## Report on implementation of the approved tariff estimates and investment program of Kazakhstan-China Pipeline LLP to provide regulated services to consumers and other interested parties for the 1st half of 2021

In accordance with the Law of the Republic of Kazakhstan "On Natural Monopolies" No. 204-VI dated 27.12.2018, Kazakhstan-China Pipeline LLP carries out a report on the implementation of the approved tariff estimates and investment programs for provision of regulated services to consumers and other interested parties in the form of public hearing (hereinafter - the Hearing). The purposes of this hearing are: ensuring transparency, awareness, balancing the interests of consumers and natural monopolies, ensuring transparency of the activities of natural monopolies to consumers and other interested parties. The report contains the following information:

## 1. General information about the entity of natural monopoly

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

The Partnership was established in accordance with the Law of the Republic of Kazakhstan "On limited and additional liability partnerships" within the Framework Agreement on development of comprehensive cooperation in the field of oil and gas dated May 17, 2004, concluded between Government of the Republic of Kazakhstan and Government of the People's Republic of China, the Agreement on the basic principles of construction of Atasu-Alashankou pipeline dated May 17, 2004, concluded between National Company KazMunaiGas JSC and China National Petroleum Corporation (CNPC).

The Partnership was established for designing, construction and operation of the pipelines.

The shareholders of the Partnership are KazTransOil JSC 50% and China National Oil and Gas Exploration and Development Corporation (CNODC) 50%. The charter capital of the Partnership is 13 milliard tenge.

### 2. Information on execution of the approved investment program \* based on the results of the 1st half of 2021 of Kazakhstan-China Pipeline LLP

			Amount of the investment program(thous. tenge)																
No	Regulated services and serviced territory	Activity		Quantity in natural values The period of services providing		Report about incomes and material losses*		_											
			Measuring unit	plan	fact	under the investment program		Plan	Fact	Deviation	Reasons of deviation								
1	2	3	4	5	6	7	8	9	10	11	12								
1		Construction of crossings of the main oil pipeline Kenkiyak-Kumkol			8 068 2 976			9 932	C	) -9 93	<sup>2</sup> Tender procedures are underway. Execution is planned for the 3-4th quarter.								
2		Modernization of the video surveillance system of the main oil pipeline at the linear part of Kenkiyak- Kumkol	-					36 104	C	) -36 10	Procurement is in the process of engeneering and 4 survey work to modernize the video surveillance system of the Kenkiyak-Kumkol oil trunk pipeline.								
3	Oil pumping through the pipeline system.	Modernization of station facilities to ensure their compliance with the Requirements for the system of anti-terror protection of facilities vulnerable to terrorist attacks of the Kenkiyak - Kumkol main oil pipeline		8 068		2 976	365 calendar days	Report about incomes and material losses in the form approved by order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 No. 404	280 467	C	) -280 46	Technical conclusion on the procurement of works for the modernization of plant facilities to ensure their compliance with the Requirements for the system of anti-terrorist protection of facilities, terrorist- 7 vulnerable facilities of the Kenkiyak - Kumkol main oi pipeline for three facilities (COMS Kenkiyak in Aktobe region, ERC Aralsk in Kyzylorda region, COMS Kumkol area) for approval in the structural divisions of the Partnership.							
4	Oil pumping through the pipeline system.	Reconstruction of OQMS at IPS Kenkiyak and IPS Kumkol of the Kenkiyak - Kumkol main oil pipeline														116 299	116 180	) -11	9 Construction and installation work completed.
5	Oil pumping through the pipeline system. (Kenkiyak-Kumkol pipeline)	Purchase of fixed assets						28 228	C	-28 22	Tender procedures are underway for the purchase of emergency reserves.								
	Total:		1		1	1		471 030	116 180	-354 85	0								

Information or	n actual	conditions and amounts of financing the	investment program, thousand tenge	Information on comparison of actual performance indicators of the investment program with indicators approved in the investment program **								Clarification of the		
Own funds				Reduced consumption of raw materials, materials, fuel and energy			Decreasing of depreciation of (physical) fixed assets (assets),%, by		Decreasing loss ,%, by years of		Decreasing accidents, by years of implementation, dependi		deviation reasons of the achieved actual indicators	Assessment of improving quality
Dennosiati		Borrows	Borrowed funds Budget funds	Budget funds	in natural values depending on the approved investment program		years of implementation, depending on the approved investment program		implementation, depending on the approved investment program		on the approved investment program		from the indicators	and reliability of the regulated services provided
Depreciation	1011	Revenue		fact of the last year	fact of the current year	fact of the last year	fact of the current year	plan	fact	fact of the last year	fact of the current year	investment services provid program	services provided	
13		14	15	16	17	18	19	20	21	22	23	24	25	26
1	16 180	0	0	0	-	-	44	0	0,1	0,1	0	0	-	-
Total:														

Attachment 1 Form 21

to the Rules for establishing tariffs approved by order of the Ministry of National Economy of the Republic of Kazakhstan dated November 19, 2019 No. 90

# 3. Report on implementation of the tariff estimate for the regulated service for oil pumping through Kenkiyak-Kumkol pipeline of Kazakhstan-China Pipeline LLP to the domestic market for the 1st half of 2021

# Attachment 1 Form 5

To Rules of establishing tariffs, approved by the order of the Miniter of National Economy of the Republic of Kazakhstan No 90 dated November 19, 2019

No	Indicators	Measuring unit	Provided in the approved tariff estimate	actually prevailing indicators of tariff estimates	Deviation percent	Reasons of deviation
1	2	3	4	5	6	7
I	The costs for producing goods and providing services	thous.tenge	9 538 115	5 170 009	-45,8%	
1	including Material costs, total	-//-	52 513	30 403	-42,1%	
1.1	including:		12.004	4.002	71.20/	
1.1 1.2	raw materials power	-//- -//-	13 884 38 629	4 002 26 401	-71,2% -31,7%	
2	Labor costs, total	-//-	92 319	53 989	-41,5%	
	including:	-//-				
2.1	Salary of the production personnel	-//-	84 310	49 305	-41,5%	
2.2	social tax	-//-	8 009	4 684	-41,5%	
3 4	Depreciation Repair, total	-//- -//-	<u>3 758 182</u> 229 010	2 442 497 136 826	-35,0% -40,3%	
5	Other costs, total	-//-	5 406 089	2 506 295	-53,6%	
	including:					
5.1	private and fire protection	-//-	327 193	227 373	-30,5%	
5.2	OTM services	-//-	2 320 572	1 530 926	-34,0%	
5.3	metrology maintenance of equipment and metering	-//-	2 928	0	-100,0%	
5.4	maintenance of equipment and metering devices maintenance of the information and	-//-	24 330	15 306	-37,1%	
5.5	analytical Pipeline Integrity Management System (PIMS)	-//-	0	0	0,0%	
5.6	Communication system service	-//-	115 854	68 438	-40,9%	
5.7	tax payments and fees	-//-	922 856	565 374	-38,7%	
5.8	environmental monitoring and protection	-//-	8 734	1 397	-84,0%	
5.9	maintenance of hazardous production facilities of the oil and gas industry	-//-	19 625	8 789	-55,2%	
5.10	maintenance costs for fire alarm systems	-//-	13 863	7 031	-49,3%	
5.11	TM, TR of the pipeline protection system and TM, TR of video surveillance systems and the perimeter protection system of the main pipeline	-//-	36 696	17 463	-52,4%	
5.12	transportation services with office vehicles (current repair and maintenance of vehicles	-//-	36 507	24 042	-34,1%	
5.13	TM and TR of office equipment, software and climate control systems	-//-	18 488	15 806	-14,5%	
5.14	current repair and maintenance of oil metering station	-//-	35 546	3 631	-89,8%	
5.15	communication service	-//-	16 343	10 307	-36,9%	
5.16	accommodation and meals for shift employees	-//-	11 687	9 536	-18,4%	
5.17	insurance	-//-	1 259	875	-30,5%	
5.18	training and professional development		2 097	0		
5.19	technological costs (introduction of an anti-turbulent additive)		1 491 512	0		
II	Expenses of the period, total including:	-//-	4 535 653	1 875 827	-58,6%	
6	General and administrative costs:	-//-	657 033	241 640	-63,2%	
	including:	-//-				
6.1	salary for administrative staff	-//-	288 062	107 281	-62,8%	
6.2	social tax	-//- -//-	27 366	10 192	-62,8%	
6.3 6.4	bank services depreciation	-//-	1 427 67 368	594 16 138	-58,4% -76,0%	
6.5	third party services, total	-//-	272 810	107 435	-60,6%	1
	including:					
6.5.1	raw materials:	-//-	1 608	982	-38,9%	
6.5.2	transport services with office vehicles (transport services)	-//-	96 106	48 327	-49,7%	
6.5.3	training and professional development	-//-	7 021	0		
6.5.4	advertisment in mass media	-//-	569	864	51,8%	
6.5.5	business trip services	-//-	44 394	6 520	-85,3%	
6.5.6	comunication services	-//-	2 840	1 146	-59,6%	
6.5.7	taxes	-//-	8 443	4 338	-48,6%	

7	costs for interests payment	-//-	3 878 620	1 634 188	-57,9%	
Ш	Total costs for services	-//-	14 073 767	7 045 836	-49,9%	
IV	Income	-//-	12 992 622	2 715 758	-79,1%	
VI	total of income	-//-	27 066 390	9 759 442	-63,9%	
VII	Volume of services provided	thous.ton	8 068	2 976	-63,1%	
VIII	Regulatory Technical Losses	thous.ton	5	2	-54,1%	
IX	Cargo turnover	million tkm	6 261	2 258	-63,9%	
Х	Specific tariff (without VAT)	tenge for 1 ton for 1000km.	4 323	4 323	0,0%	

# 4. On the main financial and economic performance indicators of the Partnership for the 1st half of 2021

No	Name	Actual indicators for the 1st half of 2021 (thous. tenge)
1	Returns	36 264 904
2	Cost of services	-15 897 287
3	Gross return	20 367 617
4	Administrative expenses	-1 670 751
5	Other income from side activities	160 063
6	Total operating income	18 856 929
7	Finance costs	-2 963 487
8	Other expenses from side activities	-1 877 486
9	Income /(loss) before tax	14 015 956
10	Income tax expense	2 943 351
11	Net income (loss)	11 072 605

# 5. On volumes of regulated services provided for the reporting period

No	indicators of tariff estimates	Measuuring unit	provided for 2021 *	fact for the 1st half of 2021	deviation in%
1	Oil pumping volume	thous. ton	8 068	2 976	-63,1%
2	Cargo turnover	mln tkm	6 261	2 258	-63,9%

\* Indicators of the tariff estimate for the regulated service of Kazakhstan-China Pipeline LLP on oil pumping through the pipeline system for 2021, approved by the order of Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty No. 74-OJ dated December 31, 2019

#### 6.On ongoing work with consumers of regulated services

For the reporting period, 22 contracts with consumers were concluded on Kenkiyak-Kumkol pipeline to the domestic market. At the same time, the volume of oil turnover to the domestic market through the Kenkiyak-Kumkol oil pipeline for the 1st half of 2021 amounted to 2,258 million tons / km, with the approved indicators of 6,261 million tons / km in the tariff estimate, which is 36%. Every day oil balance is maintained, pumping data is processed, on the basis of which the accounting of oil commercial operations is controlled, and the interaction of the issuing and receiving parties is coordinated. The quality and quantity of oil is controlled by the Partnership together with KazTransOil JSC.

#### 7. About the prospects of activity (development plans)

1) Ensuring uninterrupted oil transportation, reliable and safe operation of oil trunk pipeline facilities.

2) Increasing economic efficiency by reducing the financial burden.