

# DAEBUL FREE TRADE ZONE

Daebul Free Trade Zone, the global business center

## DAEBUL

### Daebul Free Trade Zone

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## What is a Free Trade Zone?

A Free Trade Zone is a specially designated site that aims to vitalize foreign investment, international trade and logistics. Obstacles to free trade, such as restrictive regulations, have been lifted to encourage industry and trade to flourish. Provisions of the International Trade Act and the Customs Act have been relaxed within the boundaries of the Daebul Free Trade Zone.

Other benefits include tax holidays, tariff exemptions, and priority use of land and property.

Since its designation as a Free Trade Zone in 2002, Daebul has grown into a global business center and now leads the green and high-tech industries.

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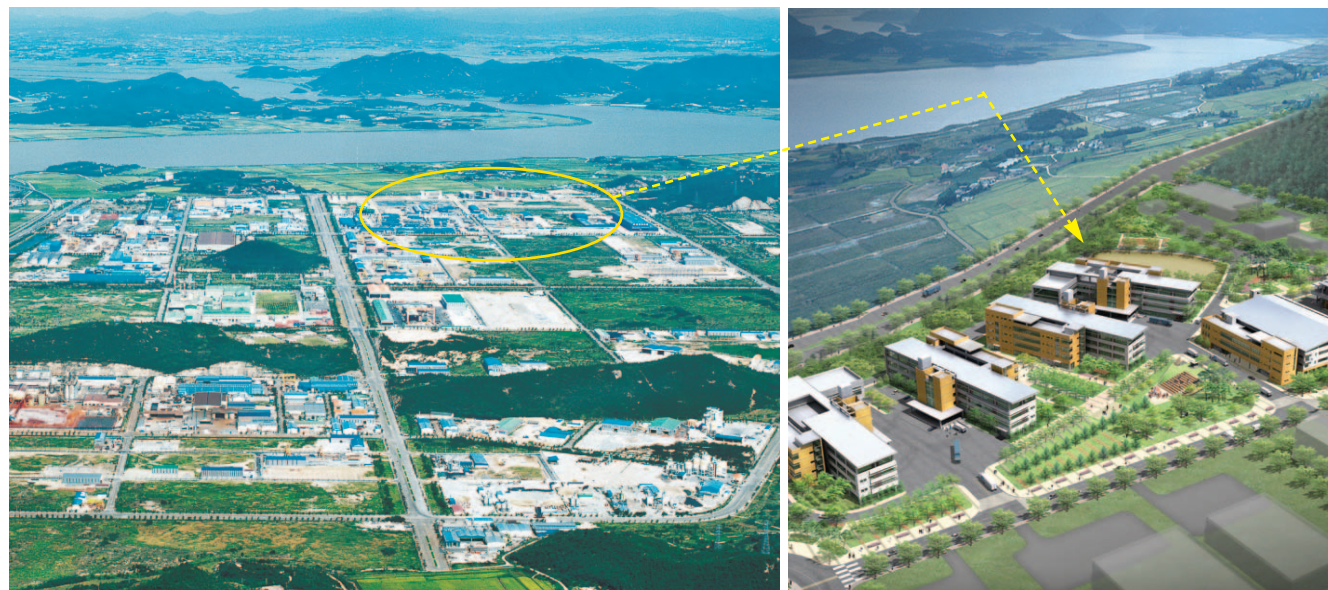


## The Daebul Free Trade Zone is ushering in a new era of global business.

The Daebul Free Trade Zone provides remarkable tax benefits, efficient one-stop administrative services, excellent skills and technology, and convenient access to international shipping networks. With so much to offer, the Daebul Free Trade Zone is gaining worldwide attention as a leading business stronghold.

### Overview

- **Location** : 611-11 Nabul-ri, Samho-eup, Yeongam-gun, South Jeolla Province
- **Area** : 1,157,000 m<sup>2</sup>
- **Construction period** : November 2002 to May 2008
- **Purpose**
  - An international business center for Northeast Asia
  - To promote the local economy and balanced regional development by attracting foreign investment
- **Vital statistics**
  - Tenant companies : 31 including Wartsila-Hyundai Engine
  - Main industries : Green energy, new materials, shipbuilding parts and equipment
  - Employment : About 3,200 jobs



## A convenient array of highways, ports, airports and railways make your business accessible.

The Daebul Free Trade Zone features Muan International Airport, which offers direct flights to major cities all over the world, Gwangyang Port, which provides access to major international ports and five major highways. High-speed railway service makes Seoul accessible in about three hours.

### Airports

- **Muan International Airport**
  - International : 10 flights/per week (to Beijing, Shanghai, Changsha)
  - Domestic : One flight/per day (to Seoul)
- **Gwangju Airport**
  - Domestic : Seven flights/per day (to Seoul)
  - Eight flights/per day (to Jeju)
- **Yeosu Airport**
  - Eight flights/per day (to Seoul)
  - One flight/per day (to Jeju)



### Railways



- Three hours, 20 minutes to Seoul by Honam high-speed railway (16 departures, 16 arrivals per day)
- Jeolla line (Iksan-Yeosu), double-line railway (due to open in 2012)
- Light rail transit line between Mokpo and Boseong (linking Mokpo and Gwangyang-man industrial zones)

### Ports

- **Gwangyang Port**
  - Harbors : 16 harbors (12 for 50,000-tonne ships; four for 20,000-tonne ships)
  - 20 more harbors for 20,000- to 50,000-tonne ships to be constructed by 2011
  - Capacity : Simultaneous mooring of five 20,000-tonne ships and fifteen 50,000-tonne ships
- **Mokpo New Port**
  - Service to major international ports in Asia, the Americas, Europe and East Asia
  - Harbors: Four harbors (one public harbor for 30,000-tonne ships, three multipurpose harbors)
  - Nine more harbors for 20,000- to 30,000-tonne ships to be constructed by 2011
  - Capacity: Simultaneous mooring of nine 30,000- to 50,000-tonne ships
- **Daebul Harbor, Mokpo Port**
  - Domestic logistics



### Highways

- Five major highways (Seohae, Honam, Namhae, 88 Olympic, Muan-Gwangju)
- Four new highways under construction between Mokpo and Gwangyang (due to open in 2010)





## Daebul's excellent industrial infrastructure creates amazing synergy. Experience the boundless potential and opportunities.

Within the vicinity of the Daebul Free Trade Zone is a large industrial complex involving not only conventional industries such as shipbuilding, but also futuristic industries such as green energy and aerospace. This means enormous potential for synergy. The west coast industrial belt, which leads to Incheon, is another opportunity to grow your business.

### Related Industries

#### Shipbuilding and mechanical industries

- Location : The southwestern part of South Jeolla Province, including the Daebul Industrial Complex and the Goheung-Sinan Shipbuilding Complex
- Opportunities : Hyundai Samho, one of the world's top five shipbuilders, and Mipo Shipbuilding are located nearby. In addition, the 1,847m<sup>2</sup> Jeonnam Shipbuilding Town is home to Daehan, Korea and Sinan Heavy Industries.
- Outlook : Shipbuilding cluster to be formed for small and midsize shipbuilders
- Invited industries : Industrial shipbuilding, shipbuilding parts, recreational shipbuilding



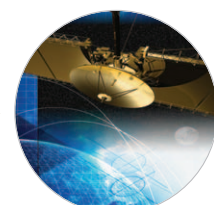
#### Green energy industries

- Location : Southwestern coast of Korea
- Opportunities : Highest level of solar radiation (at least 4 kwh/m<sup>2</sup>), highest wind speed, highest tidal speed
- Outlook : Largest petroleum, chemical and hydrogen engineering complexes
- Invited industries : Solar energy, wind energy, tidal energy, fuel cells, bioenergy, etc.



#### Aerospace industries

- Location : Naro Island, Goheung, South Jeolla Province
- Opportunities : Aerospace industrial complex and theme park under construction
- Outlook : World's 13th space station
- Invited industries : Optical communication, optical sources, optical instruments, optical materials



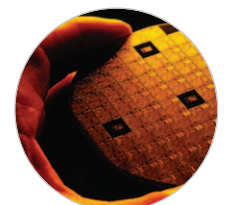
#### Automotive industries

- Location : Mokpo and Gwangyang-man
- Opportunities : International ports, including Mokpo and Gwangyang ports, easily accessible for shipping of automobiles and auto parts
- Outlook : F1 racing (beginning in 2010)
- Invited industries : Advanced and intelligent vehicles, auto parts, racecars



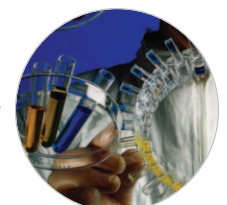
#### New materials industries

- Location : Yulchon 1 Industrial Complex, Haeryong Industrial Complex, Mokpo, and the north-central area of South Jeolla Province
- Opportunities : Easy access to Shanghai, Gwangyang Steel, Yeosu Petroleum and Chemical Complex, numerous magnesium plate manufacturers, Kia Motors-Gwangjufactory, Samsung Electronics-Gwangju factory (parts manufacturer)
- Outlook : New materials support center, Jeonnam Techno Park
- Invited industries : Magnesium alloys, ceramics, auto parts, shipbuilding



#### Bioindustry

- Location : Greater Gwangju Area, including Naju and Hwasun south-central area of South Jeolla Province
- Opportunities : Pollutant-free sea vegetables (80% market share), salt (85% market share), organic agricultural products (53% market share), one of the world's top five tidal flats, subtropical climate ideal for growing herbs
- Outlook : Bioindustry initiatives, research center, marine biology center, Korean medicine center, Baeksan Institute
- Invited industries : Organic and marine product processing, health products, biology and Korean pharmacology



#### Electro-optical industries

- Location: Gwangju
- Opportunities: Aspires to build world's No. 5 optical products manufacturing industry by 2010 (optical industry complex, LED valley)
- Outlook: Korea's only university-affiliated optical industry cluster
- Invited industries: Optical communication, optical sources, optical instruments, optical materials





## Energize your business with Korea's highly skilled work force.

The area's 41 universities and colleges, 78 vocational schools and 512 job training centers produce about 160,000 new graduates every year. In addition, the South Jeolla provincial government has been operating job training programs since 2005, with the goal of supplying local businesses with 6,000 highly skilled workers by 2013.

### Labor pool

- 160,000 new workers enter the work force every year
- Degreed and skilled workers: 63,000 annually, from 41 universities and colleges including Gwangju's KAIST campus
- Trainees: 10,000 annually from 78 vocational schools and 512 job training centers
- Specialized workers: South Jeolla provincial job training programs (which qualify 600 trainees annually, with tuition fees fully funded)

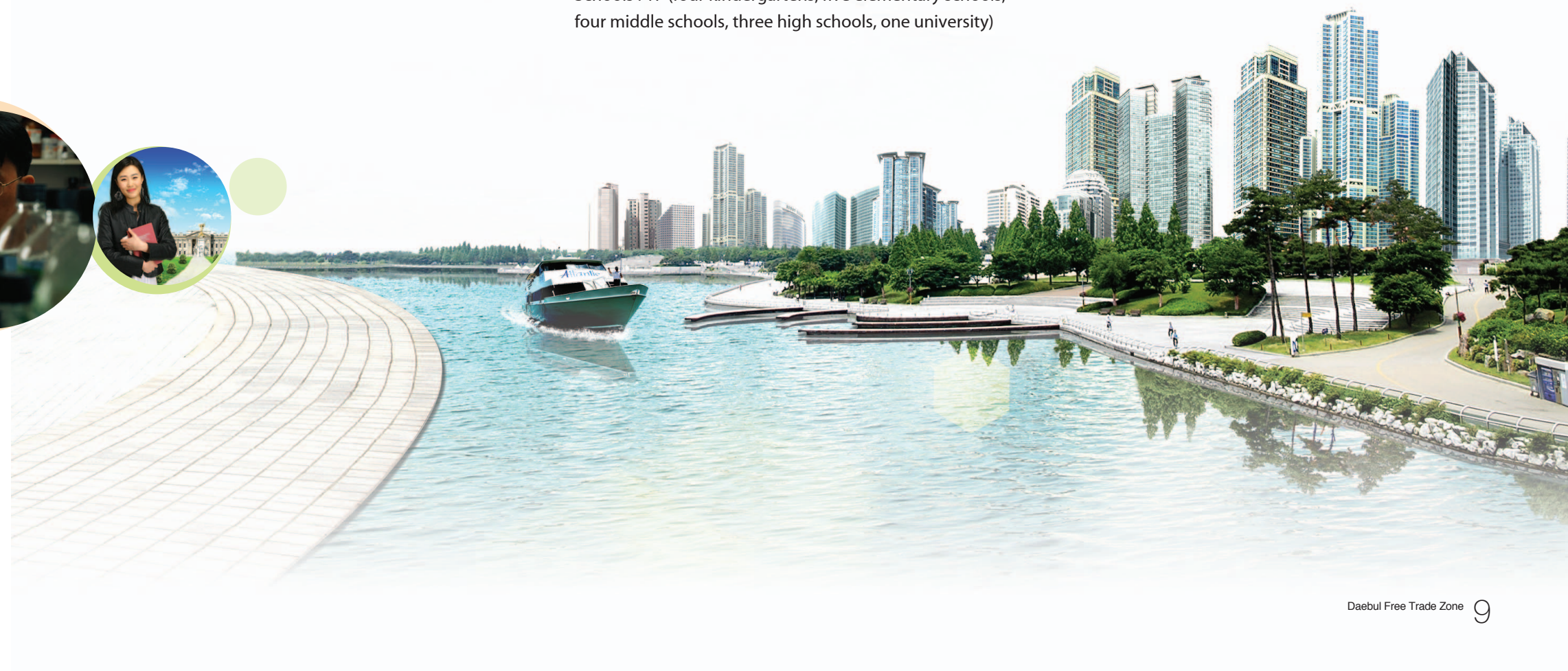


## Improve your quality of life in this environmentally friendly residential area with its excellent educational environment.

Korea's first clean energy city, Namak, is a five-minute drive away and offers an ideal residential and educational environment. This beautiful, environmentally friendly city aims to become a center for public administration, international trade and tourism beginning in 2010.

### Special City of Namak

- Location : Ogam-dong Mokpo and Illo-eup, Muan-gun
- Area : 14,546m<sup>2</sup>
- Expected population : 150,000 (45,000 households)
- No. of local agencies to relocate to Namak : 75
- No. of public housing units to be supplied : 17,560
- Completion expected : 2010
- Schools : 17 (four kindergartens, five elementary schools, four middle schools, three high schools, one university)



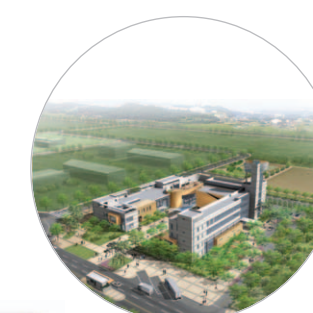


## Affordable, efficient facilities in an ideal business environment. Revitalize your business with Daebul.

The Daebul Free Trade Zone offers impressive apartment-style factories and top-notch facilities for banks, accounting firms, restaurants and other businesses.

### Real estate at Daebul

- Land (ready for construction of factories)  
Conditions : Available for rent  
Area : 940,489m<sup>2</sup>
- Apartment-style factories  
Conditions : Available for rent  
Area : 56,856m<sup>2</sup>
- Other facilities (for banks, accounting firms, restaurants, etc.)  
Conditions : Available for rent  
Area : 4,705m<sup>2</sup>



### Eligibility to lease facilities

- Export-oriented manufacturers : Exports must account for at least 50% of the company's sales for the year prior to the lease application date.
- Foreign investors : The foreign investor must have invested at least 50 billion won, and must hold either 10% of shares in the company or 10% of its total investments.
- Trade-related wholesalers : At least 50% of the company's business must have involved trade during the year prior to the lease application date.
- Service providers : Financial institutions, insurance companies, customs offices, IT service providers, etc.

### Preferred businesses

- High-tech industries : Notice No. 2007-17 (Ministry of Knowledge Economy)
- High-tech related industries : Notice No. 2008-10 (Ministry of Strategy and Finance)
- Businesses with the potential to promote and attract foreign investment in regional specialty industries



## One-stop services and generous incentives!

The Ministry of Knowledge Economy is here to help by providing generous tax benefits, tariff exemptions, and assistance with permits for your business in the Daebul Free Trade Zone. Subsidies are available for relocation, employment, training, facilities, and many other purposes.

### Incentives

#### Eligibility criteria for rent-free land (apartment-style factories)

- New investments of at least \$10(5) million by foreign investors
- New investments of at least \$1(0.5) million by foreign investors who own at least 30% of shares in the company concerned
- New investments of at least \$500,000(250,000) by foreign investors in high-tech industries and industrial services as defined in Clause 1, Article 121-2, of the High-Tech Industry and Special Tax Act

#### Affordable land and apartment-style factories for rent

- Foreign investors and domestic companies pay only 64 won/m<sup>2</sup> (per month) for land within the Daebul Free Trade Zone, and between 655 and 723 won/m<sup>2</sup> (per month) for apartment-style factories.
- ※ Note: Manufacturers of telecommunications and navigation equipment for the shipbuilding industry, and ship engine manufacturers, can rent land for 32 Korean won m<sup>2</sup>(per month)

#### Tax benefits

##### -Eligibility criteria

- Foreign investors involved in high-tech industries and industrial services
- Foreign manufacturers investing at least \$10 million
- Foreign logistics businesses investing at least \$5 million

##### -Details

- Five-year tax holiday: Companies are exempt from corporate and income taxes for three years and taxed at 50% the usual rate for two years thereafter
- Acquisition, registration and composite income tax : 100% exemption for 15 years



#### • Tariff exemptions

##### - Eligibility : All tenants

##### - Details

- All foreign and domestic products delivered to the Free Trade Zone will be exempt from tariffs.

#### • VAT exemption

##### - Eligibility : All tenants

##### - Details

- All domestic products delivered to the Free Trade Zone will be exempt from VAT.
- All tenants distributing imported products or providing services within the Free Trade Zone will be exempt from VAT.

#### • Subsidies

##### - Eligibility

- Companies investing at least 2 billion won or hiring at least 20 additional full-time workers in South Jeolla Province

##### - Maximum amount

- 2 billion won per business (50% provided by the local government)

##### - Subsidies

Subsidy type	Benefits
Relocation grants	<ul style="list-style-type: none"> <li>• For properties measuring 5,000m<sup>2</sup> or more, 30% of the purchase price up to a maximum of 300 million won</li> <li>※ Industrial complexes : Up to 50% of the regular purchase price</li> </ul>
Employment grants	<ul style="list-style-type: none"> <li>• 20 or more newly created jobs that pay 500,000 won per person/per month for at least six months</li> <li>• Available for five years following the date of business registration, up to a maximum of 200 million won per company</li> </ul>
Training grants	<ul style="list-style-type: none"> <li>• 500,000 won per person/per month provided to train workers for newly created positions if the company creates at least 20 new jobs</li> <li>• Available for five years following the date of business registration, up to a maximum of 200 million won per company</li> </ul>
Equipment grants	<ul style="list-style-type: none"> <li>• For companies that purchase at least 2 billion won worth of new or used equipment, a grant of 2% may be provided up to a maximum of 200 million won in total grants</li> <li>• Factory relocation : Up to 10% of relocation costs covered, up to a maximum of 200 million won in total grants</li> <li>• Relocation of headquarters : 300,000 per person provided if more than 10 employees are involved, up to a maximum of 200 million won in total grants</li> </ul>



# Daebul's Apartment-Style Factories

● Location and area

- Location : Daebul Free Trade Zone, 611-11 Nabul-ri, Samho-eup, Yeongam-gun, South Jeolla Province
- Area : Four buildings for light industries, measuring a total of 35, 829m<sup>2</sup>  
Three buildings for heavy industries, measuring a total of 21,0227m<sup>2</sup>

● Factory types

Type	Light industry		Heavy industry	
	A TYPE	B TYPE	A TYPE	B TYPE
No. of buildings	2	2	2	1
Floor area(m <sup>2</sup> )	8,670	9,244	7,326	6,375
No. of floors	4	4	3	2
Height (m)	4.5	4.5	9.0	10.8
L. x W. (m)	90x16		64x36	89.6x56

● Areas

Light industry (Type B)

Floor	Area(m <sup>2</sup> )	Height(m)	Load capacity(kgf/m <sup>2</sup> )	Uses	Electric capacity(kw)
1F	2,249	4.5	600	Factory, Office	750
2F	2,295				
3F	2,295				
4F	2,225				
Rooftop	180			Electricity and Machinery room	

Heavy industry (Type A)

Floor	Area(m <sup>2</sup> )	Height(m)	Load capacity(kgf/m <sup>2</sup> )	Uses	Electric capacity(kw)
1F	2,929	9	1,200	Factory, Office	750
2F	762			Office	
3F	3,468			Factory, Office	
Rooftop	167			Electricity room	

● Rent and conditions

- Rent : Between 655 and 723 won/m<sup>2</sup>(per month)
- Term of lease : Up to 50 years
- Deposit : Equivalent of six months' rent
- Maintenance fee : 16.05 won/m<sup>2</sup>(per quarter)

● Eligibility criteria

- Businesses defined in Item 1, Item 1-2 and Item 2 of Clause 1, Article 10, of the Free Trade Zone Act and Clauses 1 to 3, Article 7, of the corresponding Enforcement Decree
- Export manufacturers
- Newly established manufacturing businesses owned by foreign companies
- \* Polluting industries and shipbuilding-related industries excluded, with the exception of electricity, electronics, and manufacturing of telecommunications equipment for ships

● Facilities

- Parking facilities
- Elevators: Two passenger elevators(capacity:17) and two freight elevators (capacity: 4 tonnes)



## Contact us

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