

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 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 for 2024 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 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 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 KazzTransOil 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 for 2024 by Kazakhstan-China Pipeline LLP

No.	Regulated services and serviced territory	Information on planned and actual volumes of provision of regulated services					Profit & Loss Statement	Amount of investment program (KZT thousands)			
		Activity	Unit	Quantity in kind		Period of service provision 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	Construction of crossings of Kenkiyak-Kumkol MP facilities	thousand tons	8 506	7 613	2024	Profit & Loss Statement in the form approved by order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 №404	21 601,80	21 601,80	0,00	
2		Reconstruction of the 10 kV power line of Kenkiyak-Kumkol MP on the section from 90 km to 108 km						124 184,60	124 826,09	641,49	
3		Diagnostics of Kenkiyak - Kumkol MP reservoirs, partial diagnostics of the RVS No. 1 V- 400 m3 at Kenkiyak PA and RVS No. 1, No. 2 V- 400 m3 at the Kumkol PA						15 211,70	15 211,70	0,00	
4		Intra-pipe diagnostics of the Kenkiyak-Kumkol oil pipeline						658 955,50	658 955,52	0,02	
5		Purchase of fixed assets						25 850,11	45 826,10	19 975,99	
6		Construction of a crossing at 405 km of Kenkiyak-Kumkol MP						57 400,00	57 400,00	0,00	
7		Design and survey work on the development of a working project for the reconstruction of the ECP system						36 203,17	36 283,60	80,43	
		Total:								8 506	7 613

Appendix 5  
to the Rules for the implementation of activities by 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  
Form 1

Information on the actual conditions and amounts of financing of the investment program, KZT thousand				Information on comparison of actual performance indicators of the investment program with indicators approved in the investment program								Explanation of the reasons for the deviation of the achieved actual indicators from the indicators in the approved investment program	Evaluation of improvement of the quality and reliability of the provided or updated services
Internal funds				Information on comparison of actual performance indicators of the investment program with indicators approved in the investment program									
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 approved investment program			
				actual of last year	actual of current year	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
990 104,81	0		0							0			
Total:	0												

3. Information 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 2024

Form 2

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
1	Costs of goods and services including:	KZT thons	12 999 748	13 386 910	3,0%	
1	Material costs, total including:	-/-	126 073	146 013	16,3%	
1.1	raw and other materials	-/-	59 771	67 206	12,4%	
1.2	fuels	-/-	66 302	79 407	20,0%	
2	labor costs, total including:	-/-	136 744	139 956	2,3%	
2.1	wages of production personnel	-/-	124 880	127 814	2,3%	
2.2	social tax	-/-	11 864	12 142	2,3%	
3	Depreciation	-/-	5 902 053	5 587 586	7%	
4	Rent, total including:	-/-	202 539	205 676	1,7%	
4.1	overhaul repair that do not cause an increase in the value of fixed assets	-/-	203 539	205 676	1,1%	
5	Other costs, total including:	-/-	6 631 341	6 912 679	4,2%	
5.1	extra departmental security and fire defense	-/-	589 949	601 092	1,9%	
5.2	O&M services	-/-	4 433 085	4 680 805	5,6%	
5.3	meals	-/-	7 494	9 693	29,4%	
5.4	maintenance of equipment and meters	-/-	60 533	59 718	-1,3%	
5.5	maintenance of communication systems	-/-	123 892	164 358	32,7%	
5.6	taxes	-/-	1 111 750	1 090 915	-2%	
5.7	environmental monitoring and protection	-/-	15 960	16 128	1,1%	
5.8	servicing hazardous production facilities in the oil and gas industry	-/-	37 010	37 399	1,1%	
5.9	costs of maintaining fire and security alarm	-/-	25 591	25 025	-2,2%	
5.10	M&C/R of oil pipeline security systems and M&C/R of video surveillance systems and perimeter security systems of the main oil pipeline	-/-	42 340	41 157	-2,8%	
5.11	transport services by company vehicles	-/-	57 071	57 071	1,1%	
5.12	M&C/R of office equipment, software and limit control systems	-/-	25 961	26 010	0,2%	
5.13	current repair and maintenance of oil meters	-/-	32 109	32 442	1,1%	
5.14	communication services	-/-	21 729	22 081	1,1%	
5.15	accommodation and meals for shift workers	-/-	38 598	39 003	1,1%	
5.16	insurance	-/-	4 189	4 233	1,1%	
5.17	training and advanced training	-/-	3 084	3 091	0,0%	
III	Expenses of the period, total including:	-/-	1 200 059	1 246 040	3,8%	
6	General and administrative expenses including:	-/-	804 851	846 681	5,2%	
6.1	administrative staff salaries	-/-	309 873	319 163	3,0%	
6.2	social tax	-/-	29 438	30 320	3,0%	
6.3	bank services	-/-	1 019	1 904	11,4%	
6.4	depreciation	-/-	56 669	68 558	19,0%	
6.5	services of third parties, total including:	-/-	405 272	426 846	5,3%	
6.5.1	rent and other materials	-/-	1 461	1 578	8,0%	
6.5.2	transport services	-/-	143 095	146 422	2,3%	
6.5.3	training and advanced training	-/-	8 047	9 654	20,0%	
6.5.4	advertisements in the media	-/-	3 115	3 713	1,8%	
6.5.5	travel services	-/-	44 440	49 896	12,3%	
6.5.6	communication services	-/-	3 924	4 094	4,1%	
6.5.7	taxes	-/-	10 086	10 175	0,9%	
6.5.8	other expenses, total	-/-	192 135	202 943	5,6%	
7	Interest expenses	-/-	265 208	299 559	11,1%	
III	Total costs of services	-/-	14 199 807	14 635 549	3,1%	
IV	Profit	-/-	18 491 379	13 900 445	-24,8%	
V	Total income	-/-	32 691 186	28 536 994	-12,7%	
VII	Volume of services provided	thousand tons	8 506	7 613	-10,5%	
VIII	Standard technical losses	thousand tons	5,7	5,9	3%	
IX	Freight turnover	million km	6 756,1	5 898,5	-12,7%	
X	Unit tariff (excluding VAT)	KZT1 km per 1000 km	4 838,79	4 838,79	0%	

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

No.	Name	Actual indicators for H1 2024 (KZT thousand)
1	Revenue	87 939 204
2	Cost of services	-39 013 960
3	Gross profit	48 265 244
4	Administrative costs	-4 862 213
5	Other non-operating income	3 653 921
6	Total operating profit	47 056 952
7	Finance expenses	-1 351 481
8	Other non-operating expenses	0
9	Profit/(loss) before tax	45 705 471
10	Income tax expenses	9 163 493
11	Net income (loss)	36 541 978

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	7 613	-10,5%
2	Freight turnover	million km	6 756	5 898	-12,7%

6. On the ongoing work with consumers of regulated services

During the reporting period, the Partnership concluded 53 contracts for domestic transportation via the Kenkiyak-Kumkol main oil pipeline, of which 44 shippers transported oil. At the same time, the cargo turnover of the Kenkiyak-Kumkol main oil pipeline in the domestic market for 2024 amounted to 5,898 million tons/km, with the approved plan for the year in the amount of 6,756 million tons/km, the execution is 87,3%, due to a reduction in the volume of regulated services provided for reasons beyond the control of the Partnership. Daily oil balance is maintained, pumping data is processed, on the basis of which the accounting of commercial oil transactions is controlled, and the interaction of the delivering and receiving parties is coordinated. The Partnership jointly with JSC KazzTransOil controls the quality and quantity of oil.

7. On the prospects of activity (development plans)

- 1) Ensuring uninterrupted transportation of oil, reliable and safe operation of main oil pipeline facilities;
- 2) Ensuring timely adjustment of the investment program and tariff estimate for regulated services for pumping oil through the Kenkiyak-Kumkol oil pipeline system to the domestic market of the Republic of Kazakhstan for 2025;
- 3) Implementation of the investment program and tariff estimate for regulated services for pumping oil through the Kenkiyak-Kumkol MN system to the domestic market of the Republic of Kazakhstan for 2025.