

Report on the realization of the approved tariff estimate, on the realization of the approved investment program, on compliance with the quality and reliability indicators of regulated services and the achievement of the performance indicators of Kazakhstan-China Pipeline LLP to consumers and other stakeholders on the provision of a regulated service of oil pumping through the Kenkiyak-Kumkol main pipeline in the domestic market for 2025

In accordance with the Law of the Republic of Kazakhstan "On Natural Monopolies" and Chapter 7 of the Rules of operation for entities of natural monopolies, approved by the Order of the Minister of National Economy of the Republic of Kazakhstan dated August 13, 2019 No. 73, Kazakhstan-China Pipeline LLP holds Hearings of the report on the realization of the approved tariff estimate, on the realization of the approved investment program, on compliance with the quality and reliability indicators of regulated services and the achievement of performance indicators for the provision of the regulated service of oil pumping through the Kenkiyak-Kumkol oil pipeline in the domestic market to consumers and other stakeholders for the first half of 2025, in the form of a public hearing (hereinafter referred to as the Hearing). **The purposes of this Hearing are:** Ensuring transparency, awareness, maintaining a balance between the interests of consumers and natural monopoly entities, and ensuring the transparency of natural monopoly's operations to consumers and other stakeholders. The report contains the following information:

1. General information about the subject of a natural monopoly

Kazakhstan-China Pipeline LLP was established 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 of 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 for the Construction of the Atasu-Alashankou Oil Pipeline dated May 17, 2004, concluded between JSC National Company "KazMunayGas" and the China National Petroleum Corporation (CNPC). The Partnership was established to design, construct and operate oil pipelines. The founders of the Partnership are JSC KazTransOil (50%) and China National Oil and Gas Exploration and Development Corporation (CNODC) (50%). The authorized capital of the Partnership is 13 billion tenge.

2. Information on the realization of the approved investment program of Kazakhstan-China Pipeline LLP for 2025

Appendix 5 to the Rules for the implementation of activities by natural monopoly entities, approved by order of the Minister of National Economy of the Republic of Kazakhstan dated August 13, 2019 No. 73 Form 1

Item No.	Information on planned and actual volumes of regulated services						Profit and Loss Statement	Investment program amount (thousand tenge)			
	Regulated services and territory served	Activities	Unit of measurement	Quantity in physical terms		Period of provision of services under the investment program		Plan	Actual	Deviation	Reasons of deviation
				Plan	Actual						
1	2	3	4	5	6	7	8	9	10	11	12
1	Oil pumping through the main pipeline system	Design survey for the development of a detailed design "Major repairs/reconstruction of the 10 kV overhead power line" MN K-K	thousand tons	7 622	8 430	2025	Profit and loss statement in the form approved by the order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 No. 404	73 150,0	65 835,0	-7 315,00	Savings as a result of tender procedures
2		Design survey for the development of a detailed design for the "Major repair of a 10 kV radial overhead power line with a total length of 108.5 km"						32 500,0	29 250,1	-3 249,88	Savings as a result of tender procedures
3		Design survey for the development of design and estimate documentation for the reconstruction of the Kenkiyak-Kumkol MP structures						94 694,0	85 225,0	-9 469,00	Savings as a result of tender procedures
4		Installation of an overflow on sections of service roads in areas of washouts						46 791,1	41 600,0	-5 191,11	Savings as a result of tender procedures
5		Construction of crossings across the Kenkiyak-Kumkol MP						22 604,4	22 000,0	-604,40	Savings as a result of tender procedures
6		Implementation of the LDS PTS "Kenkiyak" - "Kenkiyak - Kumkol" MP						1 235 305,2	1 092 786,3	-142 518,89	Savings based on expert review and tender procedures
7		Modernization of the TRS Kenkiyak-Kumkol MP						890 187,3	853 033,7	-37 153,59	Savings based on expert review and tender procedures
8		Design survey for the development of design and estimate documentation for the modernization of SCADA Kenkiyak-Kumkol pipeline						30 000,0	26 729,5	-3 270,50	Savings as a result of tender procedures
9		Design survey for the development of design and estimate documentation for the modernization of the PLC Kenkiyak-Kumkol						30 000,0	26 730,0	-3 270,00	Savings as a result of tender procedures
10		Major overhaul of the boiler room, heating systems, and hot water supply at the ERC Arak						80 576,5	76 510,2	-4 066,28	Savings as a result of tender procedures
11		Equipment of the Kenkiyak-Kumkol MP with motor vehicles and special machinery involved in the operation and maintenance of the pipeline, as well as for prompt response to emergency situations						643 780,0	643 811,0	31,00	The overexecution is due to the increase in the cost of the bus.
12		Re-equipment and replacement of equipment and devices at the Kenkiyak-Kumkol pipeline facilities involved in the operation and maintenance of the pipeline, as well as for prompt response to emergency situations						86 171,7	77 999,2	-8 172,50	Savings as a result of tender procedures
13		Design survey for the development of design and estimate documentation for connecting the distribution substation (Solenaya, Saksaulkaya, Tokabai, Arak), the Tokabai fire alarm system to the telecommunications networks of the Kenkiyak-Kumkol MP						25 000,0	22 250,0	-2 750,00	Savings as a result of tender procedures
14		Design survey for the development of design and estimate documentation for the project "Reconstruction of buildings and structures of the ERC Arak of Kenkiyak-Kumkol MP"						40 320,0	36 288,0	-4 032,00	Savings as a result of tender procedures
15		Modernization of the equipment of the COMS Kumkol of Kenkiyak-Kumkol MP (DS)						38 600,0	34 740,0	-3 860,00	Savings as a result of tender procedures
16		Purchase of fixed assets						133 904,4	159 734,4	25 830,00	The overexecution is due to an increase in the quantity and cost of fixed assets.
17		Installation of an overflow on sections of service roads in areas of washouts							122 350,0	122 350,00	The work was carried out using funds saved through an external expert review of the "Implementation of the Kenkiyak Oil Pipeline Security System" project, totaling 140,623,290 tenge. Tender procedures for three overflow sections were announced for 140,373,300 tenge, resulting in contracts worth a total of 122,350,000 tenge. Consequently, the tender process resulted in savings of 18,023,300 tenge.
18		Purchase of additional fixed assets							26 471,7	26 471,69	Purchase of additional fixed assets to replenish the emergency stock of the Kenkiyak-Kumkol main pipeline in the amount of 26,472,000 tenge using savings that arose as a result of the expert review of the TRS Modernization project (25,745,300 tenge).
20	Total:			7 622	8 430		3 503 584,62	3 443 344,15	-60 240,47		

Information on the actual conditions and amounts of financing for the investment program, thousand tenge				Information on the comparison of actual performance indicators of the investment program with the indicators approved in the investment program						Explanation of the reasons for the deviation of the actual achieved indicators from the indicators in the approved investment program	Evaluation of improvements in the quality and reliability of regulated services		
Own funds		Borrowed funds	Budget funds	Reduction of consumption of raw materials, materials, fuel and energy in kind, depending on the approved investment program	Reduction in depreciation (physical) of fixed assets (assets), %, by years of realization depending on the approved investment program	Reduction of losses, %, by years of realization depending on the approved investment program		Reduction in accidents by year of realization depending on the approved investment program					
Depreciation	Profit					Actual of last year	Actual of current year	plan	Actual			Actual of last year	Actual of current year
13	14	15	16	17	18	19	20	21	22	23	24	25	26
3 443 344,15	0	0	0	-	-	-	-	-	-	0	0	-	-
Total:	0												

3. Information on the realization of the approved tariff estimate for the regulated service of oil pumping through the Kenkiyak-Kumkol MP in the domestic market for 2025

Form 2

Item No.	Tariff estimate indicators	Unit of measurement	Provided for in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation, in %	Reasons of deviation
1.	Controlled expenses	thousand tenge	7 850 050	8 825 805	12%	
2.	Uncontrolled expenses	thousand tenge	1 146 866	1 171 518	2%	
3.	Depreciation, including:	thousand tenge	3 512 201	6 287 782	79%	
3.1	taken into account in the investment program	thousand tenge	3 512 201	3 503 585	0%	
4	Acceptable profit (before payment of performance bonus), including:	thousand tenge	7 123 603	5 593 135	-21%	
4.1	related to the investment program	thousand tenge	0		0%	
4.2	taking into account the performance bonus	thousand tenge	7 123 603	5 593 135	-21%	
5	Total income	thousand tenge	19 632 720	21 878 240	11%	
6	Volume of services	thousand tons	7 622	8 430	11%	
6.1	Cargo turnover	thousand tkm	5 881	6 553	11%	
7	Tariff (excluding VAT)	tenge/ton per 1000 km	3 338,49	3 338,49	0%	

4. Information on compliance with quality and reliability indicators for regulated services of oil pumping through the Kenkiyak-Kumkol MP in the domestic market based on the results of 2025.

Form 3

Item No.	Quality and reliability indicator	Unit of measurement	Plan for 2025	Actual of the current half-year	Note
1	2	3	4	5	6
1	Timely implementation of activities provided for by the investment program	%	100	100	The investment program for 2025 was implemented at 3,443,344,000 tenge, compared to the approved plan of 3,503,585,000 tenge. The deviation is 60,240,000 tenge, representing savings resulting from the tender process. This key indicator was met 100%.
2	Implementation of innovative technology in an enterprise providing a regulated service	activity	1	1	The approved investment program included the implementation of an innovative technology - specifically, a security system for the Kenkiyak-Kumkol oil pipeline - by 2025 at the Kenkiyak production facility. This project has been fully implemented, thus achieving this key performance indicator.
3	Maintaining the quality, reliability and other consumer properties of goods during transportation	%	100	100	All oil transported through the Partnership's pipeline system complies with the requirements of ST RK 1347-2024 (Oil, General Specifications) in accordance with the quality certificates received for each shipment of oil. Therefore, this key indicator is 100% met.
4	Reduction or maintenance at the accepted level of specific energy consumption for oil cargo turnover through main pipelines	thousand kWh/million tkm	0,51	0,41	Actual energy consumption for oil cargo turnover in 2025 was 0.41 thousand kWh/million tkm. Accordingly, the actual figure is lower than planned, thus achieving the target.
5	The number of violations of legislation in the sphere of natural monopolies	thousand kWh	0	0	The Partnership strictly complies with the requirements of the Republic of Kazakhstan's laws on natural monopolies. We hereby inform you of the absence of any violations of natural monopoly laws by the Partnership during the 2025 reporting period.
6	Ensuring long-term trouble-free operation of the oil pipeline	million tkm	100	100	According to monthly reports on the achievement of key performance indicators, no emergencies, incidents, accidents, or illegal actions leading to the suspension of oil transportation were recorded at the main oil pipeline facilities.
7	Compliance with schedules of approved work plans in order to prevent emergency situations	units	100	100	In accordance with the monthly operating plan for the Kenkiyak-Kumkol main oil pipeline, maintenance and current repairs are being carried out at the pipeline facilities. During the reporting period, no emergencies, incidents, accidents, or illegal actions resulting in interruptions in oil transportation were recorded at the pipeline facilities. The Partnership's production indicators for the reporting period were generally based on the efforts of its production units to ensure the uninterrupted, safe, and trouble-free operation of the main and auxiliary equipment of the Kenkiyak-Kumkol main oil pipeline. Thus, the Partnership complied with the schedules of the approved work plans to prevent emergency situations.
8	Time to eliminate accidents	%	72	0	During the reporting period, no accidents were recorded at production facilities or the linear section of the Kenkiyak-Kumkol main oil pipeline. Due to the absence of emergency situations, no time was spent on emergency response. The absence of emergency situations confirms the effectiveness of the measures taken to monitor, maintain, and supervise the operation of the main oil pipeline facilities.
9	Compliance with the qualification requirements of management personnel	%	100	100	According to subparagraph 7.1.2, paragraph 7.1, Article 7 of the Partnership Charter, the General Meeting of Participants of the Partnership has exclusive authority to: appoint the General Director, First Deputy General Director, Deputy General Director of Finance, and three (3) Deputy General Directors on matters determined at the General Meeting; and to terminate their employment contracts early. In accordance with the decision of the Partnership's Management Board (protocol No. 40-2024 of October 9, 2024), job descriptions for the Partnership's management were approved. Therefore, the qualification requirements for the Partnership's management are met.
10	Reduction of depreciation of fixed assets	hour	49,50%	40,1%	According to historical cost, the estimated accounting depreciation of fixed assets for 2025 amounted to 40.1%.

5. On the main financial and economic indicators of the Partnership's operations for 2025.

No.	Name	Actual indicators for 2025 (thousand tenge)
1	Revenue	76 216 893
2	Cost of services	-42 020 231
3	Gross profit	34 196 662
4	Administrative expenses	-4 989 207
5	Other income from non-core activities	8 538 124
6	Total operating profit	37 745 579
7	Financing costs	-1 297 203
8	Other expenses from non-core activities	-2 602 957
9	Profit/(loss) before tax	33 845 419
10	Income tax expenses	-6 814 708
11	Net income (loss)	27 030 711

6. On the volume of regulated services provided during the reporting period

Item No.	Tariff estimate indicators	Unit of measurement	Planned for 2025	Actual of 2025	Deviation in %
1	Oil pumping volume	thousand tons	7 622	8 430	10,6%
2	Cargo turnover	million tkm	5 881	6 553	11,4%

7. On the work carried out with consumers of regulated services

During the reporting period, the Partnership concluded 54 contracts for transportation via the Kenkiyak-Kumkol main oil pipeline in the domestic market, of which 46 shippers supplied oil. The Kenkiyak-Kumkol pipeline's domestic cargo turnover for 2025 amounted to 6,553 million tons/km, compared to the approved annual plan of 5,881 million tonnes/km, with a fulfillment rate of 111.4%. A daily oil balance is maintained, and pumping data is processed, which is used to control the accounting of commercial oil transactions and coordinate interactions between the delivering and receiving parties. The Partnership, together with KazTransOil, monitors the quality and quantity of oil.

8. On the prospects of operations (development plans)

- 1) Ensuring uninterrupted transportation of oil, reliable and safe operation of main oil pipeline facilities;
- 2) Realization of the investment program and tariff estimate for regulated services of oil pumping through the Kenkiyak-Kumkol main pipeline system in the domestic market of the Republic of Kazakhstan for 2026.
- 3) Achievement of quality and reliability indicators for regulated services for 2026.