



BY HAND

20th July 2016

Ref: SEC/DG/2016/07/168

URGENT

TO: MESSRS. CLARIDGE STOCKBROKERS (PRIVATE) LIMITED

DIRECTIVE ISSUED IN TERMS OF SECTION 13 (c) AND SECTION 13 (p) OF THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ACT NO. 36 OF 1987 (AS AMENDED)

RE: SALE OF 15,200,000 SHARES OF AGALAWATTE PLANTATION PLC BELONGING TO MACKWOODS PLANTATIONS (PRIVATE) LIMITED

This Directive is issued to you, by the Securities and Exchange Commission of Sri Lanka (SEC), acting under and in terms of the powers vested in the SEC by Sections 13c and 13p of the Securities and Exchange Commission of Sri Lanka Act of No. 36 of 1987, as amended.

Ms. Nirmalie Samaratunga and Ms. M. J. Varma have complained to the SEC that 60.8% of the shares in Agalawatte Plantations PLC held by Mackwoods Plantations Private Limited has been sold by Dr. Chrishantha Nonis, without due authorisation and without the approval of the shareholders of Mackwoods Plantations Private Limited. As you are aware, this transaction appears to fall under the category of a major transaction for which shareholder approval needs to be obtained prior to the sale being effected.

Pursuant to the said complaint and through the Colombo Stock Exchange (CSE), the SEC has obtained a copy of the CDS account opening form of Mackwoods Plantations Private Limited and note that the two persons authorised to issue instructions are Ms. Shelendra Ranaweera and Mr. Lalith Fonseka, whereas according to the information provided by you to the CSE, the written instructions for the sale of the 60.8% shares of Agalawatte Plantations PLC has been issued by Dr. Chris Nonis.

In light of the above, the SEC needs to verify whether Dr. Chrishantha Nonis is a duly authorized signatory to issue trading instructions for and on behalf of Mackwoods Plantations Private Limited, in addition to whether the shareholders of Mackwoods Plantations Private Limited has in fact approved the sale of the aforementioned parcel of shares.

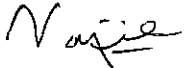
Your attention is also drawn to the Directive issued by the SEC on 12th February 2010, a copy of which is attached hereto, which prohibits a director selling the shares of a company on the Default Board.

The sale of shares without due authorisation of the owner of the said shares is a matter of grave concern to the SEC as it affects the credibility and integrity of the Securities Market.

Furthermore, the sale of shares in violation of the written instructions issued to you and contrary to a Directive issued by the SEC is a serious breach of discipline on your part and a matter on which the SEC takes very serious cognizance. Your conduct is aggravated by the fact that Claridge Stockbrokers (Pvt) Ltd is a company in which Dr. Chrishantha Nonis has an interest.

In the above circumstances, the SEC hereby directs you to withhold the sale proceeds of the aforementioned transaction and to retain same with you, until such time this matter is examined by the SEC and further instructions are issued to you by the SEC.

This Directive shall be effective forthwith on receipt hereof.



Vajira Wijegunawardane
Director General

Copy: The Colombo Stock Exchange.
The CEO, Claridge Stockbrokers (Private) Limited.
The Chairman and Board of Directors, Mackwoods Plantations (Private) Limited.



SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

(Established under Act No. 36 of 1987)

Level 28 - 29, East Tower, World Trade Center, Echelon Square, Colombo 1, Sri Lanka.

Tel: (9411) 2439144 / 2331013 Fax: (9411) 2439149 E-mail: mail@sec.gov.lk Website: www.sec.gov.lk



BY HAND

Ref: SEC/LEG/10/02/45

CIRCULAR NO . 01/2010

12th February 2010

TO: ALL PUBLIC LISTED COMPANIES

RE: DIRECTIVE PROHIBITING TRADING OF SECURITIES OF LISTED COMPANIES TRANSFERRED TO THE DEFAULT BOARD OF THE COLOMBO STOCK EXCHANGE BY DIRECTORS OF SUCH LISTED COMPANIES

Pursuant to the decision taken at the 254th Meeting of the Members of the Commission held on 28th January 2010, the Securities and Exchange Commission of Sri Lanka (SEC) directs that Directors of any Public Listed Company that is on the Default Board of the Colombo Stock Exchange (CSE), are prohibited from trading in the shares of that Company whilst such Company is on the Default Board due to the non submission of the Annual Report together with Audited Financial Statements or for the non submission of the quarterly or half yearly Financial Statements as the case may be in violation of the Continuing Listing Requirements of the CSE.

Whilst the SEC has taken steps to initiate legal action against some of these companies, the fact that some directors of these companies in the past have traded in their shares without having released the Annual Report or the Audited Financial Statements for the relevant period to the market, has caused concern since it can be presumed or deemed that the director is in possession of unpublished price sensitive information in respect of the company at the time he traded in the shares of the company .

This Directive is issued under the powers vested in the SEC by Section 13(cc) of the Securities and Exchange Commission Act No. 36 of 1987 as amended by Act Nos. 26 of 1991, 18 of 2003 and 47 of 2009.

Please note that this Directive is operative with immediate effect and shall continue in operation until otherwise directed by SEC.

Yours faithfully,

Channa de Silva
Director General