

Offer Announcement in Relation to Public Offer of up to 20 million Shares with Warrants, and Bonus Issue of Warrants to Existing Shareholders

Cynotech Holdings Limited intends to offer up to 20 million ordinary Shares in the Company, at a price of 17.5 cents per Share. Those Shares will be issued together with up to 10 million Warrants to subscribe for further ordinary shares in the Company - each investor will received 1 Warrant for every 2 Shares they subscribe for.

In addition, registered holders of shares in the Company issued before the Offer, and convertible noteholders of the Company, at 5.00 p.m. on 27 May 2005 will be automatically entitled to 1 Warrant for every 2 existing shares or convertible notes in the Company. The total bonus warrants issued will be 24,130,404.

The Company intends to open the Offer on 20 May 2005.

A registered prospectus in respect of these securities, annual reports of the Company for the 2000-2004 years, annual reports of the Company's proposed subsidiary Merlin Foods Limited for the last five accounting periods and other information in respect of the offer of securities, the Company, and the securities offered is available:

- on the Company's website; www.cynotech.co.nz
- on the Company's NZAX information portal: www.nzx.com/market/security_details/by_security?code=CYT&nzax=home; and
- on request, free of charge, from the Company at its registered office, Level 4, 187 Broadway, Newmarket, Auckland.

The address of the NZAX internet website is: www.nzx.com/nzxmarket/nzax

WARNING: RESTRICTED DISCLOSURE

The law requires that persons considering whether to invest in securities must receive an investment statement in respect of those securities before subscribing for those securities.

However, the issue of these securities is exempted from this requirement in respect of this offer of securities by virtue of the Securities Act (NZX-NZAX Market) Exemption Notice 2003 on condition that exemption is drawn to the attention of prospective investors.

A copy of the registered Prospectus relating to the securities, financial statements of the issuer and other information about the securities offered and the issuer of the securities is available at the issuer's NZAX information portal on the NZAX website:

www.nzx.com/market/security_details/by_security?code=CYT&nzax=home,
the issuer's own internet website: www.cynotech.co.nz or on request from the issuer, free of charge.

It is strongly recommended that you obtain a copy of the registered Prospectus and seek independent professional advice before investing in these securities.