

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult an independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, 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. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that admission to AIM and dealings in the Placing Shares will commence on 2 February 2007.

Celoxica Holdings plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3870674)

Placing of New Ordinary Shares

by

Arbuthnot Securities Limited

Share Re-organisation

and

Notice of Meeting

Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 5 to 10 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Meeting.

Arbuthnot Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Arbuthnot Securities Limited as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or any other person. Arbuthnot Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities legislation of any state of the United States of America or any province or territory of Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly into the United States of America, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

Notice of a Meeting of the Company to be held at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR at 10.00 a.m. on 1 February 2007 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Meeting. To be valid, a Form of Proxy, completed and executed in accordance with the instructions printed thereon, should be returned to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 10.00 a.m. on 30 January 2007.

CONTENTS

	<i>Page</i>
Placing Statistics	2
Expected Timetable of Principal Events	2
Definitions	3
Letter from the Chairman of Celoxica Holdings plc	5
Notice of Meeting	11

PLACING STATISTICS

Placing Price	16p
Number of Existing Issued Ordinary Shares	51,551,184
Number of Placing Shares being placed on behalf of the Company	18,756,250
Estimated net proceeds of the Placing receivable by the Company	£2.9 million
Number of New Ordinary Shares in issue following Admission	70,307,434
Percentage of Enlarged Ordinary Share Capital being placed pursuant to the Placing	26.7 per cent.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 30 January 2007
Meeting	10.00 a.m. on 1 February 2007
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 2 February 2007
CREST accounts credited with Placing Shares	2 February 2007
Despatch of definitive share certificates for Placing Shares	by 9 February 2007

DEFINITIONS

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

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules of AIM governing admission to and the operation of AIM for AIM companies and their nominated advisers as published by the London Stock Exchange from time to time
“AMD”	Advanced Micro Devices
“Arbuthnot”	Arbuthnot Securities Limited, the Company’s nominated adviser and broker
“Company” or “Celoxica”	Celoxica Holdings plc
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales, the Operator of CREST
“Deferred Shares”	deferred shares of 24 pence each in the capital of the Company following the passing of Resolution 1 set out in the Meeting Notice
“Directors” or “Board”	directors of the Company, whose names are set out on page 5 of this document
“EMEA”	Europe, Middle East and Africa
“Enlarged Ordinary Share Capital”	the 70,307,434 New Ordinary Shares (including the Placing Shares) in issue immediately following Admission
“Existing Issued Ordinary Shares”	the 51,551,184 Existing Ordinary Shares in issue at the date of this document
“Existing Ordinary Shares”	ordinary shares in the capital of the Company, having a nominal value of 25 pence prior to the passing of Resolution 1 set out in the Meeting Notice
“FPGA”	Field Programmable Gate Array
“Form of Proxy”	the form of proxy enclosed with this document for use in connection with the Meeting
“Group”	the Company and its subsidiaries and subsidiary undertakings
“HMRC”	Her Majesty’s Revenue and Customs
“Intel”	Intel Capital Corporation
“IP”	intellectual property
“London Stock Exchange”	London Stock Exchange plc
“Meeting”	the general meeting of the Company’s Shareholders convened for 10.00 a.m. on 1 February 2007, notice of which is set out at the end of this document
“Meeting Notice”	the notice convening the Meeting which is set out at the end of this document
“New Ordinary Shares”	ordinary shares in the capital of the Company having a nominal value of 1 pence following the passing of Resolution 1 set out in the Meeting Notice

“Ordinary Shares”	ordinary shares in the capital of the Company having a nominal value of 25 pence prior to the passing of Resolution 1 set out in the Meeting Notice and following the passing of such Resolution having a nominal value of 1 pence
“Placing”	the conditional placing by Arbuthnot of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 9 January 2007 between the Company and Arbuthnot relating to the Placing
“Placing Price”	16 pence per Placing Share
“Placing Shares”	the 18,756,250 New Ordinary Shares to be issued pursuant to the Placing
“Resolutions”	the resolutions set out in the Meeting Notice at the end of this document
“Shareholders”	holders of Ordinary Shares
“Share Issuance Authorities”	the authorities proposed as Resolutions 4 and 5 set out in the Meeting Notice
“Share Re-organisation”	the share re-organisation proposed to be effected by Resolutions 1 to 3 set out in the Meeting Notice
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories, possessions and domains
“Warrant”	the warrant granted by the Company on 21 December 2004
“Warrantholder”	ETV Panama S.A.
“Warrant Instrument”	the warrant instrument entered into by the Company on 21 December 2004
“Xilinx”	Xilinx Inc

Celoxica Holdings plc

(Incorporated and registered in England and Wales under the Companies Act 1985,
with registered number 3870674)

Directors:

Jack Raymond Fryer (*Non-executive Chairman*)
Philip Edward Bishop (*Chief Executive*)
Bernard Owen Morgan (*Finance Director*)
David Cheesman (*Non-executive Director*)
Ian Christopher Yeoman (*Non-executive Director*)

Registered Office:

66 Milton Park
Abingdon
Oxfordshire
OX14 4RX

9 January 2007

To the holders of Ordinary Shares and the Warrantholder (and for information purposes only, to the holders of options over Ordinary Shares)

Dear Shareholder

**PLACING OF NEW ORDINARY SHARES,
SHARE RE-ORGANISATION,
AUTHORITIES TO ISSUE SECURITIES
AND
NOTICE OF MEETING**

1. Introduction

The Company announced earlier today that it proposes to raise approximately £3 million (before expenses) by way of a placing of 18,756,250 New Ordinary Shares at a price of 16 pence per share. The net proceeds of the Placing will be used to fund investment in growth of the Company, specifically in the accelerated computing market, and for working capital purposes.

The Placing Shares have been conditionally placed with institutional, trade and other investors. Subject, *inter alia*, to the passing of the Resolutions at the Meeting, Admission and dealings in the Placing Shares are expected to commence on AIM on 2 February 2007. As the Placing Price is below that of the nominal value of the Company's Existing Ordinary Shares, the Company needs to effect the Share Re-organisation.

The Placing and the Share Re-organisation are conditional, *inter alia*, upon the Company obtaining approval from Shareholders at the Meeting. Certain Directors (and their related parties) and other Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of 31,551,366 Existing Ordinary Shares, representing, in aggregate, approximately 61.2 per cent. of the Company's Existing Issued Ordinary Shares.

The purpose of this document is to explain the background to and reasons for the Placing and the Share Re-organisation, why the Board considers the Placing and the Share Re-organisation to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Placing

Celoxica provides electronic system level ("ESL") design technology that improves productivity and efficiency in the design of on-chip electronic systems using programmable semiconductor chips for the embedded systems and accelerated computing markets. The Company develops and delivers software design tools, programmable boards, vertical market intellectual property and ongoing consultancy services that enable electronic system design solutions for a diverse and growing set of

markets. Celoxica's ESL technology allows software engineers to use programmable silicon chips in their applications thereby extending the applicability of ESL solutions beyond those addressed by the traditional electronic design automation ("EDA") industry.

The Company raised approximately £6.1 million on its admission to AIM on 27 October 2005 by way of a placing of 19,424,000 Existing Ordinary Shares at 31.25 pence per share with institutional and other investors. The net proceeds of the placing were used to fund the next growth phase of the business, including product creation and the launch of new products and to provide working capital for the Group. At the time of the Company's admission to AIM, the Company had licensed approximately 400 commercial seats of its design tools, making it a leading provider of ESL design solutions.

The Company announced on 5 January 2006 that the total orders for the year ended 31 December 2005 would be £5.0 million, an increase of 42 per cent. over the same period in 2004, with each of the Group's three geographic territories (EMEA, Asia Pacific and the Americas) performing strongly. However, £0.4 million of orders (primarily relating to software licences) arrived later in the year than expected and as a result, the Company expected to report lower than anticipated revenues for the year ended 31 December 2005 of not less than £4.25 million. On 21 March 2006, the Company reported its preliminary results for the year ended 31 December 2005 with turnover of £4.3 million (2004: £3.4 million), loss before tax of £2.6 million (2004: loss of £3.4 million) and cash of £4.5 million (2004: £2.6 million).

On 13 September 2006, the Company reported its interim results for the six months to 30 June 2006, with turnover of £2.4 million (2005: £2.3 million), loss before tax of £1.6 million (2005: loss of £1.4 million) and cash of £2.3 million (2005: £1.0 million). At the same time, the Company announced that it continued to maintain a solid platform in the embedded design market, while increasing its emphasis and presence in the accelerated computing market. It stated that it had increased its customer portfolio in the accelerated computing market with six new high-performance computing projects within the finance and oil and gas sectors, complementing its existing sectors of aerospace and defence and life sciences.

Subsequently, on 31 October 2006, the Company announced that even though it continued to win new customers for its ESL technology, the embedded systems market was growing more slowly than expected. As a result, the Board anticipated that revenues for the second half of the year would be in line with the same period for 2005 and therefore the full year results would be materially lower than market expectations. It was also announced that the Directors would commence a review of the Company's strategic options in order to maximise shareholder value.

The Directors believe that the reason for the lower than expected results is primarily due to the lack of growth of ESL technology within the EDA industry. At the time of the Company's admission to AIM, it was forecast by research organisations such as Gartner Dataquest that ESL would become a major driver of growth in the EDA industry. The Directors believe that this still remains the case, but that the forecast growth has yet to materialise for a number of reasons including:

- a general slow down in the semiconductor industry; and
- entrenched large existing EDA companies, delaying or choosing to redefine their entry into ESL.

The Directors therefore believe that demand for the Company's products and services in the EDA market will continue, but not at the rate previously expected.

However, the demand for the Company's products and services within the accelerated computing market is forecast to increase slightly in 2006. ESL technology is helping to improve the performance of software algorithms. The Directors consider that, within the \$14.9 billion high performance computing market, there are accelerated computing market opportunities. The Company has developed knowledge in the use and deployment of FPGA devices as co-processors. The Company is using this knowledge to develop its IP and when coupled with the Company's software and hardware products, the Directors believe that this will provide a good opportunity to penetrate the finance, oil and gas, and bioinformatic application sectors.

The Company's services have been used in the development of a wide range of accelerated computing applications including virus checking, real-time image processing and scientific and industrial computing. The Company has been able to develop relationships with existing business partners in the accelerated computing market, including Intel, AMD and Xilinx. Xilinx will be participating in the Placing.

The Directors believe that it is in the best interests of the Company to initiate an investment programme in order to take advantage of the increasing opportunities in the accelerated computing market.

In order to fully maximise the opportunities that exist in the accelerated computing market, the Company requires increased investment which the Placing will provide. The Company intends to invest the net proceeds of the Placing as follows:

- to develop application specific IP and products for the accelerated computing market, focusing specifically on the finance, oil and gas and bioinformatic application sectors;
- to enable the Company to expand its strategic partnerships within the accelerated computing market; and
- to provide working capital for the Company.

3. Details of the Placing

The Company proposes to raise approximately £3 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of 31.9 per cent. to the closing mid-market price of 23.5 pence per Existing Ordinary Share on 8 January 2007, being the last dealing day prior to the announcement of the Placing. The Placing Shares will represent approximately 26.7 per cent. of the Company's Enlarged Ordinary Share Capital.

Pursuant to the terms of the Placing Agreement, Arbuthnot, as agent for the Company, has agreed conditionally to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the Meeting and Admission becoming effective on or before 8.00 a.m. on 2 February 2007 (or such later time and/or date as the Company and Arbuthnot may agree, but in any event no later than 8.00 a.m. on 16 February 2007). The Placing Agreement contains provisions entitling Arbuthnot to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten by Arbuthnot.

Application has been made to the London Stock Exchange 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 on AIM will commence on 2 February 2007.

The Placing Shares will rank *pari passu* in all respects with the New Ordinary Shares in issue following the Share Re-organisation, including the right to receive all dividends and other distributions declared following Admission. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be despatched by 9 February 2007.

As part of the Placing, certain of the Directors have agreed to subscribe for 187,500 Placing Shares in aggregate at the Placing Price. This represents 1.0 per cent. of the Placing Shares. Under the Placing, Philip Bishop, Chief Executive, has agreed to subscribe for 62,500 Placing Shares, Bernard Morgan, Finance Director, has agreed to subscribe for 31,250 Placing Shares, Ian Yeoman, non-executive Director, has agreed to subscribe for 31,250 Placing Shares and I have agreed to subscribe for 62,500 Placing Shares, all at the Placing Price. On completion of the Placing, Philip Bishop will hold 91,700 New Ordinary Shares, representing approximately 0.1 per cent. of the Enlarged Ordinary Share Capital, Bernard Morgan will hold 37,450 New Ordinary Shares, representing approximately 0.1 per cent. of the Enlarged Ordinary Share Capital, Ian Yeoman will hold 31,250 New Ordinary Shares, representing approximately 0.1 per cent. of the Enlarged Ordinary Share Capital and I will hold 64,164 New Ordinary Shares, representing approximately 0.1 per cent. of the Enlarged Ordinary Share Capital.

4. Share Re-organisation

The nominal value of the Ordinary Shares is currently 25 pence per share. As a matter of English law, the Company is unable to issue the Placing Shares at a Placing Price which is below their nominal value. It is therefore proposed to sub-divide the entire existing authorised share capital, both issued and to be issued, consisting of 60,000,000 Ordinary Shares of 25 pence each, into 60,000,000 Ordinary Shares of 1 pence each and 60,000,000 Deferred Shares of 24 pence each thus enabling the Company lawfully to implement the Placing at the Placing Price. The aggregate nominal value of the Company's authorised share capital immediately after this alteration is approved by Shareholders will remain the same, but it is intended, as indicated below, then to seek approval to increase the Company's authorised share capital to permit the Placing to occur.

The rights attached to the New Ordinary Shares will be substantially the same as the rights attached to the Existing Ordinary Shares. The lower nominal value of the New Ordinary Shares will allow the Placing to proceed. The Deferred Shares will, as their name suggests, have very limited rights which are deferred to the New Ordinary Shares and will effectively carry no value as a result. Accordingly, the holders of the Deferred Shares will not be entitled to receive notice of, attend or vote at general meetings of the Company; nor be entitled to receive any dividends or any payment on a return of capital until at least £10,000,000 has been paid on each New Ordinary Share. No application will be made for the Deferred Shares to be admitted to trading on AIM.

The Company will also be given power to arrange for all the Deferred Shares to be transferred to a custodian or to be purchased for nominal consideration only without the prior sanction of the holders of the Deferred Shares. It is the current intention of the Directors to exercise this power within two months of the passing of the Resolutions so that the Shareholders in the Company will, as now, hold only Ordinary Shares in the Company. It is not intended therefore to issue share certificates for the Deferred Shares.

Options, including the exercise price will be unaffected, save that the Ordinary Shares to be issued on the exercise of such options will be New Ordinary Shares. In the case of options granted under the Company's Unapproved (EMI) Share Option Scheme 2002, the confirmation of HMRC will be applied for, such that options granted as EMI options will retain their tax approved status and that no adjustment will be required to the exercise price payable under the options as part of the Share Re-organisation.

Similarly, the Ordinary Shares to be issued on the exercise of the Warrant will be New Ordinary Shares. Under the terms applicable to the Warrant, the formal consent of the Warrantholder to the Share Re-organisation is required and this has been obtained by the Company.

No new certificates for the New Ordinary Shares will be dispatched if the Share Re-organisation becomes effective. Instead, on the date the Share Re-organisation is due to become effective, a letter confirming that the Share Re-organisation has become effective will be sent to Shareholders holding New Ordinary Shares in certificated form. If any Shareholder wishes to receive a replacement certificate for New Ordinary Shares he should send his certificate in respect of his holding of Existing Ordinary Shares to the Company's registrars, Attn: John Pottruff, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and the registrars will then issue to the Shareholder a replacement certificate for New Ordinary Shares.

If the Share Re-organisation becomes effective, then, prior to the commencement of dealings in the New Ordinary Shares on AIM, the appropriate stock account in CREST of the relevant shareholder will be credited with such person's entitlement to New Ordinary Shares and the relevant holding of the Existing Ordinary Shares will be cancelled. The New Ordinary Shares are expected to be eligible to be traded through the CREST system with effect from the date of commencement of dealings on AIM.

5. Taxation

The sub-division of the Existing Ordinary Shares into New Ordinary Shares and Deferred Shares as part of the Share Re-organisation should be treated as a re-organisation for the purposes of the taxation of chargeable gains. Consequently the Share Re-organisation should not be treated as involving any disposal of the Existing Ordinary Shares, and the New Ordinary Shares and the Deferred Shares should be treated as the same asset as the Existing Ordinary Shares in addition to being treated as acquired at the same time as the Existing Ordinary Shares.

After the sub-division, the base cost of the Existing Ordinary Shares must be apportioned between the New Ordinary Shares and the Deferred Shares. It is anticipated that the Deferred Shares will have no market value. The purchase by a custodian of all the Deferred Shares for nominal consideration will result in their disposal for tax purposes. The base cost of the Existing Ordinary Shares that will be attributed to the Deferred Shares on this disposal will be calculated by reference to the market value of the Deferred Shares, which would be nil on the basis that it is anticipated that they will have no value. Accordingly the base cost of the Existing Ordinary Shares would be attributable in its entirety to the New Ordinary Shares.

These statements are intended as a general guide only to current United Kingdom tax legislation and to what is understood to be the current practice of HMRC and may not apply to certain classes of Shareholder. They relate only to Shareholders who are resident and, in the case of individuals, ordinarily resident in the United Kingdom for tax purposes (except where otherwise stated) and who hold their Ordinary Shares beneficially as investments. They do not apply to dealers in securities.

Any person who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the United Kingdom is strongly recommended to consult his professional tax adviser immediately.

6. Meeting

Set out at the end of this document is the notice convening the Meeting to be held on 1 February 2007 at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR at 10.00 a.m. at which the Resolutions will be proposed to permit the Share Re-organisation and the issue of the Placing Shares.

Set out below are details of the Resolutions to be proposed at the Meeting and an explanation of the Resolutions:

- Resolution 1 to effect the Share Re-organisation including the creation of the Deferred Shares;
- Resolution 2 to increase the authorised share capital of the Company from £15,000,000 to £20,000,000 by the creation of an additional 500,000,000 New Ordinary Shares;
- Resolution 3 to approve the changes to the Company's Articles of Association required to create the rights attaching to the New Ordinary Shares and the Deferred Shares and to authorise any technical variation of the rights of the Existing Ordinary Shares involved in the Share Re-organisation;
- Resolution 4 to grant the Directors authority for the purposes of section 80 of the Act to allot relevant securities up to an aggregate nominal value equal to £470,003.89 (47,000,389 New Ordinary Shares). This authority covers the issue of the Placing Shares and the issue of shares on the exercise of the Warrant and of options granted to non-employees (as these need, for technical reasons to be authorised specifically), together with authority to allot one-third of the enlarged issued ordinary share capital of the Company following the Placing. The authority sought by Resolution 4 will last for a period of 15 months from the date of the passing of the Resolution or, if earlier, the date of the 2007 Annual General Meeting; and
- Resolution 5 to grant the Directors authority to disapply the statutory pre-emption rights contained in section 89 of the Act up to an aggregate nominal amount of £305,953.21 (30,595,321 New Ordinary Shares) in connection with the Placing and the issue of shares pursuant to the Warrant and options granted to non-employees and in respect of a rights issue and any other issue of equity securities for cash for up to 10 per cent. of the enlarged issued ordinary share capital assuming full subscription of the Placing Shares. The authorities sought by Resolution 5 will last for 15 months from the date of the passing of the Resolution or, if earlier, until the Annual General Meeting in 2007.

All the Resolutions are, for technical reasons, conditional on the other Resolutions being passed. Resolutions 1, 2 and 4 will be proposed as ordinary resolutions and Resolutions 3 and 5 as special resolutions.

Arbuthnot, as placing agent for the Company has been retained to place conditionally the Placing Shares in accordance with the terms of the Placing Agreement. However, the Directors do not currently have the requisite authorities under the Act to allot the Placing Shares. Accordingly, Resolutions 4 and 5 seek the Share Issuance Authorities required for the Placing.

In addition, as set out above, the Directors are seeking renewal of their general authorities to issue share and/or other securities, such general authorities having been last granted to them at the Annual General Meeting of the Company held on 24 May 2006.

The values included in the Share Issuance Authorities have been adjusted to take account of the Share Re-organisation described above and the proposed alterations in nominal value of the Ordinary Shares and the implementation of the Placing.

7. Action to be taken

Shareholders will find enclosed a reply-paid Form of Proxy for use at the Meeting. Whether or not you intend to be present at the Meeting, you are requested to complete and sign the Form of Proxy and return it to 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 not later than 10.00 a.m. on 30 January 2007. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the Meeting and voting in person if you so wish.

8. Documents Available

Copies of this document may be inspected at the Company's registered office and at the offices of Arbuthnot at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for one month from the date of this document.

9. Recommendation

The Directors consider that each of the Placing and the Share Re-organisation is in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Meeting as they and their related parties and other Shareholders have irrevocably undertaken to do in respect of their beneficial shareholdings, which in aggregate amount to 31,551,366 Existing Ordinary Shares, representing approximately 61.2 per cent. of the Existing Issued Ordinary Shares.

Yours sincerely

Jack Fryer
Chairman

NOTICE OF MEETING
Celoxica Holdings plc

*(Incorporated and registered in England and Wales under the Companies Act 1985,
with registered number 3870674)*

NOTICE IS HEREBY GIVEN that a Meeting of Celoxica Holdings plc (which shall be deemed also to be a separate general meeting of the Shareholders of the Company) will be held at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR on 1 February 2007 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2 and 4 will be proposed as ordinary resolutions and of which resolutions 3 and 5 will be proposed as special resolutions:

Ordinary Resolutions

1. That, subject to resolutions numbered 2 to 5 (inclusive) in the notice of meeting dated 9 January 2007 being passed, the Ordinary Shares of 25 pence each in the capital of the Company be sub-divided into 60,000,000 Ordinary Shares of 1 pence each and 60,000,000 Deferred Shares of 24 pence each, having the rights and being subject to the restrictions set out in the Company's articles of association, as proposed to be amended pursuant to resolution numbered 3 in the notice of meeting.
2. That, subject to resolutions numbered 1, 3, 4 and 5 in the notice of meeting dated 9 January 2007 being passed, the authorised share capital of the Company be increased from £15,000,000 to £20,000,000 by the creation of 500,000,000 Ordinary Shares of 1 pence each.

Special Resolution

3. That, subject to resolutions numbered 1, 2, 4 and 5 in the notice of meeting dated 9 January 2007 being passed:
 - 3.1 the Company's Articles of Association be amended as follows:
 - (a) by the deletion of the current Article 4.1 and the substitution therefor of a new Article 4.1 as follows:

“4.1 The authorised capital of the Company at the date of adoption of this Article is £20,000,000 divided into 60,000,000 Ordinary Shares of 1 pence each (“Ordinary Shares”) and 60,000,000 Deferred Shares of 24 pence each (“Deferred Shares”) having the rights and being subject to the restrictions set out in Article 4.2.”; and
 - (b) by the insertion of a new Article 4.2 as follows:

“4.2 The rights of the Ordinary Shares and of the Deferred Shares and the limitations and restrictions to which each are subject are as follows:
 - 4.2.1 subject to the rights of any other class of shares and to the provisions of Statutes, the profits of the Company available for distribution and resolved to be distributed shall be paid as a dividend to the holders of the Ordinary Shares according to the number of shares held by each such holder;
 - 4.2.2 on a return of capital (except on a purchase of shares), the assets of the Company available for distribution amongst the members shall be used to repay to the holders of the Ordinary Shares the amounts paid up on those shares. The assets remaining after such repayment shall belong to and be distributed amongst the holders of the Ordinary Shares in proportion to the number of such shares held by them respectively;
 - 4.2.3 the Deferred Shares shall have:
 - (a) no right to receive notice of, or to attend or vote at, any general meeting of the Company; and

- (b) no right to participate in the profits of the Company whether by way of dividend, distribution, return of capital (whether or not upon a winding-up) or otherwise, save that, upon a return of capital upon a winding-up, the holders of Deferred Shares shall be entitled to the return of the nominal value of each Deferred Share held after £10,000,000 has been returned on each Ordinary Share;
 - 4.2.4 the Company shall (pursuant to the authority given by the passing of the resolution to adopt this Article) have irrevocable authority at any time after the adoption of this Article to appoint any person to execute, on behalf of any of the holders of the Deferred Shares, a transfer of any such Shares and/or an agreement to transfer any such Shares to such person as the Company may determine as custodian of the same and/or to purchase the same (in accordance with the provisions of the Statutes), in any such case for not more than 1 pence for all such Shares and without obtaining the prior sanction of the holder(s) of such Shares, and, pending such transfer and/or purchase, to retain the certificate(s) for such Shares; and
 - 4.2.5 the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to the Deferred Shares.”; and
- 3.2 pursuant to and for the purposes of section 125(3) of the Companies Act 1985, the holders of the Ordinary Shares of 25 pence each in the capital of the Company hereby consent to the passing of this resolution and of the resolutions numbered 1 and 2 in the notice of meeting dated 9 January 2007 and to every variation of the rights attached to such Ordinary Shares as is or may be involved therein.

Ordinary Resolution

4. THAT, subject to the passing of resolutions numbered 1 to 3 (inclusive) and 5 in the notice of meeting dated 9 January 2007 meeting being passed:
- 4.1 the Directors be generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £470,003.89; and
 - 4.2 such authority shall expire, unless previously renewed, revoked or varied by the Company in general meeting, 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company in 2007, except that the Company may, at any time before the expiry of this authority, make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolution

5. THAT, subject to the passing of resolutions numbered 1 to 4 (inclusive) in the notice of meeting dated 9 January 2007 being passed:
- 5.1 the Directors be empowered (in substitution for all subsisting authorities to the extent unused) pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94(2) of that Act) for cash pursuant to the general authority conferred on them by resolution numbered 4 in the notice of meeting dated 9 January 2007

and/or to sell equity securities held as treasury shares for cash pursuant to section 162D of that Act, in each case as if section 89(1) of that Act did not apply to any such allotment or sale:

- (a) in connection with an issue or offer of such securities by way of rights or other pre-emptive issue or offer, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary Shares held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
 - (b) otherwise than pursuant to sub-paragraph (a) above, of equity securities for cash having, in the case of relevant shares (as defined in section 94(5) of that Act), an aggregate nominal value, or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having an aggregate nominal value, not exceeding in aggregate the sum of £305,953.21; and
- 5.2 such authority shall expire unless previously renewed, revoked or varied by the Company in general meeting, at such time as the general authority conferred on the Directors by resolution numbered 4 in the notice of meeting dated 9 January 2007 expires, except that the Company may, at any time before such expiry, make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

9 January 2007

Registered office:

66 Milton Park
Abingdon
Oxfordshire OX14 4RX

By order of the Board
Bernard Morgan
Secretary

Notes:

1. Attendance and Voting

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 10.00 a.m. on 30 January 2007 shall be entitled to attend or vote at the above meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 10.00 a.m. on 30 January 2007 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Proxies

- (a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
- (b) A form of proxy is enclosed together with a reply-paid envelope for lodging the same. To be valid proxies must be completed and lodged with the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for holding the Meeting.
- (c) Completion and return of the Form of Proxy does not preclude a member from attending and voting at the Meeting should he or she subsequently decide to do so.

3. Share Certificates and CREST

Shares held in certificated form on the Effective Date.

No new certificates for the New Ordinary Shares will be dispatched if the Share Re-organisation becomes effective. Instead, on the date the Share Re-organisation is due to become effective, a letter confirming that the Share Re-organisation has become effective will be sent to Shareholders holding New Ordinary Shares in certificated form. If any Shareholder wishes to receive a replacement certificate for New Ordinary Shares he should send his certificate in respect of his holding of Existing Ordinary Shares to the Company's registrars, Attn: John Pottruff, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and the registrars will then issue to the Shareholder a replacement certificate for New Ordinary Shares.

Shares held in uncertificated form (that is, in CREST) on the Effective Date

If the Share Re-organisation becomes effective, then prior to the commencement of dealings in the New Ordinary Shares on AIM, the appropriate stock account in CREST of the relevant shareholder will be credited with such person's entitlement to New Ordinary Shares and the relevant holding of the Existing Ordinary Shares will be cancelled. The New Ordinary Shares are expected to be eligible to be traded through the CREST system with effect from the date of commencement of dealings on AIM.

4. Defined Terms

Terms defined in the circular to shareholders dated 9 January 2007 shall have the same meaning in this Notice of Meeting unless the context otherwise requires.

