

18 December 2009

**CONFIRMATION OF RECEIPT OF CYNOTECH SECURITIES GROUP LIMITED  
TAKEOVER NOTICE**

Cynotech Holdings Limited (NZX: CYT) (CYT) confirms that Cynotech Securities Group Limited, a company associated with substantial shareholder Cynotech Securities Limited and Allan Hawkins, has given a Takeover Notice to the company of its intention to make a full offer to acquire all the equity securities in CYT.

The consideration under the proposed takeover offer is the issue of preference shares in Cynotech Securities Group Limited (CSGL), carrying a coupon rate of up to 8% per annum on the basis of:

- 1 CSGL preference share for each CYT ordinary share.
- 1 CSGL preference share for each CYT convertible preference share.
- 1 CSGL preference share for every 33.75 CYT warrants.
- Each CSGL preference share has an attributed value of 13.5 cents

The proposed offer would be conditional on CSGL receiving acceptances during the offer period for more than 50% of the total CYT equity securities (including more than 50% of the total CYT voting securities).

A copy of the Takeover Notice is attached.

In accordance with Rule 21 of the Takeovers Code, CYT has appointed Campbell MacPherson Limited as the independent adviser to report on the merits of the offer. A target company statement will be prepared by CYT, a copy of which will be sent to all shareholders along with the independent adviser's report and commentary from the directors' committee, in January.

The Takeovers Code requires the offer to be open for at least 30 days after the offer is made, so shareholders will have time to consider the target company statement and the independent adviser's report, before deciding whether or not to accept the offer.

Chapman Tripp is advising on legal matters.

Brett Tawse  
Managing Director, Cynotech Holdings Limited