

Unico-Desa directors quizzed at AGM

Lawsuit over controversial share sale hogs limelight

by **Joy Lee**
FD@bizedge.com

KUALA LUMPUR: Directors of Unico-Desa Plantations Bhd had minorities pelting questions at them in yesterday's fiery AGM, regarding a lawsuit over a related-party transaction involving the sale of shares in its unlisted parent company, Unico Holdings Bhd.

The suit, filed in the High Court here by Soh Choo @ Soh Ai Choo and Tan Chwee Sin last month, had alleged that Unico-Desa, via its subsidiary ELK-Desa Marketing Sdn Bhd, acquired about 9.45 million shares in Unico Holdings for RM15.3 million or about RM1.62 per share.

The value of the block shares was allegedly written down and subsequently transferred to two related companies that, in turn, sold the shares to companies related to

certain Unico-Desa directors.

The suit alleged that Unico-Desa, via ELK-Desa Marketing, had provided for diminution in the value of the block of shares of RM5.214 million, before transferring the shares to ELK-Desa Development Sdn Bhd (8.93 million shares) and ELK-Desa Capital Sdn Bhd (1.02 million shares).

The suit further alleged that ELK-Desa Development disposed of 3.98 million Unico Holdings shares while ELK-Desa Capital sold 1.02 million of the shares at RM1.10 apiece to Ngan & Ngan Holdings Sdn Bhd, a vehicle linked to Unico-Desa director Tan Sri Ngan Ching Wen.

To the allegations, Unico-Desa executive director Lim Keng Chin would only say that "whatever transaction that has been made has been announced in May 2006".

CONTINUES ON PAGE 4 >>

Minority shareholders question HP biz

FROM PAGE 1 >>

"The announcement was properly done and it was already raised in the last AGM and was answered," he added.

According to an announcement by Unico-Desa dated May 30, 2006, Unico-Desa's ELK-Desa Development had resolved to dispose of 4.95 million shares or a 4.95% block of Unico Holdings to ELK-Amity Capital Sdn Bhd for RM5.45 million or RM1.10 apiece.

The announcement also said ELK-Desa Development bought the 4.95% block of shares at the same price in October 2005.

Three Unico-Desa directors — Teoh Hock Chai @ Tew Hock Chai, Dr Yeong Cheong Thye @ Yeong Yue Chai and Lim Keng Chin — were deemed interested in the disposal by virtue of their interest and directorship in ELK-Amity Capital and as such did not participate in the decision making, the announcement read.

Yesterday, minority shareholders also questioned the Unico-Desa independent directors over the company's involvement in the hire-purchase business, which is unrelated to its core plantation business.

To this, Oh Teik Khim, an independent director of Unico-Desa and a senior banker, said: "I know a lot of the gentlemen here, Teoh and KC Lim, for a very long time and have also dealt business with them. I was working with them as a lender and I was comfortable lending to them because they have been professional in their lending business."

Oh's answer invited a comment from the representative of the Minority Shareholders Watchdog Group (MSWG), who questioned whether minority shareholders could be assured that his judgment on the company's dealings is truly independent, in light of his close relationship with other executive directors.

"Your statement is very detrimental to your position as an independent director. It's not a question of shares (owned) but how well can you ascertain your independence... you just disclosed that you know all of them..." the MSWG representative said.

Oh clarified that minorities can be assured that his deliberations on the board are independent of his relationship with other directors.

Minority shareholders also questioned whether Unico-Desa is currently properly run, noting the absence of a CEO. Executive chairman Ngan dismissed the question as "irrelevant", saying that directors are "collectively responsible" for the day-to-day running of the company.

Asked whether Unico Holdings has any board representation in Unico-Desa to safeguard its interest, Ngan replied: "We are common directors. Nobody has been designated to represent Unico Holdings."

"It is a common practice to have common directors. As far as we are concerned there's no conflict of interest," he said.