

**SEC/Enforcement/435/2006/749**  
**July 4, 2006**

**By Courier Service**

Mr. Khan Mohd. Ekramullah, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

Mrs. Eqbal Nasreen, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

Mr. Khan Mohd. Erfan, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

Mr. Khan Mohd Esrar, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

Mr. Khan Mohd. Eqbal, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

**Sub: Non-compliance with securities law concerning declaring transfer of holdings: Warning**

This refers to the show cause cum hearing notice No. SEC/Enforcement/435/2006/492 dated May 10, 2006 issued for non-compliance with the Commission's Notification No. SEC/SRMID/2000-953/313/Admin-06 dated March 25, 2001.

As per provisions of the Commission's Notification No. SEC/SRMID/2000-953/313/Admin-06 dated March 25, 2001, Gazetted on April 16, 2001, every sponsor or director of a company listed with any stock exchange shall simultaneously submit a written declaration to the Securities and Exchange Commission and the Stock Exchange with which the company is listed about his intention to buy shares of that company or sell or otherwise dispose off the shares held by him in that company in the format prescribed in the Notification under reference.

It is appeared from the issuer's letter dated November 23, 2005 that the company changed its management and vide its another letter dated January 31, 2006 informed SEC concerning the number of shares acquired by the new management, but the sponsor directors did not submit the declaration required by above mentioned Notification.

Your aforesaid activities appeared to be deliberate and clear contravention of the provisions of the Commission's aforesaid Notification.

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The above show cause cum hearing notice was issued to you for explaining your position in respect of above mentioned alleged contravention. The hearing was conducted on May 28, 2006.

Sponsor-directors submitted letter dated May 29, 2006 mentioning, among others, that the shares have not yet been transferred and the share certificates are still in the name of them. They also mentioned in the letter that they will submit the declaration as required by notification, which has not yet been received. Further they have apologized for their bonafied mistake or miscommunication.

The Commission, considering the all above, has decided to dispose of the proceedings against yourselves by placing on record the Commission's dissatisfaction on the default/contravention made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For Securities and Exchange Commission

Mansur Alam  
Executive Director

**Copy for information:**

Chief Executive Officer, Dhaka Stock Exchange Ltd.  
Executive Director, (R & D), SEC  
Executive Director (SRMID), SEC  
Director (Law), SEC  
Director (MIS), SEC  
Chairman's Office, SEC

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Mr. Khan Mohd. Eqbal, Sponsor Director  
Sonali Paper & Board Mills Ltd., 51, Central Road, Dhanmondi, Dhaka-1205

**Sub: Non-compliance with securities law concerning effecting transfer of shares outside stock exchange without prior permission: Warning**

This refers to the show cause cum hearing notice No. SEC/Enforcement/435/2006/494 dated May 10, 2006 issued for non-compliance with securities law concerning effecting transfer of shares outside stock exchange without prior permission.

As per the Listing Regulations of the Dhaka Stock Exchange Limited:

“42. (1) All shares of public companies listed with the exchange shall be sold through the trading system of the exchange.

(2) Where,-

- (a) transfer of the share is to be made by the registered shareholder to his close relative (i.e. spouse, son, daughter, father, mother, brother or sister) by way of gift, the transferor shall apply to the exchange;
- (b) transaction of such share is not possible to be effected through the trading system of the exchange under exceptional circumstance, the seller, or the pledgee (for effecting transfer of the pledged share in the pledgee's name in case of default of the pledgor), shall apply to the SEC through the exchange.”

It is appeared from the letter dated January 31, 2006 of Sonali Paper & Board Mills Ltd. that shares held by the sponsor-directors had been transferred in favour of the new shareholder-directors by the existing sponsor directors without SEC's prior consent.

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**July 4, 2006**

**By Courier Service**

The aforesaid activities appeared to be deliberate and clear contravention of the provisions of the above mentioned Regulations.

The above show cause cum hearing notice was issued to you for explaining your position in respect of above mentioned alleged contravention. The hearing was conducted on May 28, 2006.

The persons appeared at hearing submitted a letter dated May 22, 2006 mentioning, among others, that they were not aware of that provision of law. They also mentioned in the said letter that as the trading of the company's shares were closed, they thought that, for the greater interest of the company and its shareholders, sale of the shares to a party who is going to run it again and make it profitable thus making the shareholders gainer and DSE having another running industry will not be violation of any law. They further mentioned that it was a clear act of ignorance and misunderstanding and, as such, they prayed for exoneration for the act done on good faith.

The Commission, considering the all above, has decided to dispose of the proceedings against yourselves by placing on record the Commission's dissatisfaction on the default/contravention made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For Securities and Exchange Commission

Mansur Alam  
Executive Director

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Chief Executive Officer, Dhaka Stock Exchange Ltd.  
Executive Director, (R & D), SEC  
Executive Director (SRMID), SEC  
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