

## **COCOALAND HOLDINGS BERHAD (“COCOALAND” OR “COMPANY”)**

### **PROPOSED PRIVATE PLACEMENT OF UP TO 12,000,000 NEW ORDINARY SHARES OF RM0.50 EACH (“SHARES”) IN COCOALAND REPRESENTING UP TO 10% OF THE ISSUED AND PAID-UP CAPITAL OF COCOALAND (“PROPOSED PRIVATE PLACEMENT”)**

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#### **1.0 INTRODUCTION**

On behalf of the board of directors of Cocoaland (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company proposes to implement the Proposed Private Placement.

#### **2.0 PROPOSED PRIVATE PLACEMENT**

##### **2.1 Details of the Proposed Private Placement**

The Proposed Private Placement entails the issuance of up to 12,000,000 new Shares (“**Placement Shares**”), representing 10% of the issued and paid-up capital of Cocoaland. At present, the issued and paid-up share capital of the Company is RM60,000,000 comprising 120,000,000 shares of RM0.50 each (“**Shares**”).

The Placement Shares shall be issued under the existing general mandate approved by the shareholders of Cocoaland at the Company’s Annual General Meeting (“**AGM**”) held on 25 June 2009 pursuant to Section 132D of the Companies Act, 1965 (“**Act**”), that authorises the Board to allot and issue new Shares from time to time and upon such terms and conditions and for such purpose as the Board may deem fit provided the aggregate number of the Shares to be issued shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company. The aforementioned general mandate shall be valid until the conclusion of the next AGM of the Company.

The general mandate for the issuance of shares pursuant to Section 132D of the Act is a renewal. The Company did not issue any shares pursuant to the previous general mandate under Section 132D of the Act which was obtained in its AGM held on 18 June 2008. Hence, there were no proceeds raised from the previous mandate.

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

##### **2.2 Placees**

The Company intends to place the Placement Shares with third party investors (“**Placees**”) to be identified, where such Placee(s) shall be person(s) who qualify under Schedules 6 & 7 of the Capital Market & Services Act 2007.

##### **2.3 Pricing Methodology**

The issue price of the Placement Shares shall not be priced at more than 10% discount to the 5-day volume weighted average market price (“**WAMP**”) of the Shares immediately preceding the price-fixing date. In any case, the issue price will not be lower than the par value of the Shares. The price-fixing date shall be determined by the Board after obtaining all necessary approvals for the Proposed Private Placement and an announcement shall be made accordingly.

For illustrative purposes only, applying a discount of 10% to the WAMP of the Shares for the five (5) market days from 7 January 2010 to 13 January 2010 of RM1.404, the issue price of the Placement Shares would be RM1.264 per Share.

## 2.4 Ranking of Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of the Company. However, they will not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, where the entitlement date (namely the date as to the close of business on which the shareholders of the Company must be entered in the Record of Depositors maintained with Bursa Malaysia Depository Sdn Bhd in order to be entitled to any dividends, rights, allotments, and/or other distributions) of which is on or prior to the allotment date of the Placement Shares.

## 2.5 Utilisation of Proceeds

Assuming an indicative issue price of RM1.264 per Placement Share, the Company is expected to raise gross proceeds of approximately up to RM15.2 million pursuant to the Proposed Private Placement.

The proceeds from the Proposed Private Placement are proposed to be utilised in the following manner:-

Description	RM
Working capital requirements for Cocoland and its group of companies ("Cocoland Group")	15,088,000
To defray expenses relating to the Proposed Private Placement	80,000
<b>Total</b>	<b>15,168,000</b>

Any difference between the indicative proceeds above and the actual proceeds raised from the Proposed Private Placement (which is dependent on the final issue price of the Placement Shares and the final number of Placement Shares to be issued) as well as any differences in the actual expenses relating to the Proposed Private Placement shall be adjusted to the allocation of working capital.

## 3.0 RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will provide the Cocoland Group with additional working capital expeditiously. The enlarged capital base shall also strengthen the Company's balance sheet.

#### 4.0 EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

##### 4.1 Share Capital

The effects of the Proposed Private Placement on the share capital of Cocoaland are as follows:

	No. of Shares	RM
Issued and paid-up share capital as at 31 December 2009	120,000,000	60,000,000
To be issued pursuant to the Proposed Private Placement	12,000,000	6,000,000
<b>Enlarged issued and paid-up share capital</b>	<b>132,000,000</b>	<b>66,000,000</b>

##### 4.2 Earnings

The Proposed Private Placement is not expected to have a material effect on the earnings of the Cocoaland Group for the financial year ending 31 December 2010. Nevertheless, the Proposed Private Placement is expected to contribute positively to the earnings of the Cocoaland Group through the utilisation of the proceeds for working capital requirements. Notwithstanding, the earnings per share of the Cocoaland Group will correspondingly be diluted as a result of the increase in the number of issued and paid-up Shares to be issued pursuant to the Proposed Private Placement.

##### 4.3 Net Assets and Gearing

The effects of the Proposed Private Placement on the net assets and gearing of Cocoaland are as follows:

	Audited as at 31 December 2008 RM	After the Proposed Private Placement RM
Share capital	60,000,000	66,000,000
Reserves*	28,183,513	37,351,513
Exchange Translation Reserves	53,193	53,193
Shareholders' equity	88,236,706	103,404,706
No. of Shares in issue	120,000,000	132,000,000
Net Assets per Share (sen)	0.74	0.78
Total borrowings (RM)	812,697	812,697
Gearing (times)	0.01	0.01

Note:

\* Assuming that the indicative issue price of the Placement Shares is RM1.264 per share and after deducting estimated expenses of approximately RM80,000.

#### 4.4 Substantial Shareholders' Shareholdings

Based on the Register of Substantial Shareholders of Cocoaland as at 8 January 2010, the proforma effects of the Proposed Private Placement on the direct and indirect shareholdings of the major shareholders of Cocoaland (holding 5% equity interest or more) are as follows:-

	As at 8 January 2010				After Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
Name of Shareholder	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	65,284,971	54.40	-	-	65,284,971	49.46	-	-
Liew Fook Meng	4,979,533	4.15	65,284,971 <sup>(a)</sup>	54.40	4,979,533	3.77	65,284,971 <sup>(a)</sup>	49.46
Lau Kee Von	932,800	0.78	65,284,971 <sup>(a)</sup>	54.40	932,800	0.71	65,284,971 <sup>(a)</sup>	49.46
Lau Pak Lam	934,266	0.78	65,284,971 <sup>(a)</sup>	54.40	721,966	0.55	65,284,971 <sup>(a)</sup>	49.46
Liew Yoon Kee	73,333	0.06	65,284,971 <sup>(a)</sup>	54.40	73,333	0.06	65,284,971 <sup>(a)</sup>	49.46
Lew Foo Chay @ Lau Foo Chay	-	-	65,284,971 <sup>(a)</sup>	54.40	-	-	65,284,971 <sup>(a)</sup>	49.46
Lau Kwai Choon	20,000	0.02	65,284,971 <sup>(a)</sup>	54.40	20,000	0.02	65,284,971 <sup>(a)</sup>	49.46

Note:

(a) Deemed interested by virtue of his shareholdings in Leverage Success Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

#### 5.0 APPROVALS REQUIRED

The Proposed Private Placement is conditional upon the following:-

- approval in-principle from Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities; and
- any other relevant authorities/parties, if required.

#### 6.0 APPLICATIONS TO THE RELEVANT AUTHORITIES

Applications to the relevant authorities for the Proposed Private Placement are expected to be submitted within one month from the date of this Announcement.

#### 7.0 ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expected the Proposed Private Placement to be completed by the second quarter of 2010.

#### 8.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Company intends to place the Placement Shares with third party investors. Hence, none of the directors and/or substantial shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Private Placement.

## **9.0 DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

## **10.0 DEPARTURE FROM THE SECURITIES COMMISSION'S EQUITY GUIDELINES ("SC GUIDELINES")**

To the best knowledge of the Board, the Proposed Private Placement does not depart from the SC Guidelines.

## **11.0 ADVISER AND PLACEMENT AGENT**

TA Securities has been appointed as the Adviser and Placement Agent to Cocoland for the Proposed Private Placement.

This announcement is dated 14 January 2010.