

No. SEC/Enforcement/215/2004/10

January 3, 2006

Directive

Whereas, in terms of section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Eagle Box & Carton Manufacturing Company Limited is an issuer of securities (hereinafter called the "issuer");

Whereas, the equity security (i.e. share) of the said issuer is listed with the Dhaka Stock Exchange Limited (hereinafter called the "Exchange");

Whereas, Eagle Box & Carton Manufacturing Company Limited submitted an application dated October 11, 2004 for de-listing its security from the Dhaka Stock Exchange on the grounds of closure of commercial operation of the issuer since October 31, 2003 due to heavy loss, all employees were terminated after payment of their benefits, company does not have any income, board of directors has decided to de-list it from the Exchange, and, as part of de-listing plan Mr. M.A. Matin, Chairman and Sponsor Director of the issuer company declared their intention to purchase all shares @Tk.25.90 (last traded price) each held by the public shareholders, including the institutional shareholders;

Whereas, the Commission forwarded the said application to the Dhaka Stock Exchange Limited through letter dated October 18, 2004 for necessary action;

Whereas, previously, the Dhaka Stock Exchange Limited as per decision of the Commission, suspended the trading in securities of the issuer company effective from July 13, 2004;

Whereas, Dhaka Stock Exchange Limited vide letter dated February 13, 2005 informed the Commission that the Sponsor Directors should buy the public shares through market mechanism for de-listing;

Whereas, the Commission, in reply, informed the Exchange vide letter dated February 22, 2005 that the Sponsors of the issuer company could purchase the shares of general investors through off market mechanism and that there was the possibility of big price distortion if suspension of trading was withdrawn;

Whereas, the Commission through subsequent letter dated May 28, 2005 requested the Dhaka Stock Exchange Limited for the status of the de-listing proposal, in reply, Dhaka Stock Exchange Limited informed the Commission through letter dated June 01, 2005 that they have written a letter to BCIC regarding terms and conditions for Sponsors at the time of disinvestments of the company in order to protect the rights of minority shareholders;

Whereas, the Commission collected a copy of relevant sale deed for disbursement from the company and forwarded it to Dhaka Stock Exchange Limited commenting that there was no stipulation in the sale agreement regarding rights and protection of minority shareholders and, in the same letter, the Exchange was requested to take appropriate measures for de-listing process under intimation to the Commission;

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Whereas, the Commission, vide further letter dated November 10, 2005 requested the Exchange to take decision on the de-listing of security of Eagle Box & Carton Manufacturing Company Limited within two weeks of receipt of the letter, and also mentioned that failure to take decision within the stipulated time would be considered as rejection by the Dhaka Stock Exchange Limited;

Whereas, the Exchange through letter dated November 28, 2005 informed the Commission, among others, that the Dhaka Stock Exchange Limited, in the past, de-listed companies only when the sponsor/controlling directors buy back/get hold of at least 99% of the outstanding shares of the companies, which is not factually correct;

Whereas, the Exchange also stated that almost 50% shares of Eagle Box & Carton Manufacturing Company Limited are lying with the general public and institution and the company is under suspension as per directive of the Securities and Exchange Commission and, as such, the Dhaka Stock Exchange Limited has no role in the matter of buying the public and institutional shares of the issuer;

Whereas, it revealed from the said letter dated November 28, 2005 that the Exchange is not willing to de-list the shares of Eagle Box & Carton Manufacturing Company Limited although the Chairman and Sponsor Director of Eagle Box & Carton Manufacturing Company Limited is ready to buy the shares from the public and institutional shareholders @ Tk.25.90 (last traded price) and, as such, the Commission has accordingly considered that the Exchange has rejected the de-listing request of the issuer; and

Whereas, in view of all of the above and taking into account the facts that the price offered by the Chairman and Sponsor Director of Eagle Box & Carton Manufacturing Company Limited is more than twice the face value of its share and that trading of those shares has remained under suspension for a long period, the Commission deems it to be expedient that, in the interest of the investors in securities and the capital market as well, a directive to the Dhaka Stock Exchange Limited, as well as to the Chief Executive Officer of the said Exchange, should be given for de-listing the shares of Eagle Box & Carton Manufacturing Company Limited from the Exchange.

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Now, therefore, the Securities and Exchange Commission, in exercise of its power conferred by section 9(6) and 20A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), read with regulation 8 of the Dhaka Stock Exchange (Board and Administration) Regulations, 2000, hereby directs the Dhaka Stock Exchange Limited as well as the Chief Executive Officer of the said Exchange, to de-list the share of Eagle Box & Carton and Manufacturing Company Limited from the Exchange within 2(two) months from the date of this Directive.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Distribution:

Dhaka Stock Exchange Limited, Dhaka

Chief Executive Officer, Dhaka Stock Exchange Limited, Dhaka

Copy for information:

Managing Director, Eagle Box & Carton Manufacturing Company Limited

Executive Director (R&D), SEC

Executive Director (Surveillance), SEC

Executive Director (SRMID), SEC

Executive Director (CFD), SEC

Director (MIS), SEC

Chairman's Office, SEC