

SPECIAL REPORT: KAZAKHSTAN BUSINESS REPORT

Kazakhstan plays a leading role in Central Asia as a key destination for investment

PRESIDENT'S MESSAGE

Since the establishment of diplomatic relations between our two countries, Kazakhstan and China have reached considerable results in bilateral economic co-operation. The volume of mutual trade reached US\$24 billion last year.

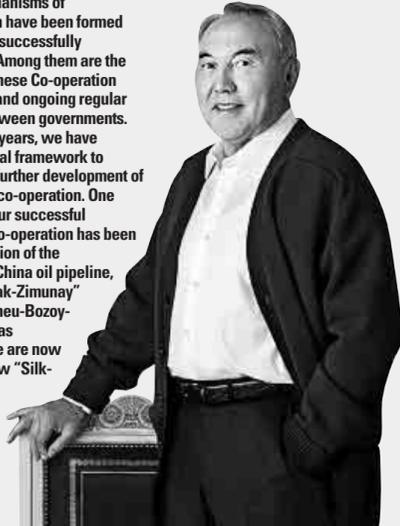
Europe-Western China". New roads, railways, marine terminals and logistics centres are also being built across the country.

www.akorda.kz/en/mainpage

Nursultan Nazarbayev
President of Kazakhstan

Thanks to common efforts, various mechanisms of co-ordination have been formed and are now successfully functioning. Among them are the "Kazakh-Chinese Co-operation Committee" and ongoing regular meetings between governments.

In recent years, we have created a legal framework to regulate the further development of our bilateral co-operation. One example of our successful investment co-operation has been the construction of the Kazakhstan-China oil pipeline, the "Sarybulak-Zhymkent" and the "Beineu-Bozoy-Shymkent" gas pipelines. We are now reviving a new "Silk-Road" and launching a long-distance transport corridor: "Western



FAST FACTS

Chief of State President Nursultan Abishuly Nazarbayev
Independence December 16, 1991 (from the Soviet Union)
Location Central Asia, northwest of China
Total Area 2,724,900 sq km, world's largest landlocked country and the ninth largest country in the world
Land border with China 1,533km
Population 17.9 million
Natural resources Major deposits of petroleum, natural gas, coal, iron



ore, manganese, chrome ore, nickel, cobalt, copper, molybdenum, lead, zinc, bauxite, gold, uranium

Source: CIA Factbook

KAZNEX INVEST

With economic ambitions, political stability, natural resources and a strategic location bridging Europe, the Middle East and Asia, Kazakhstan is building on its reputation as one of the world's best investment destinations.

As the ninth largest country in the world with a population of 17.3 million, Kazakhstan offers a wealth of opportunities for foreign companies and international investors.

KAZNEX INVEST National Export and Investment Agency (KAZNEX INVEST) is committed to attracting foreign investment into Kazakhstan. The agency delivers consulting services, initial and post-investment support and encourages companies to do business in Kazakhstan. Last year, KAZNEX INVEST attracted 13 investors to Kazakhstan amounting to US\$500 million of investment.

The agency also develops and promotes Kazakhstan's Special Economic Zones (SEZ) that are proving to be strong growth drivers across the country.

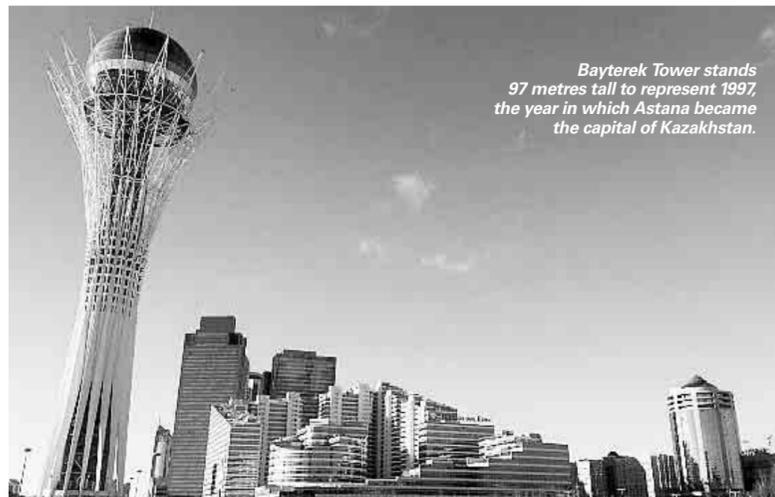
"We are actively creating a

positive investment climate in Kazakhstan," says Nurken Berkinbayev, managing director of KAZNEX INVEST. "There is increased interest from international investors in the opportunities within the country and today, Kazakhstan is building on its position as a country with very favourable investment conditions."

Investors are today offered 30 per cent cash-back on investments with 0 per cent on a range of taxes, including VAT and corporate tax for 10 years. Investors are also able to bring an unlimited number of employees to work in Kazakhstan.

As the sixth largest country in terms of its mineral resources, oil and other mineral resources generate significant wealth for Kazakhstan. The head of state's objectives for the economic development of the country lie in diversifying Kazakhstan's economy.

SEZs developed and managed by KAZNEX INVEST have directly improved the country's investment competitiveness and strengthened key sectors of economy. Established to reduce costs and add value to domestic and multinational



Bayterek Tower stands 97 metres tall to represent 1997, the year in which Astana became the capital of Kazakhstan.

companies operating across the country, Kazakhstan's sector specific SEZs today include: Atyrau – petrochemical, Aktau – metalwork, instrumentation, Borovoye – tourism, Astana – construction, Pavlodar – chemistry, petrochemical, Karaganda – metallurgy and metalwork, Khorgos – trade and logistics, Almaty – ICT and IT innovation, Taraz – chemistry, Shymkent – textiles.

Kazakhstan continues to actively lead the region in attracting foreign investment and KAZNEX INVEST

is successfully assisting Asian investors in accessing the Kazakhstan market.

Numerous bilateral trade agreements and missions to China indicate that Chinese investors will play a significant role in the future development of Kazakhstan.

Acknowledging China as one of Kazakhstan's increasingly important partners, KAZNEX INVEST is actively engaging with the Chinese business and investment communities through its representative office in Beijing. With Hong Kong residents now able

to travel to Kazakhstan visa-free for 14 days, increased interest in Kazakhstan is expected from Hong Kong; the financial gateway to China.

Future incentives and ambitious large-scale projects will continue to bring investors to Kazakhstan from China and the rest of the world. As Kazakhstan and China build on their strong ties, KAZNEX INVEST's efforts will undoubtedly result in the continuing prosperity of Kazakhstan.

www.kaznexinvest.kz/en/

Meeting the real estate needs of the nation

Kazakhstan's growing economy, low property prices and stunning natural beauty are proving to be a very unique opportunity for investors.

The country's business climate continues to warm to investors from around the world. While a substantial amount of Kazakhstan's income comes from the growing natural resources sectors, diversification within the economy is being seen in transport, telecommunications, pharmaceuticals, petrochemicals and food processing. Investments in established and emerging industries are stimulating developments in the country's real estate sector.

As part of the CBRE affiliate network, Scot Holland/CBRE provides consulting, property, valuation, retail and brokerage services across Kazakhstan and has developed a reputation for delivering quality service and support.

Through the company's commitment to successfully negotiating assignments and focusing on clients requirements, Scot Holland/CBRE continues to be the "go-to" property company in Kazakhstan.

"We are the market leader in Kazakhstan and are committed to providing accurate insights into domestic business developments and the local commercial real estate sector," says leading



property expert Roger Holland, president of Scot Holland/CBRE, and author on real estate and investments and chairman of the British Business Group in Kazakhstan.

With professionally motivated staff located in the heart of Almaty, Kazakhstan's commercial capital, Scot Holland/CBRE offers an "on-the-ground" understanding of the domestic real estate market. With strong local market knowledge, Scot Holland is able to successfully complete business speedily and effectively.

Clients include EBRD, HP, Imperial Tobacco, JP Morgan, the Malaysian Embassy, Otto, Pfizer, RBS, Shell and Sovico.

"We possess the ability to meet the needs of corporate and private clients across Kazakhstan," Holland says.

"We will continue to offer a first-class service to our many long-standing clients and ensure we deliver the highest quality, client-specific support to individuals and businesses entering the Kazakhstan market."

www.cbre.kz

Air Astana brings the world to Central Asia



Peter Foster, president

Air Astana, the dynamic and growing flagship airline of Kazakhstan, is bringing the world to Central Asia.

Incorporated in 2001, Air Astana's inauguration was attended by President Nursultan Nazarbayev and Richard Evans of BAE Systems. The government of the republic of Kazakhstan and BAE Systems remain committed shareholders of Air Astana to this day.

Air Astana's mission also remains unchanged. The airline aims to provide profitable domestic and international air services, at the highest standards of safety and service, using modern generation aircraft.

As the leading airline in Central Asia, 2014 marks 12 years since Air Astana's maiden flight on May 15, 2002. Committed to serving international customers, the airline is increasing its fleet size, expanding its route network and continuously improving its product offering by operating at the highest international standards from the Heart of Eurasia.

Today, most of Air Astana's 4,300 plus staff are from Kazakhstan. The airline is the only IATA Operational Safety Audit (IOSA) registered airline in Kazakhstan.

The fleet of 30 modern aircraft is to be expanded to 36 by the end of 2017 and 43 by 2020.

"Nomad Club", Kazakhstan's first Frequent Flyer Program, was introduced by Air Astana. The airline continues to win awards, including "Best Airline Central and South Asia Airline" by Skytrax World Airline Awards for the past three years.



With its "4-Star" Airline Star Rating by Skytrax Research, Air Astana is also the only 4-star airline in Eastern Europe and CIS.

Today, Air Astana operates more than 50 domestic and international routes including Beijing, Seoul, Bangkok, Kuala Lumpur, Ho Chi Minh City and Hong Kong – where passport holders can enjoy 14 days' visa-free access to Kazakhstan. On December 15, Air Astana also introduced a new route between Astana and Bangkok. It is 4,140km from Hong Kong to Almaty, the flight time being five hours and 55 minutes from Almaty to Hong Kong and six hours and 45 minutes from Hong Kong to Almaty.

Peter Foster, president of Air Astana, has held management positions with Cathay Pacific Airways, Philippine Airlines and Royal Brunei Airlines. In June, under Foster's leadership, The Association of Asia Pacific Airlines (AAPA) inducted Air Astana as a full member.

"This momentous occasion marks another milestone in Air Astana's development" Foster says. "We look forward to contributing meaningfully to the work of AAPA to strengthen the collective standing of Asia-Pacific aviation internationally."

Air Astana's leadership of e-commerce development in Kazakhstan has resulted in the airline receiving the "E-commerce Market Driver" award at a ceremony marking 20 years of internet service in the country. Air Astana's total revenue of US\$87.4 million for 2013 places it by far the biggest source of e-commerce in Kazakhstan.

The 2014 Business Insider Airline Survey has placed Air Astana among the world's top 20 carriers for the second year in succession, with its ranking improving to 12th compared to 18th in 2013. This latest ranking places Air Astana ahead of carriers such as Ethihad, Turkish Airlines, Garuda Indonesia, Cathay Pacific, Japan Airlines, Virgin Australia, Swiss and Austrian.

By combining a solid management approach, a young fleet of aircraft and a network consisting of less congested airports, Air Astana is carving out a reputation for providing a quality in-flight experience and an impressive on-time service record. Air Astana continues to build one of the finest airlines in the world. The airline aims to remain a proud global ambassador for Kazakhstan.

www.airastana.com

L.N. Gumilyov Eurasian National University is at the centre of knowledge

The "Great Silk Way", which ran through Kazakhstan, helped with the sharing of trade, cultural traditions, religious beliefs, knowledge and teaching between China, the Middle East and Europe.

Kazakhstan remains an important bridge between Europe and Asia and, in 1996, in accordance with the decree of the President of Kazakhstan, Nursultan Nazarbayev, L.N. Gumilyov Eurasian National University (ENU) was established as a National "Eurasian" University.

Named after L. Gumilyov, Eurasian historian, ethnologist, geographer and philosopher, ENU is playing an important role in Kazakhstan's future.

"In 18 years since the establishment of the university, we have achieved tremendous success," says ENU rector Yerlan Sydykov. "Our achievements speak for themselves: in the new rating by an international rating agency Quacquarelli Symonds (QS), the university occupies 32nd position. The 50 leading universities of the world were included in the ratings; the universities established no more than half a century ago in Hong Kong, Singapore, South Korea, Malaysia, European countries were rated. ENU



L.N. GUMILYOV EURASIAN NATIONAL UNIVERSITY

has leading position in Higher Education Institutions Rating: European Standard; the University made it into group "BBB+" Rating – "sufficient high ranking". The main award in Kazakhstan was given to the university, the Presidential Award "Alтын Sapa", which means the "gold standard of quality."

There are 16,400 students studying at 64 departments of 13 faculties; 38 research institutes are operating; a start-up zone has been established. The latest good news was the QS APPLE award, the fourth award given to the university for its achievements in higher education. The news arrived on November 11 from Taipei, which hosted the Anniversary Conference, 10 QS APPLE – Asia "New Directions in Asia-Pacific Higher Education: Challenges and Opportunities".

There is a high concentration of creative and dynamic youth in the university.

A few examples of this creativity

and dynamism are: Gulsana Sisengaliyeva who synthesised substances with antiradical (antioxidant) activity; Alibek Uakpaev, a two-time gold medal winner; Anuar Akhmetov, a world-class athlete and winner of two gold and three silver medals from the II Summer Asian Para Games; sisters Yekaterina and Alexandra Nemich were two-time bronze medalists at the XVII Asian Games in synchronised swimming; and "The Best student 2014" Aybolat Argyngazinov, who engaged in projects development and expert activities in the field of youth policy.

ENU is consistently and steadily progressing in educational, scientific and cultural terms.

It has successfully participated in global higher education institutions rating surveys and has undertaken international scientific and educational projects. Today, through its highly creative scientists and students, ENU is a leading university in Kazakhstan.

ENU is located in Kazakhstan's capital, Astana; a beautiful, modern city filled with Asian-influenced urban architecture, it continues to grow and transform.

ENU became one of the first architectural constructions of the young capital and a symbol of the sovereignty of Kazakhstan.

Today, more than 650 ENU international students from almost 20 countries actively participate in the cultural, social and political life of Astana.

International co-operation with foreign partners is one of the main strategies of ENU.

The university co-operates with more than 230 global universities through memorandums of understanding, agreements and student exchange programmes.

"International students play an important role in the university life providing intellectual stimulation, as well as creation and maintenance of scientific relations with foreign counterparts," Sydykov says.

ENU has strong co-operation with Chinese universities in the field of educational services.

Confucius Institute has been working within the walls of the

university from December 2007. At Confucius Institute, classes are conducted by highly qualified teachers from the Xian University of Foreign Studies.

There is a library containing more than 4,500 resources, including a film club. Exhibitions, contests and competitions in Chinese language are held here as a part of the institute's activity.

ENU has key partnerships with institutions in China including Xian International Studies University, Hong Kong Baptist University, Chinese Secretariat on Chinese language distribution, Xingjiang University of Economics and Finance and Xinjiang University.

ENU meets all major international educational standards.

The university provides students with a world-leading educational experience.

By protecting and enhancing the accumulated knowledge of previous generations and delivering high-quality education to ambitious students from Kazakhstan and the rest of the world, ENU remains the centre of Eurasian ideas.

www.enu.kz/en/



Yerlan Sydykov, rector