



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Enforcement Department

Continuation Sheet - 1 -

**Before Tahir Mahmood  
Executive Director (Enforcement)**

**In the matter of**

**International Housing Finance Limited**

Number & date of the notice: SMD/TO/15/2006 dated September 14, 2007  
Date of re-hearing: March 11, 2009  
Present: Mr. Jawwad Shekha – Representative of the Acquirer

**ORDER**

**Under Section 26 read with Section 25 of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance 2002**

This order shall dispose of proceedings initiated vide Show Cause Notice No. SMD/TO/15/2007, dated September 14, 2007, issued to Mr. Suleiman Ahmed Saeed Al-Hoqani in his capacity as Acquirer of M/s. International Housing Finance Limited (“Target Company”) pursuant to provisions of Section 26 read with Section 25 of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance 2002 (“Takeovers Ordinance”)

2. The facts of the case are that the Securities and Exchange Commission of Pakistan (“the Commission”) received a letter dated June 6, 2007, from Mr. Muhammad Ali Siddiqui, Chief Executive Officer of the target company submitting the shareholding pattern as of December 31, 2006 and March 31, 2007. Review of the said letter revealed that shareholding of Mr. Suleiman Ahmed Saeed Al-Hoqani (along with his four sons and two daughters) (the “Acquirer”) increased from 9.58% to 28.26% during the period December 31, 2006 to March 31, 2007 as follows:

Shareholding as on December 31, 2006:

S.No.	Name of shareholder	No. of shares	%age	Date of acquisition
1.	Mr. Suleiman Ahmed Saeed A-Hoqani	4,218,750	9.38%	8/12/2006
		91,000	0.20%	Various
	Total	4,309,750	9.58%	

[Source: letter dated June 06, 2007 by International Housing Finance Ltd.]



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Enforcement Department

Continuation Sheet - 2 -

Shareholding as on March 31, 2007:

S.No	Name of shareholder	Relationship with the Acquirer	No. of shares	%age	Date of acquisition
1.	Mr. Suleiman Ahmed Saeed A-Hoqani		121,000	0.27%	Various
2.	Mr. Mohammad Suleiman Ahmed Saeed Al-Hoqani	Son	3,500,000	7.77%	Various
3.	Mr. Naseer Suleiman Ahmed Saeed Al-Hoqani	Son	2,000,000	4.44%	22/3/2007
4.	Mr. Tareq Suleiman Ahmed Saeed Al-Hoqani	Son	1,500,000	3.33%	24/3/2007
5.	Mr. Ahmed Suleiman Ahmed Saeed	Son	597,426	1.16%	Various
6.	Ms. Noura Sulaiman Ahmed	Daughter	3,500,000	7.77%	Various
7.	Ms. Shaikha Sulaiman	Daughter	1,500,000	3.33%	24/3/2007
	Total		12,718,426	28.26%	

[Source: letter dated June 06, 2007 by International Housing Finance Ltd.]

3. The said information gave rise to the apprehension that the Acquirer acting in consort with his children breached the 25% threshold specified under Section 5 of the Takeovers Ordinance which requires mandatory public offer for purchase of voting shares of the Target Company. In this context the Acquirer was advised to clarify his position and to provide documentary proof evidencing compliance with the requirements of the Takeovers Ordinance while the acquiring 28.09% shares of the Target Company. The response of the letter was received from Mr. Shahid Ali, Chief Executive, Al-Hoqani Securities & Investment Corp. (Pvt.) Limited vide letter dated July 25, 2007, on behalf of the Acquirer. Following submissions were made:

- a. *Mr. Hoqani has purchased the shares of International Housing Finance Ltd. (IHFL) because he is one of the shareholders of KASB Bank Ltd. (the Bank) and had desired the facilitation of the amalgamation of IHFL with the Bank, while retaining his beneficial holding in the Bank. It was therefore not the intention of Mr. Hoqani to acquire the voting shares of IHFL as an acquirer within the meaning and intent of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance 2002 (Takeovers Ordinance);*
- b. *All the shares have not been purchased by Mr. Hoqani, but part of these shares have been acquired by Mr. Hoqani's grown up children, namely Mr. Ahmed Sulaiman Ahmed Saeed, Naseer Sulaiman Ahmed Saeed, Miss Noora Sulaiman Ahmed Saeed, Muhammad*



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Enforcement Department

Continuation Sheet - 3 -

*Sulaiman Ahmed Saeed, Miss Shaikha Sulaiman Ahmed Saeed, Tareq Sulaiman Ahmed Saeed on their own account, who are independent investors;*

5. The information provided by the Acquirer was found unsatisfactory inter alia on grounds that the respondents could not establish that the acquisition by the acquirer and his children were independent acts. On the contrary it has been acknowledge that acquisition was made to retain the beneficial ownership in KASB Bank Limited, subsequent to the merger of the target company with the same. Therefore, a Show Cause Notice dated September 14, 2007 was served upon the acquirer calling upon him to show cause in writing as to why action may not be taken against the Acquirer and persons acting in concert under Section 25 and sub-sections (1) & (3) of Section 26 of the Takeovers Ordinance.

6. In response to the show cause notice, the Acquirer expressed his desire to be heard through authorized representatives and accordingly a hearing opportunity of personal representation to the Acquirer, was provided for October 23, 2007 which on the request of the Acquirer was rescheduled for October 29, 2007 and accordingly hearing was conducted.

7. On the date of hearing Mr. S. Abid Raza and Mr. Jawwad Shekha of Shekha & Mufti, Chartered Accountants, (the “authorized representatives”) appeared before the Commissioner (SM&CL) for hearing. During hearing, the representatives stated that:

- a. The Acquirer is a foreign investor and a very close friend of Pakistan. The Acquirer comes for investment in the country and has billions of portfolio investment.*
- b. The Acquirer neither has any intention to violate the law nor has any ulterior motive or intention behind acquisition. In fact the Acquirer has beneficial interest in KASB Bank Limited and it hold about 30-35% shares in KASB Bank. Since the Target Company is being merged into KASB Bank and the Acquirer wants to hold / maintain its beneficial holding in KASB Bank therefore shares of the Target Company were acquired.*
- c. The motive of acquisition of shares by the Acquirer should be taken into consideration since the motive of the said acquisition was not to acquire control of the Target Company but to maintain previous shareholding in KASB Bank Limited.*
- d. The Acquirer /Children is/are not on the Board.*



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

Continuation Sheet - 4 -

- e. *The shares of the Target Company which were purchased through market/brokers are 17%.*
  - f. *The Acquirer only knows about the requirements of the Company Ordinance, 1984. The Acquirer's intention is not to violate any Law.*
  - g. *If the Commission is of the view that any violation of the Takeovers Ordinance has occurred then it was not deliberate but a genuine ignorance of the relevant law.*
8. The authorized representatives requested the Commission to take a lenient view in the matter based on above facts. The representatives appearing in the hearing were asked by the Commissioner (SM) to provide additional details to substantiate claims made by the representatives in the hearing which later agreed to provide.
9. The representatives on behalf of the Acquirer submitted their reply dated December 8, 2007 reiterating the same facts as mentioned in their earlier reply and hearing. However, following additional arguments were given:
- a. *Mr. Hoqani was not aware of the concept of "acquisition in concert" and the resultant disclosure and public announcement prescribed by the Takeover Ordinance.*
  - b. *In the year 2006 Mr. Nasir Ali Shah Bukhari acquired 64.30% shares of IHFL directly from some of the shareholders and subsequently made a public offer to acquire further 01% shares. After acquiring this controlling interest, plans were announced to merge IHFL into KASB Bank.*
  - c. *at any point of time the Hoqani family never violated sections 222 and 223 of the Companies Ordinance, 1984 as the beneficial holding of none of the family members exceeded 10% of the total shareholding of IHFL.*
  - d. *IHFL was never a target company for Mr. Hoqani as he never wanted and in fact could not have control of IHFL as 65% of the shares of IHFL were already held by Mr. Nasir Ali Shah Bukhari. As regards exerting of significant influence is concerned this was also not done as you would appreciate that neither Sheikh Suleiman Hoqani nor any his nominees became member of the Board.*
  - e. *We would also like to point out that after acquisition of shares by Mr. Bukhari there were not much shares left in the market and therefore acquisition by Hoqani family did not affect minority shareholders, as such*



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Enforcement Department

Continuation Sheet - 5 -

*f. Accordingly we would request the SECP to take a lenient view in this matter and condone our ignorance of the Takeover Ordinance. We also assure SECP for our fullest cooperation in this regard.*

10. The representatives have also provided certain information about shareholding of the Acquirer and family members which includes individual family member's shareholding position for the period December 1, 2006 to March 31, 2007, copies of purchase bills, CDC statement, and delivery instructions. It was revealed from the above referred statements that:

- a. the Acquirer has purchased 4,309,750 shares (9.58%) in December-2006, 30,000 shares (0.07%) in January-2007 and 3,781,250 shares (8.40%) in March-2007.
- b. Further, 4,481,926 shares (9.96%) were purchased by the sons/daughter of the Acquirer in February-2007.
- c. In March-2007 the Acquirer transferred 8,000,000 shares (17.78%) to his sons/daughters.

11. Subsequent to internal re-organization of Commission, enforcement of the Takeover Ordinance was assigned to the Enforcement Department. The department in order to finalize the case provided an opportunity of re-hearing on February 26, 2009 which was re-scheduled to March 11, 2009. The authorized representative of the Acquirer appeared before me. While reiterating his earlier stance he admitted that the threshold prescribed in the Takeover Ordinance had been breached, however, the acquisition was made with the intention of acquiring control or substantial voting power of the Target Company.

12. I have heard the representative of the Acquirers and reviewed their written submission. It is pertinent to mention here the relevant provisions of Takeover Ordinance which prescribe the requirements to be fulfilled while acquiring shares in a listed company:

- (i) Under sub section (1) of Section 4 of the Takeovers Ordinance, the Acquirers were required to intimate the Target Company and the Stock Exchanges regarding acquisition of voting shares;
- (ii) Under sub section (1) of Section 5 of the Takeovers Ordinance, the Acquirers were required to make a public announcement of offer to acquire voting shares of the Target Company;



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

*Continuation Sheet - 6 -*

- (iii) Under sub section (1) of Section 7 of the Takeovers Ordinance, the Acquirers were required to appoint a bank, financial institution or a member of a stock exchange as Manager to the Offer before making any public announcement;
- (iv) Under sub section (1) of Section 8 of the Takeovers Ordinance, before acquisition of voting shares beyond the threshold specified in section 5 or section 6, the acquirer shall, after giving notice to the Commission as required by sub-section (3) of section 9, make a public announcement of such an intention forthwith;
- (v) Under sub section (1) of Section 9 of the Takeovers Ordinance, the Acquirers were required to make a public announcement to be published in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the province or provinces in which the stock exchange, on which the target company is listed, is situated;
- (vi) Under sub section (3) of Section 9 of the Takeovers Ordinance, the Acquirers were required to submit to the Commission a copy of the public announcement through the Manager to the Offer at least two working days before its issuance;
- (vii) Under sub section (4) of Section 9 of the Takeovers Ordinance, the Acquirers were also required to send the public announcement shall be sent to all the stock exchanges on which the voting shares of the target company are listed for being notified on the notice board and on the automated information system thereof, and to the target company at its registered office for being placed before the board of directors of such company;
- (viii) Under sub section (1) of Section 13 of the Takeovers Ordinance, the Acquirers were required to send a copy of the proposed offer letter within two working days of the announcement to the Target Company at its registered office address, all the Stock Exchanges where the voting shares of the company are listed and the Commission;
- (ix) Under sub-section (2) of Section 13 of the Takeovers Ordinance, the Acquirers were required to specify in the public announcement the entitlement of shareholders for receiving the offer letter;
- (x) Under sub section (8) of Section 13 of the Takeovers Ordinance the Acquirers were required to create a security as provided in the Ordinance on or before the date of issue of public announcement;
- (xi) Under sub section (9) of Section 13 of the Takeovers Ordinance the Acquirers were required to ensure that firm financial arrangement for fulfillment of obligations under the public announcement and disclosure to this effect should have been made in the announcement.

13. However, the Acquirers have failed to provide any information / documents evidencing compliance with any of the aforesaid requirements of the Takeovers Ordinance and hence have made them liable for penal action in terms of Section 26(3) of the Takeover Ordinance.



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

*Continuation Sheet - 7 -*

14. I have reviewed the submissions made by the Acquirer and the documents provided by them. I am of the view that the Acquirer was aware of the provisions of the Takeover Ordinance and in order avoid to making of public announcement of offer for shares the Acquirer parked the shares of the Target Company acquired by him, in the name of his sons and daughters. This view is substantiated by the submission that the shares of the target company were acquired to safeguard the beneficial ownership of the acquirer in KASB Bank Limited. The acquirers foreseeing dilution of his holding in KASB Bank in event of the merger of the Target Company in the same acquired its share to avoid such dilution. The representative has admitted the default of the provisions of Takeover Ordinance. However, it has been emphasized that non-compliance with the legal provisions was not willful but due to ignorance of law. It is unambiguous that the Acquirers have failed to comply with any of the requirements of the Takeover Ordinance.

15. It is imperative here to revert to the main purpose of the Takeovers Ordinance which is to provide for a fair and equitable treatment to all the investors and to provide a transparent and efficient system for substantial acquisition of voting shares and control of listed companies. In this particular case, the Acquirer has failed to comply with any of the provision of the Takeovers Ordinance. For the above stated purpose the statute provide wide ranging powers to the Commission to issue directions and impose penalties on the Acquirers who fail to fulfill the prescribed requirements. However, I am of the firm view that while deciding such cases judicious use of these wide ranging powers must be ensured keeping in view the specific circumstances of each case.

16. I am convinced that the Acquirer has violated the provisions of the Takeovers Ordinance and as such they could be directed under the provisions of Section 25 of the Takeover Ordinance to sell the voting shares acquired in violation of the provisions of the Ordinance. However, keeping in view the fact the Target Company was subsequently merged in KASB Bank Limited and does not exist any more and keeping in view the circumstances of the case I hereby imposed a token penalty of Rs. 100,000 (Rupees one hundred thousand only) under Section 26(3) of the Takeover Ordinance on the Acquirer in violation of the provisions of the Takeover Ordinance.

17. The Acquirers are hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the date of this Order and furnish receipted challans to the Commission failing



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

*Continuation Sheet - 8 -*

which proceedings for recovery of the fine as arrears of land revenue under the Land Revenue Act 1967 will be initiated.

---

**Tahir Mahmood**  
**Executive Director**

Announced:  
March 20, 2009  
ISLAMABAD