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Ref: CL - 116/2020
Dated: August 17, 2020

The Managing Director
Pakistan Stock Exchange Limited
Stock Exchange Road
Karachi

Subject: Disclosure under Takeover Regulations - Hum Network Limited

Dear Sir,

1. This is with reference to the letter from HUM Network Limited dated August 10, 2020 under the heading "Disclosure under Takeover Regulations", which has been placed on the notice board of the Pakistan Stock Exchange Limited. This news was published in the Daily Dawn on 12th August, 2020, as well.
2. Through the aforesaid letter ("the Letter"), the management of HUM Network Limited ("HUM" or the "Company") has levelled baseless, frivolous and highly objectionable allegations against Jahangir Siddiqui & Co. Limited and its various associate and subsidiary companies (collectively referred to as "JS Group" in para (ii)(d) of the Letter) without providing any reliable or admissible evidence to substantiate the frivolous allegations.
3. Considering the gravity and severity of the allegations (which have caused huge reputational damage to JS Group), we are compelled to clarify our position. Our point-wise reply to the Letter is given below.
4. The entire basis for levelling such uncalled for allegations against JS Group stems from an article published by some magazine (credibility of which is not beyond

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not the most well-known publications, there is no other basis available with the Company for making such grave allegations against JS Group. The allegation that JS Group and Kingsway Capital (which is completely separate and independent of JS Group) are acting in concert at the forthcoming elections are denied as baseless and without any merit whatsoever.

5. Contents of paragraph (ii) are vehemently denied. As stated above, the Company has no proof or evidence (other than some unreliable publications) through which it has made such libelous allegations against JS Group. Furthermore, it is also apparently clear that the Company does not have sufficient knowledge or idea about company laws and structures.. Para wise comments are submitted below:

- (a) Messrs. Aitkenstuart Pakistan (Private) Limited (APPL) is a separate entity which is completely unrelated to JS Group. JS Group is not concerned about APPL in any manner whatsoever.

- (b) It is a commonly known fact that banks, investment companies and corporates regularly purchase and sell shares of listed companies over the PSX platform. Such normal commercial transactions are governed under the relevant securities laws and are a matter of public information. Therefore, there is no violation of any law if any JS Group company may have taken a position in the shares of the Company, especially since such transactions are reported to the PSX. We note that the shareholders list of Hum available to us as of June 30, 2020 does not have APPL on the share register so we do not understand the relevance of including their name.

- (c) Mr. Munaf Ibrahim is not associated with JS Group in any capacity since leaving JSCL 8 years ago. Therefore, you will agree that contents of

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paragraph (c) do not (in any manner whatsoever) relate to JS Group and therefore require no comments from us.

(d) The contents of paragraph (d) are misplaced and are presenting a distorted image of the actual facts, and hence, denied. It is submitted that the aggregate shareholding of JS Group companies in HUM as on June 30, 2020 was 94,027,500 shares, break-up of which is as follows:

- Jahangir Siddiqui & Co. Ltd. 11,622,000 shares
- JS Bank Limited 79,030,303 shares
- In addition, we are aware that one more company that is associated to JSCL and its subsidiaries holds 3,375,197 shares

It is further reiterated that Kingsway Capital is an independent entity and Mr. Munaf Ibrahim is an individual, both of which are completely unrelated to JS Group. The Company has itself acknowledged at paragraph (ii)(k) of its aforesaid Letter that JS Group companies hold only 9.94% shares in HUM. It is clear that the Company has tried to club the shareholding of Kingsway Capital and Mr. Munaf Ibrahim with JS Group's shareholding with *mala fide* intent to deliberately mislead the public and the regulators as well as cast a negative image on JS Group.

It is further submitted that Kingsway Capital and other foreign shareholders have in the past supported the Company's management in their activities. This is clearly evident from the Minutes of 7th Extraordinary General Meeting held on February 27, 2017 and the 14th Annual General Meeting held on October 24, 2018 (copies attached), where proxies in favour of the management were given by Kingsway Capital.

JS Group is not aware of and is not concerned with any differences which may have arisen between the management of the Company and Kingsway

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Capital. However, it is an absolute slur to blame JS Group for any shortcomings that the management of the Company may have had in maintaining cordial relations with its institutional investors.

- (e) The contents of para (e) are factually incorrect and denied fervently. The aggregate shareholding of JS Group entities as stated above comes to 94,027,500 shares which (as confirmed by the Company itself) comes to less than 10% of the total issued and paid up capital of the Company. Therefore, there is no and there was never any obligation on JS Group to disclose its shareholding as envisaged under Section 110 of the Securities Act, 2015. Making statements that JS Group is non-compliant of statutory laws is patently false and simply shows the lack of understanding of the laws on the part of the Company.
- (f) It has been accepted by the Company itself in the Letter that APPL is owned by OBS Health Care (Pvt) Limited, which is again owned by another company which is not related to or connected with JS Group. Relevantly, JS Bank provides banking services to hundreds of thousands of customers. The alleged purchase and sale of shares by any customer of JS Bank cannot under any circumstances be linked or connected to JS Group. Moreover, we note from the June 30, 2020 shareholder list that APPL does not hold any shares in HUM.
- (g) The contents of paragraph (g) are totally irrelevant to the matter at hand and does not require any comments. Contents of paragraph (f) are reiterated.
- (h) JS Global Capital Limited is a Trading Rights Entitlement Certificate Holder of Pakistan Stock Exchange and one of the largest securities brokerage firms in Pakistan. It provides its services to thousands of clients

Yes

including many domestic and foreign institutional investors. Any alleged trading or any position in the market held by any client of JS Global Capital Limited cannot be connected to or linked with JS Group. Such a suggestion is devoid of legal and factual accuracy. Furthermore, trading activity of Mr. Munaf Ibrahim and any securities firm that may render services to him is not the concern of JS Group. .

- (i) Mr. Munaf Ibrahim was the chief executive of Jahangir Siddiqui & Co. Limited but resigned from employment in 2012. From that point onwards, there is no link or connection between Mr. Ibrahim and JS Group.
- (j) Contents of paragraph (j) do not require any comment. However, it is submitted that JS Group has nothing to do with the price movement in the shares of HUM.
- (k) Contents of paragraph (k) are denied. It is vehemently denied that the JS Group is acting in concert with any shareholder of HUM, particularly the shareholders mentioned at paragraph (d) of the Letter. It is submitted that it is the right of every shareholder to contest election of directors provided he/she has the requisite shareholding either on his/her own or through soliciting proxies from other shareholders. Exercise of such a right by any individual does not mean that he/she is acting against the provisions of law. Secondly, JS Group is not supporting any individual in the upcoming election of directors of HUM but only looking after its own interest as a member of the Company, which is a legal right of any shareholder of a company. The Company has acknowledged in its Letter that JS Group companies collectively hold less than 10% shares in HUM, which is the maximum extent of JS Groups interest in HUM.

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It is submitted that the performance of the Company has been deteriorating for the last couple of years. The Company incurred a loss after tax of Rs. 535.883 million in 2019. It further incurred a loss after tax of Rs. 327.263 million in the nine months period ended March 31, 2020. Additionally, rising debt levels and the increase in the number of related party transactions also appear to be highly examinable from a regulatory perspective. The Management is perhaps aware of its own shortcomings and therefore fears that the shareholders may not be satisfied with the performance and would want to bring changes in the Board of Directors. In the past many years the Management had been successful in procuring proxies from shareholders including foreign shareholders. However, for the forthcoming election of directors to be held on August 22, 2020, the Management may be finding it difficult to convince foreign shareholders to provide their proxies in favor of the retiring directors due to the extremely poor performance of the Company and huge losses. The aforesaid Letter is therefore, a *mala fide* attempt to derail the election process by creating an unsubstantiated controversy.

Moreover, there should be an inquiry into the shareholding and trading activity of the management of the Company. It might be a possibility that the management itself has manipulated the share price of the Company and is now simply trying to lay the blame on JS Group to camouflage their own acts. It is strongly suggested that the Honorable SECP and PSX may conduct an inquiry into the affairs of the Company and also conduct an inquiry of the shareholding and trading activity of the sponsors, directors and management of the Company to ensure no act of market abuse (as contained in Part XI of the Securities Act, 2015) has been committed by HUM and/or its management. If found guilty, strict civil and criminal action should be taken against the management of HUM.

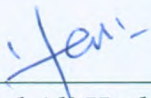
JS Group takes pride in carrying out all its activities in a clear, transparent and legal manner. JS Group is also discussing this matter internally as well as with its legal counsel to determine next steps against HUM, its management and company

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secretary for making false allegations, all with a clear aim and intent to malign the reputation of JS Group.

Regards



Syed Ali Hasham
Company Secretary

CC: Commissioner - Securities Market Division
Securities & Exchange Commission of Pakistan