

**Strictly Private and Confidential**

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**RE: Consultation Paper on Trading Halts**

5 September 2012

Our Ref 我所文號

Dear Sirs

We act for Kazakhmys plc (the "Company"). We refer to your consultation paper on trading halts published in July 2012 (the "Consultation"). On behalf of the Company, we set out below the Company's views on some of the questions set out in the Consultation questionnaire.

1. *Do you agree that the Hong Kong market should not adopt a model without a halt in trading after the release of PSI during trading hours (i.e. the UK model as described in paragraph 48)?*

**NO** (for secondary listed issuers). Although the Company does not express any view on whether a halt in trading after the release of PSI should be mandated for primary listed companies in Hong Kong (including those with a dual primary listing in Hong Kong), the Company is of the view that, in respect of secondary listed issuers, the Hong Kong Stock Exchange should ensure that its policy on trading halts after the release of PSI takes account of the regulatory requirements of the issuer's 'home' jurisdiction where it has its primary listing.

The Company believes that this is especially important in relation to the disclosure of PSI. It is rightfully important that disclosure of PSI occurs near simultaneously on the Company's primary and secondary listing venues. This is in accordance with, among other obligations, Hong Kong Listing Rules 2.03(4) and 13.09(2) to treat all shareholders equally and ensure equal dissemination of information to the Company's investor base and similar obligations which are likely to apply on its primary exchange (for example, for those with a primary listing in the UK, Listing Principle 5 in UK Listing Rule 7.2.1).

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Whilst the Company is generally in favour of a shorter trading halt as set out in the Consultation, it is of the view that the imposition on a secondary listed issuer of any trading halt that is not mandated by the issuer's primary regulator results in unequal and detrimental treatment to its Hong Kong investor base. The Company's shareholders in the UK will be able to trade immediately on the release of PSI whereas its shareholders who hold and trade their shares in Hong Kong will remain 'locked out' until the trading halt is lifted (albeit for a shorter period of time).

The Company's view that a trading halt should not be imposed by the Hong Kong Stock Exchange on a secondary listed issuer where this is not mandated by its primary regulator is not driven by its view on the merits of trading halts in general. Rather, the Company is firmly of the view that all shareholders of a listed issuer should (so far as practicable) receive information at the same time and be able to act on such information on an equal basis.

2. *Do you agree with our proposal to allow publication of PSI announcements on the HKExnews website during trading hours subject to a short trading halt?*

**YES.** The Company agrees with the proposal to allow publication of PSI announcements on the HKExnews website during trading hours. Please see the response to question 1 above for its views on the trading halt as it applies to secondary listed companies.

4. *Do you agree that results announcements should be published during the existing publication windows as far as possible?*

**NO** (for secondary listed issuers). The Company believes that for secondary listed issuers, the release of results should primarily be driven by market practice and requirements in its primary listing venue.

Generally results are PSI. The Company therefore has an obligation under Hong Kong Listing Rules 13.09(1) and 13.09(2) (and also under the incoming statutory regime for the disclosure of inside information) to release its results in Hong Kong simultaneously with their release in London. However, because of the requirements of Hong Kong Listing Rule 2.07C(4)(a), the Company currently can only publish its results in Hong Kong during an open publication window. Due to the time difference between London and Hong Kong, this currently requires the Company to suspend trading in Hong Kong for potentially an entire trading session and to publish its results in Hong Kong after they are published in London.

The Company notes that a number of issuers with dual primary listings (with their other place of primary listing in London) release their results so that the release coincides with an open submission window in Hong Kong. However, as the vast majority of the Company's investor base is participating through the London Stock Exchange and it has its only primary listing there, the Company must adhere to established market practice in London when timing the release of its results.

The Company believes that the current arrangements for the publication of its results in Hong Kong are materially disadvantageous for shareholders who hold and trade their shares in Hong Kong. Not only are they prevented from trading their shares at a time when those who hold their shares in London are able to trade, but they receive the results later than UK investors.

Sophisticated shareholders who hold and trade shares in Hong Kong can easily access the Company's results when they are released in the UK. Accordingly, the effect of requiring the Company to publish its results during an open publication window in Hong Kong is to impose a

double disadvantage on the minority of Hong Kong investors who cannot (or do not know how to) access the UK results announcement. They will have less time than other investors (including those Hong Kong investors who do access results when they are released in the UK) to analyse the results and they will be locked out of trading.

The Company complies with Hong Kong Listing Rule 13.43 requiring issuers to publish an announcement at least 7 clear business days prior to any board meeting at which an announcement of results is to be approved for publication. Hong Kong investors therefore have ample time to prepare for the release of the Company's results and have equal opportunity with UK investors analyse those results (and act or trade) if the results can be released during trading hours.

The Company believes that secondary listed issuers should be able to publish their results announcements in Hong Kong during trading to ensure equality of information across both venues of listing.

6. *Do you agree that the trading halt should not apply to dually listed issuers under the circumstances as described in paragraph 57?*

**YES.** A waiver of Hong Kong Listing Rule 2.07(C)(4)(a) is still required for PSI where the Company is unable to control the timing of its release and is under an obligation in the UK to immediately release an announcement (such as a material unexpected development in its business) regardless of whether this occurs during normal trading hours. In such circumstances, the Company may not have sufficient time to apply for a trading halt to release the relevant announcement (see the response to question 10 below on the Company's views on the current suspension/resumption regime) to ensure that the relevant PSI is simultaneously disseminated to the Company's investor base.

10. *Do you agree with the proposed notification arrangements for the trading halt and resumption information as set out in paragraph 64?*

**YES** (although the Hong Kong Stock Exchange should consider streamlining how trading halts are applied for): The Company generally has no comment on a separate information page on the HKExnews website setting out trading halt information.

Nevertheless, the Company notes from the Consultation that changes will need to be made to many of the Hong Kong Stock Exchange's systems to implement the proposals in the Consultation. It is of the view that this is an ideal opportunity to re-visit how applications for suspension and resumption are currently being handled. The current system for applying for suspension and resumption is workable but cumbersome and administratively unfriendly.

The Company's concern is that the current 'manual' nature of applying for suspension may lead to unnecessary delays if there are circumstances where its shares have to be suspended or a trading halt has to be implemented at very short notice. A system where trading halts can be electronically applied for by issuers will facilitate the expeditious and systemic handling of applications.

The Hong Kong Stock Exchange may publish the Company's identity and this response to members of the public.

If you have any questions on this response paper, please contact

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Yours faithfully,