SEC/Enforcement/381/2005/559 May 28, 2006

Eagle Star Textile Mills Limited North Kattali, Chittagong-4217, Bangladesh

Directors

Eagle Star Textile Mills Limited, North Kattali, Chittagong-4217, Bangladesh

Managing Director

Eagle Star Textile Mills Limited, North Kattali, Chittagong-4217, Bangladesh

Company Secretary

Eagle Star Textile Mills Limited, North Kattali, Chittagong-4217, Bangladesh

Subject: Non-compliance of securities laws – WARNING

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Eagle Star Textile Mills Limited is an issuer (herein after referred to as issuer).

The Commission's Order No. GmBm/GmAvi GgAvBwV/2000-985/2248/c002/1 Zwi Lt 19 wVtmz1, 2000 Bs gazetted on 25.02.2001, also reads as under:

wmwKDwiwUR I G. ‡PÄ Kwgkb (myeav‡fvMx-e"emv wbwl×KiY) clleavbgvjv, 1995 Gi clleavb 3, Dc-clleavb(2) G cll E ¶gZveţj Kwgkb GZØviv gj "msţe`bkxj Z_"mieivţni wbţæv3 c×wZ wbally Kwij, h_vt-

- (1) óK G- ‡P‡Ä Zwj Kvf³ cðZvU wmwKDwiwU BmÿKvix Dnvi †Kvb gj¨msţe`bkxj Z_¨mswkó wel‡q wm×vš-Mðtţvi wlk wgwloţUi gţa¨wKsev Z_¨wU Dnvi †MvPţi Avmvi ZwiţLB Zvr¶wYKfvţe Dnvi †Pqvig¨vb, cðavb wbe@nx KgRZ@ ev †Kv¤úvbx mwPe Gi ¯ø¶ţi wjwLZfvţe GKB mvţ_ wmwKDwiwUR I G- ‡PÄ Kwgkb Ges mswkó óK G- ‡PÄ (hw` Dfq G- ‡PţÄ Zwj Kvf³ _vţK Zţe GKB mvţ_ Dfq G- ‡PţÄ) Gi wbKU d¨v- I weţkl evZ@evnK gvidZ, †¶lweţkţl Kwiqvi mwwf@tthvţM, †cðy Kwiţe; Ges D³ Z_¨ `ßwU eûj cØwiZ ‰wbK cwlkvqI (GKwU evsj v Ges AciwU BsţiRx) Awej ţ¤^ckvkbv wbwðZ Kwiţe;
- (2) Zwj Kvf3 wmwKDwiwU BmÿKvix KZK †cðiZ I cíKwkZ D3 ifc Z_"wU‡Z BmÿKvixi cwiPvj bv cl® i wm×vš-Wb‡Yi ZwiL I mgq, wKsev †¶Îg‡Z Z_"wU Dnvi †MvP‡i Avmvi ZwiL, D‡j Ł Kwi‡Z nB‡e;
- (3) mswkó ÷ K G· ‡PÄ D³ Z_ cồnß gvÎ B Z_ nU wbDR gwbUţi i gva tg ciPvi Kwi te|Ó

It is appeared from letter No. ESTM/30/31 dated August 17, 2005 of Eagle Star Textile Mills Limited that the company had sold 6.43 acres of its land which was not disclosed by the issuer in accordance with the said Order.

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The information concerning sale of land falls under the purview of above said Order, which the company

has failed to comply with.

A show cause cum hearing notice No.SEC/Enforcement/381/2005/22 dated January 8, 2006 was issued to

the company to appear at hearing on January 29, 2006, but the letter has returned by its factory guard on

the ground of closure of the office/factory. Subsequently, another notice

No.SEC/Enforcement/381/2005/183 dated February 27, 2006 was issued. The hearing was conducted on

April 27, 2006.

The persons appeared at hearing submitted a letter No.ESTM/30/2020 dated April 26, 2006 mentioning,

among others, that the company has sold 6.43 acres of hilly land in the year 2003 to reduce the over dues

to Bangladesh Shilpa Bank (BSB) and accordingly total sale proceeds of the said unused hilly land was

paid to BSB. They also mentioned that they did not inform SEC of the said matter due to lack of

knowledge which was unintentional.

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

strong 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.

Chief Executive Officer, Chittagong Stock Exchange Ltd.

Executive Director (R&D), SEC

Executive Director (SRMID), SEC

Director (MIS), SEC

Chairman's Office, SEC