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Information note on the project

We present to your attention an exclusive project for the creation of the Export Port "ALAKOL PORT" on the border territory of the Republic of Kazakhstan and the People's Republic of China, 40 km from the Dostyk-Alashankou station. (See Appendix 1)

Investment amount: USD 120,000,000

Location of the facility: Republic of Kazakhstan, Abay region, Makanchi district, Zhalanashkol station

Project initiator: SG SOLUTION LLP

Company establishment date: 02/13/2023

Legal address: Republic of Kazakhstan, Abay region, Semey city, Urankhayev street 60/1

Company founder: Turtayev Bolat

Company director: Khamziyev Sindbad

The purpose of this project is to create an Export Port at Zhalanashkol station in the Abay Region of the Republic of Kazakhstan, which will significantly increase the export and transit potential of the Republic of Kazakhstan in the Eurasian region, and increase competencies in the field of global logistics.

ALAKOL PORT is considered as a strategic facility for the creation of a logistics hub that will cover the world market from China to Europe, passing through the countries of Central Asia, Turkey and the Persian Gulf countries, and will be a starting point for strengthening trade ties between Western China and Eastern Europe.

In addition to developing and increasing the logistics potential of the Republic of Kazakhstan, the project contributes to the development of domestic trade and international relations.

Today, there are several obstacles that create problems in the transportation of goods from Kazakhstan to China:

1. Long approval of the export railway plan, which may result in a refusal or a reduction in the number of cars.
2. Change of wheel pairs of cars, or reloading of goods from one car to another.
3. The advantage of transit transport from foreign countries.

All these obstacles create queues at the border, which lead to downtime of cars and a decrease in the cargo turnover of entrepreneurs.

In addition to the above, JSC NC KTZ periodically introduces temporary restrictions and redistribution of cargo between the Dostyk-Alashankou and Khorgos-Altynkol border crossings, namely, the redirection of cargo from all stations of the Chinese Railways with the destination of Central Asian

countries (Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan) through the Dostyk-Alashankou border crossing, which indicates a heavy workload of the Dostyk station.

The main objective of the project is to provide customers with a fast and reliable alternative route to the existing supply chain model, namely, through the use of multimodal transportation - rail transport (within the Eurasian Economic Union (EAEU) + road transport (for border crossing) - all the above problems are solved - coordination of the export plan and idle time of wagons due to the preferential right of transit trains and queues for transshipment of goods.

For the transportation of goods to the territory of "ALAKOL PORT", which is being created specifically for the use of multimodal transportation, there will be no need to coordinate the export plan, since the goods will be delivered by rail according to the internal plan and at internal rates, which are cheaper than export ones, then reloaded into road transport, which will then transport the goods across the border of the Republic of Kazakhstan to China. The use of modern equipment and proper organization of the port eliminates the factor of idle time of wagons.

The main advantages of ALAKOL PORT:

- Fast cargo handling time.
- Multimodality.
- Possibility to de/consolidate cargo in various modes.
- Cargo safety and security in accordance with DP World standards.
- Elimination of the possibility of cargo loss.
- Real-time cargo information, including cargo/container photos available on the corporate website.
- Cargo transportation services in various directions.
- Fixed online schedule for the receipt and departure of container trains.
- Providing new opportunities for business development due to the convenient location of the logistics and industrial zones.
- Increase in turnover and capital turnover

Main goods transshipped:

	Name of product	Transshipment volume tons per year
1	Solid minerals	
1.1	Iron ores and concentrates	1,6 – 2,1 mln tons
1.2	Ores and concentrates of other metals	410 – 550 thousand tons
1.3	Ferroalloys	170 – 220 thousand tons
1.4	Refined copper and copper alloys	80 – 100 thousand tons
2	Container transshipment and storage warehouse, pcs. (Consumer Goods, Equipment)	70 – 200 thousand TEU
3	Agricultural cargo	
3.1	Cereals	100 – 320 thousand tons
3.2	Other seeds	210 – 640 thousand tons
3.3	Granulated bran and feed	100 – 310 thousand tons
4	Chemistry	
4.1	Sulfur	90 – 250 thousand tons
4.2	Fertilizers	400 – 1 100 tons
4.3	Asbestos	1 000 – 2 800 tons
5	Class A warehouse premises	over 100 thousand sq.m.

The territory of the export port is adjacent to the existing oil depot located opposite the Zhalanashkol station, which will form the basis for the start of the implementation of the ALAKOL PORT project and already has technical specifications for electricity and its own high-voltage line VL-35 (built at its own expense, 13 km long), its own railway dead end connected to the main line.

The oil depot occupies an area of 6.6 hectares.

The territory of the oil depot has the following facilities:

1. Administrative and household complex;
2. Fire station for 2 vehicles;
3. High-voltage power line for 35 kV, 12 km long.
4. Storage tank for dark oil products 3,000 m³;
5. 2 fire-fighting water tanks of 500 m³ each;
6. Railway overpass for 16 tank cars (currently equipped with 8 tank cars);
7. Truck loading overpass for 4 tank cars;
8. Raw material pumping station;
9. Transformer substation;
10. Diesel generator;
11. Sewage tank
12. Sewage pumping station
13. 2 water intake wells
14. 3 lighting masts

Also, the Akimat (local government) of the Abay Region allocates up to 2 billion tenge for the development of the investment project for the construction of production infrastructure (the ALAKOL PORT project is recognized as an investment project in accordance with Resolution No. 183 of 17.10.2023 and Protocol No. 3 of the meeting of the Regional Coordination Council for Attracting Investors and Providing Production Infrastructure to the Abay Region dated 20.06.2023).

In addition to production and logistics competencies, the team of SG SOLUTION LLP has many years of experience in the field of trading, the main direction of which is China. It has previously built several facilities. One of the facilities is the Mini Oil Refinery Complex located at the Beskol station (Republic of Kazakhstan, Zhetysu region, Alakol district). The processing capacity was 72,000 tons of oil per year, with a total storage of oil products of 39,000 kum. m and a transshipment capacity of up to 360,000 tons of oil products per year. The second facility is the oil depot at the Zhalanashkol station, capable of receiving 6,000 kum. m of oil products, which served as the basis for the creation of a project to build a dry port.

The company closely cooperates with local government authorities to support the Export Port project. To date, SG SOLUTION LLP, by decision of the RKS and regional authorities, has leased a 400-hectare land plot for the implementation of this project (Lease Agreement 881 dated 11/13/2023, Land Act 2023-718838) with the preemptive right to purchase and extend the lease.

At the same time, after signing the contract with the investor, the company will prepare and submit documents for concluding an Investment Contract and a Special Investment Contract with the Ministry of Foreign Affairs with the Chairman of the Investment Committee, which will provide a number of preferences:

1. Exemption from customs duties on the import of technological equipment, components, raw materials, etc.
2. Exemption from VAT
3. Exemption from property and land taxes.
4. State in-kind grants.

In addition to the above, the Investment Contract, after the commissioning of the construction project and its operation for the next 8 months, allows you to receive the previously issued land plot into private ownership. SG SOLUTION LLP is open to discussions of the project and is ready to consider various options for cooperation.

