and 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:

SECTION 656, COMPANIES ACT 2006

To consider, in accordance with section 656 of the Companies Act 2006 (the "Act"), the steps proposed by the directors of the Company (the "Directors") to be taken to deal with the situation that the Company's net assets are less than half of its called up share capital. The Directors consider that, conditional on obtaining approval from shareholders of the resolutions below and upon receipt of the proceeds of the Placings (as defined in the circular of the Company to its shareholders dated 31 August 2010) proposed by the Company, no additional action needs to be taken to deal with this situation.

ORDINARY RESOLUTION

1. THAT the authorised share capital of the Company be and is hereby increased from £1,600,000 to £3,000,000 by the creation of 700,000,000 Ordinary Shares of 0.2 pence each ("Ordinary Shares") having the same rights in all respects as the existing Ordinary Shares in the capital of the Company.
2. Subject to passing of resolution 1, THAT 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 and to grant rights to subscribe for or convert any security into shares in the Company up to (i) a maximum aggregate number of 257,333,333 Ordinary Shares in connection with the Placings; (ii) a maximum aggregate number of 45,000,000 Ordinary Shares in connection with the proposed issue of a £450,000 convertible loan note as referred to in the circular of the Company to its shareholders dated 1 September 2010 (the "Convertible Loan Note"); and (iii) otherwise up to a maximum aggregate number of 318,653,704 Ordinary Shares. 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 2011 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 shares to be allotted or rights to subscribe for or convert any securities into shares to be granted after the expiry of such authority and the Directors may allot any shares or grant rights to subscribe for or convert securities into shares 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 any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006.

SPECIAL RESOLUTION

3. Subject to the passing of resolutions 1 and 2 above, THAT the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 2 above, 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 £514,667 in connection with the Placings;
- (c) up to an aggregate nominal amount of £90,000 in connection with the Convertible Loan Note; and
- (d) (otherwise than pursuant to paragraphs 3(b) and 3(c)) up to an aggregate nominal amount of £191,192;

and such power shall expire upon expiry of the general authority conferred by resolution 2 above, 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 561 of the Companies Act 2006 did not apply previously granted to the Directors.

Dated: 1 September 2010

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 shareholder entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company but must attend the meeting in person. A shareholder 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 held by the appointing shareholder.
2. To be effective, the relevant proxy form must be completed and lodged with the Company's registrar, Capita Registrars, whose address is, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the meeting together with the original of any power of attorney or other authority under which the form of proxy is signed. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or withhold from voting at his/her discretion. Your proxy will vote (or withhold from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at 6.00 p.m. on 14 September 2010 (or if the General Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned General Meeting) shall be entitled to attend, speak and vote at the General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 6.00 p.m. on 14 September 2010 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.
7. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

