



KAZAKHSTAN-CHINA PIPELINE LLP

Report on the implementation of the approved investment program and tariff estimate for the regulated services for oil pumping through Kenkiyak-Kumkol pipeline to the domestic market before consumers and other interested parties for 2024

April 8, 2025

Objectives of the hearing:

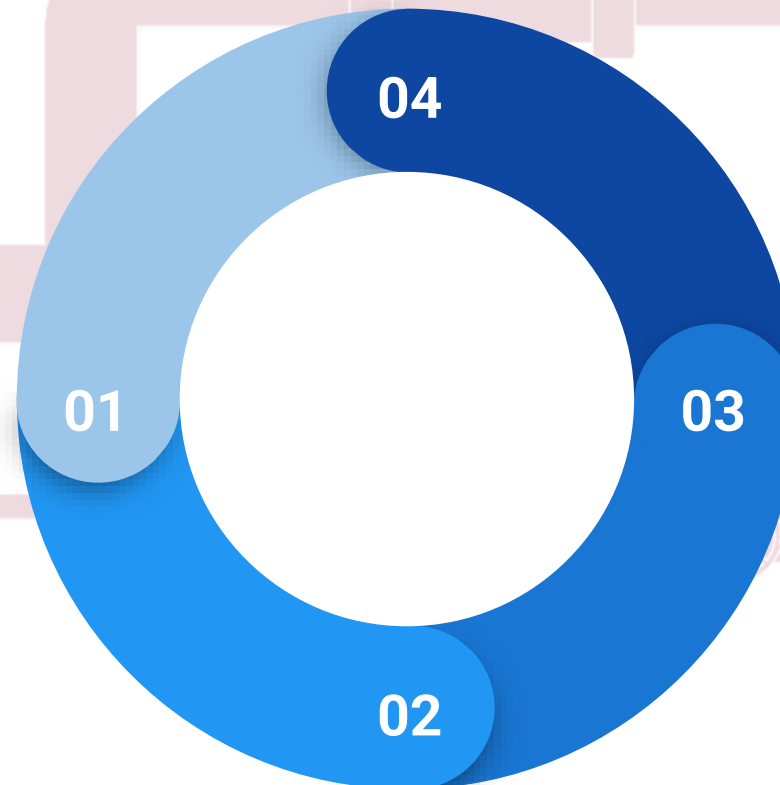
- provision of publicity, awareness;
- observance of the balance of interests of consumers and natural monopolies;
- ensuring transparency of the activities of natural monopolies before consumers and other interested parties.

Appointment

the secretary of the Report among the employees who keeps the minutes

A speech

of the first director in accordance with the annual report procedure



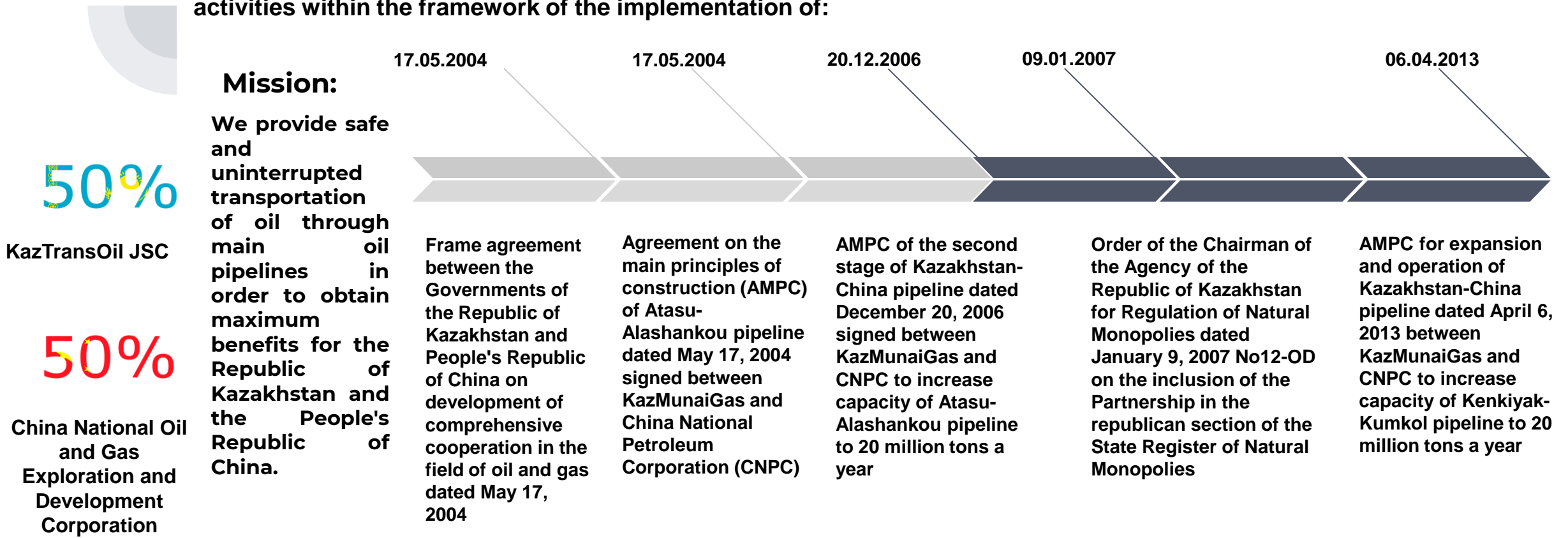
Summarization

and closing of the Hearing

Questions and opinions

of the Hearing participants with attachment of a written speech to the protocol

Kazakhstan-China Pipeline LLP (hereinafter referred to as the Partnership) was established on July 6, 2004 and carries out activities within the framework of the implementation of:



In accordance with the Law on Natural Monopolies, in May 2015, services for the transportation of oil through the pipelines for the purpose of transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan were withdrawn from the spheres of natural monopolies.

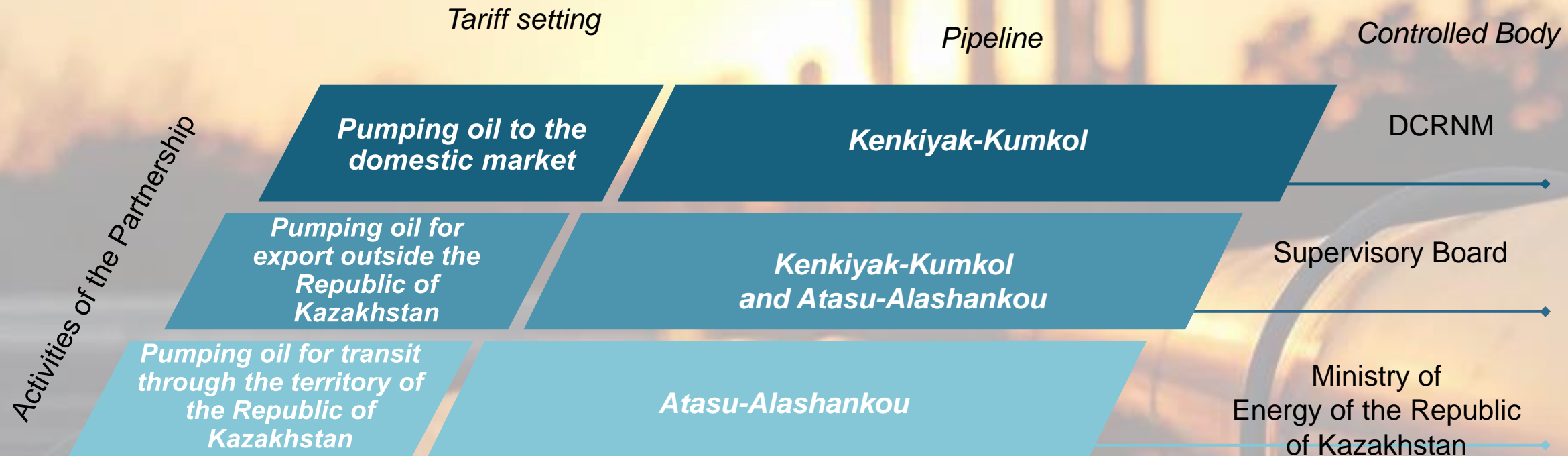
The approved tariff for 2024 is 4838.79 tenge / per 1 ton per 1000 km, which expired on December 31, 2024.

Схема магистральных трубопроводов
АО «КазТрансОйл» и ТОО «Казахстанско-Китайский Трубопровод»



Kenkiyak-Kumkol pipeline		
Date of commissioning		October 2009
Nominal Diameter (Diameter)		800 мм (813 мм)
Wall thickness		9,5-11,9 мм
Operating pressure		6,4 Мпа (64 kgf/cm2)
length	Total	794,263 km
	On the territory of the Republic of Kazakhstan	794,263 km
Production	with full development (project)	20 million tons/year
	at the second stage (project)	10 million tons/year
	First phase of construction	
Number of PTS		5
Number of BVS		30
Number of cathodic protection stations (CPS)		17
Length of along-route and radial		200 / 200

Atasu-Alashankou pipeline		
Date of commissioning		July 2006
Nominal Diameter (Diameter)		800 мм (813 мм)
Wall thickness		7,9-11,9 мм
Operating pressure		6,4 Мпа (64 kgf/cm2)
Length	Total	965,1 km
	On the territory of the Republic of Kazakhstan	962,9 km
	On the territory of the PRC	2,2 km
Production		20 million tonnes per year
Number of PTS		6
Number of BVS		40
Number of cathodic protection stations (CPS)		22+10 (installed on PS)
Length of along-route and radial overhead		1010 / 1005



DCREM – Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty

The main processes of tariff formation of the Partnership



IMPLEMENTATION OF THE INVESTMENT PROGRAM FOR 2024

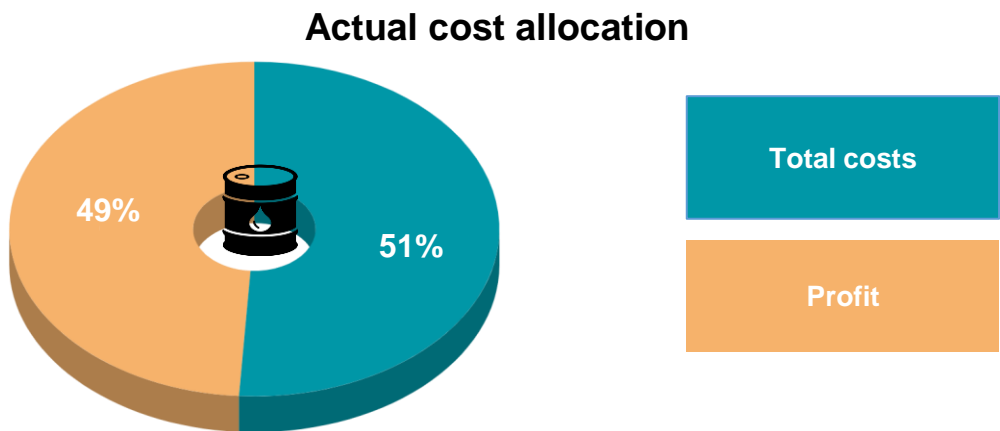
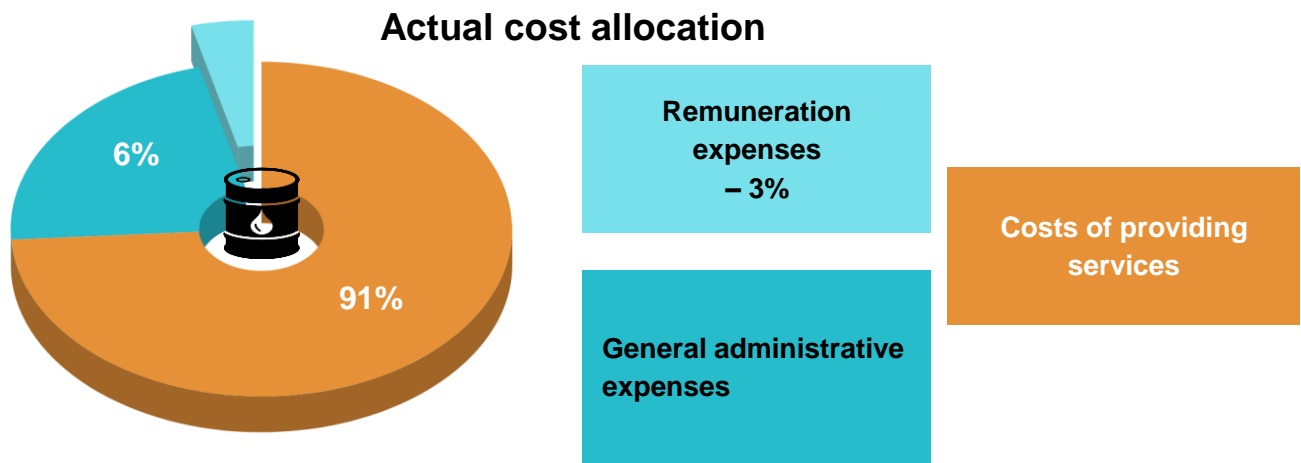
By the joint order of the Ministry of Energy of the Republic of Kazakhstan dated December 3, 2024 No438 and the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty dated November 11, 2024 No130-OD, the approved investment program of the Partnership for 2024 was adjusted.

№	Activities	Meas.units	Quantity	Plan thousand KZT	Fact thousand KZT	Execution, %	Deviation, thousand tenge	Note
1	Construction of crossings at Kenkiyak – Kumkol MP facilities	crossing	2	21 601,80	21 601,80	100%	0,00	Construction and installation works have been completed on sections 9.1 km and 777 km of the Kenkiyak-Kumkol MP, and acceptance certificates of the facility dated 13.12.2024 have been signed.
2	Reconstruction of the 10 kV overhead line of the Kenkiyak-Kumkol MP on the section from 90 km to 108 km	km	18,0	124 184,60	124 826,09	100,5%	641,49	Work on the third stage of construction "Reconstruction of the 10 kV along-route overhead line on the section from 90 to 108 km has been completed. The act of acceptance of the facility for operation dated 12.12.2024 was signed.
3	Diagnostics of tanks Kenkiyak – Kumkol MP, partial diagnostics of VSTNo1 V- 400 m3 at Kenkiyak PA and VSTNo1, No2 V-400 m3 at Kumkol PA	service	3	15 211,70	15 211,7	100%	0,00	Technical reports and expert opinions were obtained based on the results of partial technical diagnostics of VST-400m3. The work has been completed in full.
4	In-line inspection of the Kenkiyak-Kumkol MP	service	1	658 955,50	658 955,5	100%	0,0	A conclusion was obtained based on the results of the in-line inspection of the Kenkiyak-Kumkol MP. The work has been completed in full.
5	Purchase of fixed assets			25 850,11	45 826,10	177,3%	19 975,99	The overfulfillment is due to an increase in the cost of purchased fixed assets to replenish the emergency stock.
6	Construction of a crossing at 405 km of Kenkiyak-Kumkol	crossing	1	57 400,00	57 400,00	100%	0,00	Construction and installation works have been completed on the 405 km sections of the Kenkiyak-Kumkol MP, the facility acceptance certificate dated 11.12.2024 has been signed.
7	DSW on the development of a detailed design for reconstruction CPS	DSW	1	36 203,17	36 283,00	100%	79,83	Within the framework of the concluded contract, the contractor ensured the receipt of an expert opinion on this project.
	ИТОГО			939 406,88	960 104,21	102%	20 697,33	

- ☐ The source of financing of the investment program is own funds in the tariff - depreciation and profit.
- ☐ The approved investment program has been fully implemented.

By Order No. 129-OD of the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty dated November 11, 2024, the approved tariff estimate for the regulated service of pumping through Kenkiyak-Kumkol MP system to the domestic market for 2024 was adjusted.

Indicators	Units	Provided for 2024	Fact for 2024	Deviation	Deviation, %
Costs for providing services	thousand tenge	12 999 748	13 386 910	387 161	3,0 %
Period expenses	thousand tenge	1 200 059	1 246 040	45 981	3,8 %
General administrative expenses	thousand tenge	804 851	846 681	41 830	5,2 %
Remuneration expenses	thousand tenge	395 208	399 359	4 151	1,1 %
Total costs	thousand tenge	14 199 807	14 632 949	433 142	3,1 %
Profit	thousand tenge	18 491 379	13 903 445	- 4 587 934	-24,8 %
Revenues	thousand tenge	32 691 186	28 536 394	- 4 154 792	- 12,7 %
Scope of services provided	thousand tons	8 506	7 613	- 893	-10,5 %
Cargo turnover	million tons*km	6 756	5 898	- 859	- 12,7 %
Unit tariff	tenge / per 1 ton per 1000 km	4 838,79	4 838,79	0	0 %



№	indicators	Unit	Provided for in the approved tariff estimate	Actual indicators of the tariff estimate	Deviations in Percentage
I	Costs for production of goods and provision of services	thousand tenge	12 999 748	13 386 910	3,0%
1	Material costs, total	-//-	126 073	146 613	16,3%
1.1	Raw materials	-//-	59 771	67 206	12,4%
1.2	energy	-//-	66 302	79 407	19,8%
2	Payroll expenses, total	-//-	136 744	139 956	2,3%
2.1	salaries of production personnel	-//-	124 880	127 814	2,3%
2.2	Social tax	-//-	11 864	12 142	2,3%
3	Depreciation	-//-	5 902 053	5 981 986	1,4%
4	Repairs, total	-//-	203 539	205 676	1,1%
5	Other costs, total	-//-	6 631 341	6 902 114	4,1%
5.1	non-departmental and fire protection	-//-	589 949	601 092	1,9%
5.2	O&M services	-//-	4 433 085	4 680 805	5,6%
5.3	Metrology	-//-	7 494	9 693	29,4%
5.4	Maintenance of equipment and metering devices	-//-	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	-1,9%
5.7	Environmental monitoring and protection	-//-	15 960	16 128	1,1%
5.8	Maintenance of hazardous production facilities of the oil and gas industry	-//-	37 010	37 399	1,1%
5.9	costs for maintaining security and fire alarm systems	-//-	25 591	25 025	-2,2%
5.10	Maintenance, technical repair of the pipeline security system and maintenance, technical inspection of video surveillance systems and perimeter security systems of the main pipeline	-//-	42 340	41 157	-2,8%
5.11	Transport services for company vehicles	-//-	57 071	57 671	1,1%
5.12	Maintenance and technical repair of office equipment, software and climate control systems	-//-	25 961	26 010	0%
5.13	Current repair and maintenance of oil metering stations	-//-	32 105	32 442	1,1%
5.14	Communication services	-//-	23 729	23 981	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 professional development	-//-	2 084	3 051	46,4%

№	Indicators	Unit	Provided for in the approved tariff estimate	Actual indicators of the tariff estimate	Deviations in Percentage
II	Expenses of the period, total	-//-	1 200 059	1 246 040	3,8%
6	General and administrative expenses	-//-	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	-//-	1 619	1 804	11,4%
6.4	Depreciation	-//-	58 649	68 548	16,9%
6.5	Third-party services, total	-//-	405 272	426 847	5,3%
6.5.1	Raw materials	-//-	1 461	1 578	8,0%
6.5.2	transport services	-//-	143 065	146 422	2,3%
6.5.3	Training and professional development	-//-	8 047	9 654	20,0%
6.5.4	announcements in the media	-//-	2 115	2 173	2,8%
6.5.5	Travel services	-//-	44 440	49 896	12,3%
6.5.6	Communication services	-//-	3 924	4 004	2,1%
6.5.7	taxes	-//-	10 086	10 175	0,9%
6.6	other expenses, total	-//-	192 135	202 943	5,6%
6.6.1	Notary services	-//-	833	1 146	37,5%
6.6.2	Information services	-//-	14 612	14 954	2,3%
6.6.3	ISO costs		9 574	9 799	2,3%
6.6.4	stationery	-//-	1 341	1 916	42,9%
6.6.5	maintenance of office equipment and software	-//-	39 288	39 200	-0,2%
6.6.6	insurance	-//-	3 515	3 597	2,3%
6.6.7	Courier services, mail	-//-	916	1 498	63,5%
6.6.8	Maintenance of administrative buildings	-//-	53 895	55 519	3,0%
6.6.9	Outstaffing services	-//-	68 161	75 314	10,5%
7	Remuneration expenses	-//-	395 208	399 359	1,1%

		deviation
Total costs	Plan – 14 199 807 thousand kzt.	433 142 thousand tenge or 3,1%
	Fact – 14 632 949 thousand kzt.	
Profit	Plan – 18 491 379 thousand kzt.	-4 587 934 thousand tenge or -24.8%
	Fact – 13 903 445 thousand kzt.	
Total revenues	Plan – 32 691 186 thousand kzt.	-4 154 792 thousand tenge or -12.7%
	Fact – 28 536 394 thousand kzt.	
Cargo turnover	Plan – 6 756 million ton-km	-859 million tkm or -12.7%
	Fact – 5 898 million ton-km	

Profit for the reporting period as part of the tariff estimate amounted to 13,903,445 thousand tenge. The decrease in profit is due to a decrease in income by 4,154,792 thousand tenge associated with a decrease in the volume of regulated services by 893 thousand tons for reasons beyond the control of the Partnership, as well as due to an increase in costs by 433,142 thousand tenge, mainly due to an increase in the cost of services.

Profit and depreciation are aimed at repaying the principal debt on borrowed funds and the sale of the individual entrepreneur.

Indicators	Fact for 2024, million tenge.
INCOME, total	91 593
Income for sales	87 939
Transit income	50 347
Income from the domestic market	28 536
Income for Export	9 056
Finance income	3 178
Other income	476
EXPENSES, total	45 887
Cost of sales	39 674
General and administrative expenses	4 862
Financial costs	1 351
Corporate Income Tax	9 163
NET PROFIT	36 542

Share of expenses and profit for 2024



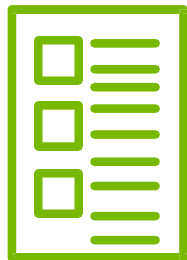
The Partnership's net profit for the reporting period amounted to KZT 36,542 million, which is mainly due to an increase in income from oil transportation for transit purposes, financial income, exchange rate income and a decrease in current costs.

№	Shippers	Pumping volume, thousand tons	Cargo turnover, million tons/km	Part, %	№	Shippers	Pumping volume, thousand tons	Cargo turnover, million tons/km	Part, %
1	CNPC - Aktobemunaigas JSC	1 913 820	1 520 076	25,8%	22	POTENTIAL OIL LLP	37 110	29 475	0,5%
2	Mangistaumunaigas JSC	1 835 846	1 458 145	24,7%	23	Meerbusch LLP	32 551	25 854	0,4%
3	Embamunaigas JSC	1 059 393	841 437	14,3%	24	5A OIL LLP	31 655	25 142	0,4%
4	Kazakhoil Aktobe LLP	310 868	246 911	4,2%	25	ANACO LLP	31 233	24 807	0,4%
5	KAZAKHTURKMUNAI LLP	267 585	212 533	3,6%	26	Nobilis Corp LLP	30 066	23 880	0,4%
6	KMK Munai JSC	230 568	183 132	3,1%	27	Jasyl Energy LLP	24 646	19 575	0,3%
7	KoZhaN JSC	222 411	176 653	3,0%	28	Sazankurak LLP	19 532	15 514	0,3%
8	KEN-SARY LLP	166 728	132 426	2,2%	29	SOUTH-OIL LLP	205 069	15 309	0,3%
9	Buzachi Neft LLP	145 041	115 201	2,0%	30	Eureka Oleum LLP	13 558	10 769	0,2%
10	Kazakhstan branch of Nelson Petroleum Buzachi B.V.	120 265	95 522	1,6%	31	Caspi Neft TME LLP	9 620	7 641	0,1%
11	Aktau Branch of CNPC International (Buzachi) B.V. Corporation	120 265	95 522	1,6%	32	Aktau-Transit LLP	7 659	6 083	0,1%
12	Aktobe branch of the company "Alties Petroleum International B.V."	119 344	94 791	1,6%	33	Phystech II JSC	7 216	5 731	0,1%
13	Maten Petroleum JSC	110 892	88 077	1,5%	34	Joint Venture Arman LLP	5 908	4 693	0,1%
14	Branch of "Dunga Operating GmbH" in the Republic of Kazakhstan	94 605	75 141	1,3%	35	Branch of the company Jupiter Energy Pte. Ltd	5 502	4 370	0,1%
15	BNG Ltd	78 635	62 457	1,1%	36	Ada Oil Firm LLP	4 007	3 183	0,1%
16	KOM-MUNAI LLP	78 626	62 450	1,1%	37	Oloreso Petroleum LLP	3 004	2 386	0,0%
17	Emir-Oil LLP	61 779	49 069	0,8%	38	AEKK Munai LLP	2 004	1 592	0,0%
18	Karakudukmunai LLP	60 103	47 738	0,8%	39	ZHILGIZTOBEMUNAI DLLP	1 904	1 512	0,0%
19	Sagiz Petroleum Company LLP	48 082	38 190	0,6%	40	KhamAd partners LLP	1 002	796	0,0%
20	TENGE Oil & Gas LLP	47 591	37 800	0,6%	41	Varro Operating Group LLP	501	398	0,0%
21	Tasbulat Oil Corporation LLP	43 700	34 709	0,6%	42	Ushkuyu JSC	500	397	0,0%
					43	Caspian Petroleum Company LLP	400	318	0,0%
					44	Kumkol Oil LLP	1 862	139	0,0%
					BCEFO		7 612 656	5 897 541	100%

During the reporting period, Kenkiyak-Kumkol MP signed 53 contracts with consumers in the domestic market. At the same time, oil turnover to the domestic market in 2024 amounted to 5,898 million tons/km with the approved indicators of 6,756 million tons/km in the tariff estimate, which is 87.3%.



Daily data on oil pumping are processed, a daily oil balance is maintained, on the basis of which the accounting of commercial oil operations is controlled, and the interaction of the delivering and receiving parties is coordinated.



Control over the quality and quantity of oil is carried out by the Partnership together with KazTransOil JSC.



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



Ensuring timely adjustment of the investment program and tariff estimate for regulated oil pumping services through Kenkiyak-Kumkol MP system to the domestic market of the Republic of Kazakhstan for 2025.



Implementation of the investment program and tariff estimate for regulated services for pumping oil through Kenkiyak-Kumkol MP system to the domestic market of the Republic of Kazakhstan for 2025.



THANK YOU FOR
ATTENTION

*Sincerely,
Kazakhstan-China Pipeline LLP*