Report on the implementation of the approved investment program of the tariff estimate of Kazakhstan-China Pipeline LLP for the provision of regulated services to consumers and other interested parties for H1 2024

In accordance with the Law of the Republic of Kazakhstan "On Natural Monopolies" dated December 27, 2018 No. 204-VI, Kazakhstan-China Pipeline LLP reports on the implementation of the approved tariff estimate and investment program for the provision of regulated services to consumers and other interested parties in the form public hearing (hereinafter referred to as the Hearing).

The purposes of this Hearing are: ensuring transparency, awareness, maintaining a balance of interests of consumers and natural monopolies, ensuring transparency of the activities of natural monopolies for consumers and other interested parties.

The report contains the following information:

1. General information about the subject of natural monopoly

Kazakhstan-China Pipeline LLP was created on July 6, 2004.

The Partnership was formed in accordance with the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships" within the framework Agreement on the development of comprehensive cooperation in the field of oil and gas dated May 17, 2004, concluded between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China, the Agreement on the basic principles of construction of the Atasu-Alashankou oil pipeline dated May 17, 2004, concluded between JSC National Company "KazMunayGas" and China National Petroleum Corporation (CNPC).

The Partnership was formed to carry out engineering, construction and operation of oil pipelines.

The founders of the Partnership are KazTransOil JSC 50% and China National Oil and Gas Exploration and Development Corporation (CNODC) 50%.

The authorized capital of the Partnership is KZT 13 bln.

2. Information on the implementation of the approved investment program of Kazakhstan-China Pipeline LLP based on the results of H1 2024

Annex 1 Form 21 to the Tariff Rules, approved by order of the Ministry of National Economy of the Republic of Kazakhstan dated November 19, 2019 №90

	Information on planned and actual volumes of provision of regulated services							Amount of investment program (KZT thousand)			
No.	Regulated services and serviced territory			Quantity	in kind	Period of service provision under the	Profit & Loss Statement				
		Activity	Unit	Plan	Actual	investment program	1 Tone & Loss Statement	Plan	Actual	Deviation	Reasons of deviation
1	2	3	4	5	6	7	8	9	10	11	12
1	Oil pumping through the main pipeline system	Construction of crossings for the Kenkiyak – Kumkol main line	r_	thousand tons 8 506	3 562	365 calendar days	Profit & Loss Statement in the form approved by order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 Ne404	9 932,30	0	-9 932	Tender procedures are currently underway. Execution expected in H2 2024
2		Reconstruction of 10 kV overhead line of the Kenkiyak-Kumkol MP at the section from 0 km to 602 km						124 184,60	0	-124 185	Following the tender procedures, ABROY Group KZ LLP was selected as a successful bidder, contract Ne974664/2024/1 dated 19.06.2024. Execution expected in H2 2024.
3		Diagnostics of the Kenkiyak - Kumkol MGP tanks, partial diagnostics of the V- 400 m3 VST № 1 at the Kenkiyak ASP and V-400 m3 VST №1, No. 2 at the Kumkol ASP						2 328,75	0	-2 329	Following the tender procedures, a service purchase contract №667893/2024/1 dated June 12, 2024 was signed with ALAR GROUP LLP. The contractor is currently performing the necessary procedures under the contract.
4		In-line diagnostics of the Kenkiyak- Kumkol oil pipeline						777 111,12	411 847	-365 264	The main ILD fieldwork has been completed (projectile pass). SFDI (supplementary flaw-detective inspection) and reporting is expected.
5		Acquisition of fixed assets						25 850,11	0	-25 850	In fact, contracts for the supply of fixed assets amounting to KZT 12,981 thousand, excluding VAT, were concluded. Delivery of goods is pending. Execution of FA purchase is recognized on delivery of goods. On purchase of other FAs - at the stage of tender procedures.
	Total:			8 506	3 562			939 407	411 847	-527 560	

	ormation on the actual conditions and amounts of financing of the investment program with indicators approved in the investment program Information on comparison of actual performance indicators of the investment program with indicators approved in the investment program												
internal funds Depreciation	Profit	Borrowed funds	Budgetary funds	Reducing the consumption of raw materials, materials, fuel and energy in physical terms, depending on the approved investment program		Reduction in wear and tear (physical) of fixed assets, %, by year of implementation, depending on the approved investment program		Reduction of losses, %, by year of implementation, depending on the approved investment program		Reduction of accidents, by year of implementation, depending on the			Evaluation of improvement of the quality and reliability of the provided regulated services
				actual of last year	actual of last year	actual of last year	actual of last year	plan	actual	actual of last year	actual of last year	1	
13	14	15	16	17	18	19	20	21	22	23	24	25	26
411 847	0	0	0	-	-		-			0	0	-	-
Total:	0		,									-	-

3. Report on the implementation of the tariff estimate for the regulated service of oil pumping through the Kenkiyak-Kumkol main pipeline in the domestic market for H1 2024

No.	Indicators	Unit	Provided for in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation in percentage	Reasons of deviation
1	2	3	4	5	6	7
I	Costs of goods and services	KZT thous	10 219 824	6 518 430	-36,2%	
_	including				*****	
1	Material costs, total	-//-	58 351	51 404	-11,9%	
1.1	including: raw and other materials	-//-	15 611	7 588	-51,4%	
1.2	energy	-//-	42 740	43 815	2,5%	
2	Labor costs, total	-//-	109 984	71 828	-34,7%	
	including:	-//-			. , ,	
2.1	wages of production personnel	-//-	100 442	65 771	-34,5%	
2.2	social tax	-//-	9 542	6 058	-36,5%	
3	Depreciation	-//-	4 012 997	2 988 845	-26%	
4	Repair, total	-//-	270 206	98 811	-63,4%	
	including:					
4.1	overhaul repair that do not cause an increase in the value of fixed assets	-//-	270 206	98 811	-63,4%	
5	Other costs, total	-//-	5 768 285	3 307 542	-42,7%	
	including:					
5.1	extra-departmental security and fire-fighting service	-//-	349 895	297 140	-15,1%	
5.2	O&M services	-//-	2 605 899	2 225 534	-14,6%	
5.3	metrology	-//-	3 131	2 211	-29,4%	
5.4	maintenance of equipment and metering devices	-//-	25 992	20 343	-21,7%	
5.5	Support of the pipeline integrity management information and analytical system (PIMS)	-//-	20 400	0	-100,0%	
5.6	maintenance of communication systems	-//-	123 892	87 378	-29,5%	
5.7	taxes	-//-	826 773	558 957	-32%	
5.8	environmental monitoring and protection	-//-	9 340	4 355	-53,4%	
5.9	servicing hazardous production facilities in the oil		23 155	18 580	-19,8%	
	and gas industry					
5.10	costs of maintaining fire and security alarm systems	-//-	14 825	9 705	-34,5%	
5.11	M&CR of oil pipeline security systems and M&CR of video surveillance systems and perimeter security systems of the main oil pipeline	-//-	39 242	15 324	-61,0%	
5.12	transport services by company vehicles	-//-	39 040	28 651	-26,6%	
5.13	M&CR of office equipment, software and climate control systems	-//-	19 771	6 515	-67,0%	
5.14	current repair and maintenance of oil metering units	-//-	38 012	826	-97,8%	
5.15	communication services	-//-	17 646	10 557	-40,2%	
5.16	accommodation and meals for shift workers	-//-	12 619	19 377	53,6%	
5.17	insurance	-//-	1 359	2 088	53,6%	
5.18	training and advanced training technological costs (injection of drag-reducing	-//-	2 296	0	-100,0%	
5.19	agent)	-//-	1 594 996	0		
П	Expenses of the period, total	-//-	1 319 623	790 456	-40,1%	
	including:					
6	General and administrative expenses	-//-	776 482	394 755	-49,2%	
	including:	-//-				
6.1	administrative staff salaries	-//-	364 262	150 316	-58,7%	
6.2	social tax	-//-	34 605	14 280	-58,7%	
6.3	bank services	-//-	1 619	740	-54,3%	
6.4	depreciation	-//-	68 608	28 914	-57,9%	
6.5	services of third parties, total	-//-	307 388	200 505	-34,8%	
	including:					
6.5.1	raw and other materials	-//-	2 082	581	-72,1%	
6.5.2	transport services	-//-	100 996	69 991	-30,7%	
6.5.3	training and advanced training	-//-	8 047	6 249	-22,3%	
6.5.4	advertisements in the media	-//-	569	1 112	95,5%	
6.5.5	travel services	-//-	50 880	23 327	-54,2%	
6.5.6	communication services	-//-	3 103	1 918	-38,2%	
6.5.7	taxes	-//-	8 960	4 933	-44,9%	
6.6	other expenses, total	-//-	132 751	92 394	-30,4%	
7	Interest expenses	-//-	543 141	395 702	-27,1%	
III	Total costs of services	-//-	11 539 447	7 308 886	-36,7%	
IV	Profit	-//-	21 151 740	5 992 129	-71,7%	
VI	Total income	-//-	32 691 186	13 301 016	-59,3%	
VII	Volume of services provided	thousand tons	8 506,1	3 562,0	-58,1%	
VIII	Standard technical losses	thousand tons	5,7	2,7	-52%	
IX X	Freight turnover	million tkm	6 756,1	2 748,8	-59,3%	
А	Unit tariff (excluding VAT)	KZT/1 ton per 1000 km	4 838,79	4 838,79	0%	<u> </u>

4. On the main financial and economic indicators of the Partnership's (anticipated) activities for H1 2024

No.	Name	Actual indicators for H1 2024 (KZT thousand)
1	Revenue	42 012 465
2	Cost of services	-19 404 856
3	Gross profit	22 607 609
4	Administrative costs	-1 850 520
5	Other non-operating income	1 303 783
6	Total operating profit	22 060 872
7	Finance expenses	-840 058
8	Other non-operating expenses	-16 524
9	Profit/(loss) before tax	21 204 290
10	Income tax expenses	4 077 551
11	Net income (loss)	17 126 739

5. On the volumes of regulated services provided during the reporting period

No.	Indicators of tariff estimates	Unit	Provided for 2024*	Actual for 2024	Deviation in %
1	Oil pumping volume	thousand tons	8 506	3 562	-58,1%
2	Freight turnover	million tkm	6 756	2 749	-59,3%

6. On the ongoing work with consumers of regulated services

During the reporting period, the Partnership concluded 52 contracts for domestic transportation via the Kenkiyak-Kumkol main oil pipeline, of which 38 shippers transported oil. At the same time, the cargo turnover of the Kenkiyak-Kumkol main oil pipeline in the domestic market in H1 2024 amounted to 2,749 million tons/km, with the approved plan of 6,756 million tons/km, execution is 59.3%. A daily balance of oil is recorded, data on pumping is processed, on the basis of which the accounting of commercial oil transactions is controlled, and the interaction of the shipping and receiving parties is coordinated. Control over the quality and quantity of oil is carried out by the Partnership together with KazTransOil JSC.

7. On the prospects of activity (development plans)

- 1) Increasing economic efficiency by reducing the financial burden.
- $2) \ Ensuring \ uninterrupted \ oil \ transportation, \ reliable \ and \ safe \ operation \ of \ oil \ pipeline \ facilities;$
- 3) Timely approval of the tariff for regulated services of oil pumping through the Kenkiyak-Kumkol oil pipeline system in the domestic market of RK for 2025-2029.