

Directive

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Wonderland Toys Limited is an issuer (hereinafter referred to as “issuer”) which is listed with the stock exchange(s);

Whereas, the issuer has raised equity fund from the general public with prior consent of the Commission for certain purposes mentioned in the issuer’s prospectus vetted by the Commission;

Whereas, it appeared from the Annual Report, 2004-2005 of Wonderland Toys Limited that there was an outstanding loan of Tk.2,40,95,000.00 against Tk. 2,95,00,000.00 disbursed to its Chairperson & Managing Director, namely Mrs. Quamrun Nessa, as loan for financing and implementing a new business project namely “Orchid & Ornamental Project (Horticulture Sector)” in her personal capacity;

Whereas, it also appeared that the issuer company did not obtain shareholders’ decision for the said disbursed loan of Tk. 2,95,00,000.00 as per requirement of section 103 (1) of the Companies Act, 1994;

Whereas, section 103(1) of the Companies Act, 1994 also requires that, in no case, the total amount of loan to any director shall exceed 50% of the paid up value of the shares held by such director, but the Annual Report, 2003-2004 of the issuer reflected that the disbursed loan amounting of Tk.2,95,00,000.00 was 123.17% of the value of total paid up capital held by said director namely, Mrs. Quamrun Nessa, (as of 31st May, 2004);

Whereas, it further appeared from copy of the letter No. WtE/2/609/03/4332, Zmi L: 18-05-2003 of Board of Investment that the BOI accorded registration to start up the horticulture project by Wonderland Toys Limited, but not by its Chairperson & Managing Director;

Whereas, it also appeared from copy of the loan agreement dated February 5, 2003 executed by and between Mrs. Quamrun Nessa, Chairperson & Managing Director of Wonderland Toys Limited and the said issuer company that the said loan is interest free without any collateral/security in favour of the issuer company, and also that those facts have not been disclosed to the shareholders, nor even mentioned in the Annual Reports concerned, despite there being legal requirement under section 103 (1) of the Companies Act, 1994;

Whereas, it further appeared from the copy of a land document (Avgfgv³vi bvgv) furnished by the issuer company vide letter No. WtE/2/609/03/4332, Zmi L: 26/01/06 that Mrs. Quamrun Nessa did not own the land on which cultivation of orchid has been claimed were being done;

Whereas, it transpired from the above that the entire loan is unsecured, free of any interest and also that the issuer company does not have any lawful and proprietary right on the claimed orchid project, thereby the issuer company and its Board have deliberately diverted the company’s fund illegally, and without any lawful authority, affecting interest of the investors’ in securities as well as sustained growth of the capital and securities markets of the country;

Whereas, the issuer’s aforesaid activities are also tantamount to violation of the provisions of the Companies Act, 1994 which are deliberate;

Whereas, protection of interests of investors in securities as well development of the capital and securities markets are, among others, the objectives of the Commission for which the Securities and Exchange Commission has been set up under the Securities and Exchange Commission Act, 1993 (Act No. XV of 1993); and

No. SEC/Enforcement/348/2005/

March 8, 2006

Whereas, in view of all above, 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 above said issuer company and each of its directors should be given for realisation of the above mentioned loan amount from the loanee director with costs.

Now, therefore, the Securities and Exchange Commission, in exercise of its power conferred by section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance XVII of 1969), hereby directs Wonderland Toys Limited to:-

- (1) Realize the entire loan amount, with costs, from Mrs. Quamrun Nessa, Chairperson & Managing Director of Wonderland Toys Limited within 2 (two) months from the issuance of this directive, and deposit the said amount in the company's bank account within the said period; and
- (2) Submit to the Commission the original bank statement concerned evidencing the deposit of the said money into the company's account, within three working days of deposit of the money.

By the order of the

Securities and Exchange Commission

(Mansur Alam)
Executive Director

Distribution:

Wonderland Toys Limited
House No. 133, Road No. 1, Baridhara DOHS, Dhaka -1206.

Copy to:

Registrar, Joint Stock Companies and Firms - For information and needful please.