Take a leap towards
success here in
Ulsan Free Trade Zone!

MOTIE
MINISTRY OF
TRADE, INDUSTRY & ENERGY

Ulsan Free Trade Zone Administration Agency

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ULSAN
FREE TRADE ZONE

Ulsan Free Trade Zone

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Administration Agency**

Ulsan
Free Trade Zone

Where are you looking at Now?

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What is Free Trade Zone?

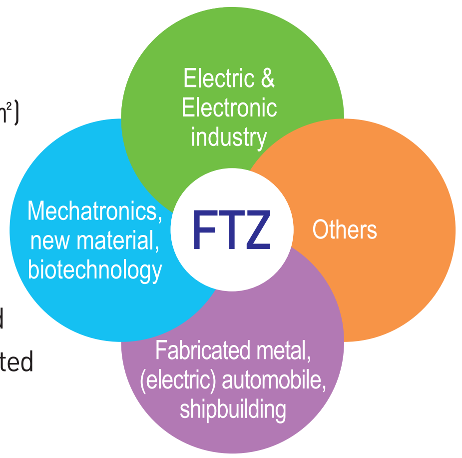
A free trade zone (FTZ) is a specific class of special economic zone designated by the national government to promote foreign investment, trade and regional development through deregulation of foreign trade laws and the customs laws to make it an industrial hub. All enterprises registered in the free trade zone are provided with a wide range of incentives including tax and tariff reduction or exemption, long-term lease of land and buildings with low rent, and other various benefits from deregulations.

Ulsan Free Trade Zone

As the core outpost of trade and industry, Ulsan Free Trade Zone covers 837,000 square meters equipped with optimal business environment.

Project Overview

- **Location |** #162 Cheoyong-sanup 3 gil, Cheongryang-myeon, Ulju County, Ulsan City
- **Area |** 837,502㎡
  - Office building (gross floor area 7,698㎡)
  - Private Factory Area (403,753㎡)
  - 3 Standard Factory Buildings (gross floor area 36,226㎡)
- **Construction Period |** 2009~2015
- **Project Operator |** Ministry of Trade, Industry & Energy, Ulsan Free Trade Zone Administration Agency



Progress & Plans

- Feb. 4, 2013 Rental advertizing for private factory area posted
- Mar. 4, 2013 Private factory area move-in approved & completed
- Jan. 4, 2015 Rental advertizing for standard factory posted
- Feb. 4, 2015 Move-in starts for standard factories


Ulsan Free Trade Zone Government Office Building & Standard Factory Building


Ulsan Habor

Aerial View of the Standard Factory

Standard factory area ready for move-in (as of Jan. 2015)

36,226㎡

3 standard factory buildings 36,226㎡

- Light Industry (2 buildings): 27,907㎡ (4 floors above ground)

Floor	Area	Height	Allowable load	Arrangement
1F	5,676	6.1m	2.1	Factory, Office, Electrical room, Common area
2F	5,932	4.1m		Factory, Office, Common area
3F	5,932	4.1m		Factory, Office, Common area
4F	5,932	5.0m		Factory, Office, Common area

Floor	Area	Height	Allowable load	Arrangement
1F	2,941	8.4m	3.8	Factory, Office, Common area
2F	430			Office, Common area
3F	3,115	11.6		Factory, Office, Common area

Private Bonded Factory Area 457,736㎡

- Metal Processing: 165,731.2㎡
- Primary Metal: 56,492.1㎡
- Machine equipment: 105,938.7㎡
- Automobile parts · materials: 35,800.7㎡
- Electrical equipment: 16,838.2㎡
- Precision machinery: 9,900㎡
- Medical Appliance: 3,645.5㎡
- Others: 9,388.6㎡

Qualification for Ulsan TFZ company registration & Industry

From FTZ registration consulting to factory construction and general business activities, we provide a comprehensive one-stop-service.

Tenant Qualification & Industry Type

- Foreign invested manufacturing company
- Export-oriented manufacturing company l Companies that have exported more than 30 percent of their total sales three years-on-year for more than a year (conglomerates 50%, mid-sized companies 40%, small companies 30%)
- Service Providers l Industries that provide support in finance, insurance, customs clearance, tax affairs and so on to FTZ registered companies.

※ Government office building is available to service providers.

Minimum foreign investment amount & ratio

- Companies with foreign investment of more than KRW 100 million and foreign investor ownership of more than 10% of total outstanding shares or total capital.

Lease period for land & factories

- Land and factories available for lease for a period of 50 years (renewal of lease possible)

Most preferred industry types

- Foreign invested companies, export –oriented manufacturer, sophisticated technology-based industries and industrial support service industries (Restriction of Special Taxation Act)

Incentives for Enterprises

We provide comprehensive administrative services and incentives for you to complete the factory construction and move in for business with the lowest cost.

01 Low rent for land & standard factory

- Standard factory rent (monthly): KRW 930-1,030 (per ㎡)
- Private factory rent (monthly) : KRW 134 (per ㎡)

02 Rent-free lease of land for foreign invested companies

- Rent reduction/exemption according to the amount of investment:
  - For companies in advanced technology industries and industry-support services, new investment of more than USD 1 million(KRW 1 billion) : 100% exemption (rent-free)
  - New investment of more than USD 5 million(KRW 5 billion): 75% exemption
- Lease period: 10 years from the move-in day (renewal of lease possible)

03 Tax reduction/exemption for foreign invested companies

- Reduction of corporate & income taxes : 100% reduction for three years and 50% reduction for two years

※ Exemption in case of foreign investment over USD 10 million

- Local tax (acquisition, registration, property taxes) : 100% reduction for three years and 50% reduction for two years

04 Tariff breaks on imported items

- In case of capital goods, raw materials, and construction materials imported for business purposes

05 Zero rate of value-added taxes

- No VAT on foreign goods or services exchanged among tenants
- Domestic goods carried into a free trade zone

06 Offshore business permitted for raw materials for export

- Items such as capital goods, raw materials, and construction materials imported for business purposes could be processed within domestic free trade zone
- Export of processed goods permitted
- Facility equipment & other products can be taken out to domestic regions in bonded state

07 Idle facility equipments & manufacturing parts are permitted to be taken out to domestic regions

08 Special provisions including allotment breaks

- FTZ registered companies are exempted from paying congestion charge and not obligated to hire social minorities.
- Fostered to be the core outpost for East Sea Economy with new high-tech industry cluster which maximizes synergy creation through connection between industries

Fostered to be the core outpost for East Sea Economy with new high-tech industry cluster which maximizes synergy creation through connection between industries

As the Ulsan Free Trade Zone has the New Ulsan Port and is close to large-scale automobile, shipbuilding and petrochemical industrial complexes, it has the best industrial environment for maximizing productivity and synergies

Outstanding Investment Environment

- Connection with Ulsan's major industry clusters
- Mecca of industrial manpower
- Excellent residential environment
- Educational environment

Ulsan Free Trade Zone Related Industries

Automobile Industry

Korea is the fifth largest automobile manufacturing country in the world and 23% of its total automobile production takes place in Ulsan. The world's largest automobile assembly plant operated by the Hyundai Motor Company works together with some 900 companies that manufacture parts and materials. Furthermore, Daewoo Bus, specializing in manufacturing buses and other companies that manufacture bus parts moved to Ulsan making the city a true automobile industry cluster. To prepare for the automobile industry of the future, Ulsan is building research foundation for electric automobiles and constructing the green car auto valley. By carrying forward the development of the eco-friendly cars such as electric cars, hybrid electric cars, and hydrogen fueled cars, Ulsan is undoubtedly becoming the key base of the electric automobile industry

Battery Industry

Ulsan is fostering battery industry as the New Growth Engine Industry. With the production of Samsung SDI's 2 cell lithium ion battery, 2 cell tablet battery, leading chemical company, Solvay's lithium ion, lithium ion battery electrolyte and Hanhwa Chemical's 2 cell positive electrode and the construction of Taeyang Battery's R&D Center, Ulsan will make its way into the leading battery industry hub

Petro-chemistry Industry

Korea is the world's No. 4 petrochemical producing country, and Ulsan accounts for about 30% of total petrochemical production volume in Korea. World's leading petrochemical companies including SK Energy, S-OIL, Solvay, Eastman, Rhodia, BP-Mobil, Dupont are settled in Ulsan. Furthermore, research and development facilities such as Ulsan Fine Chemical Center, Korea Chemical Research Center, Ulsan New Chemical Commercialization Center, Bio Chemical Commercialization Center support growth of biochemical industry to advance petrochemical industry and prepare for the world without petroleum

Energy Industry

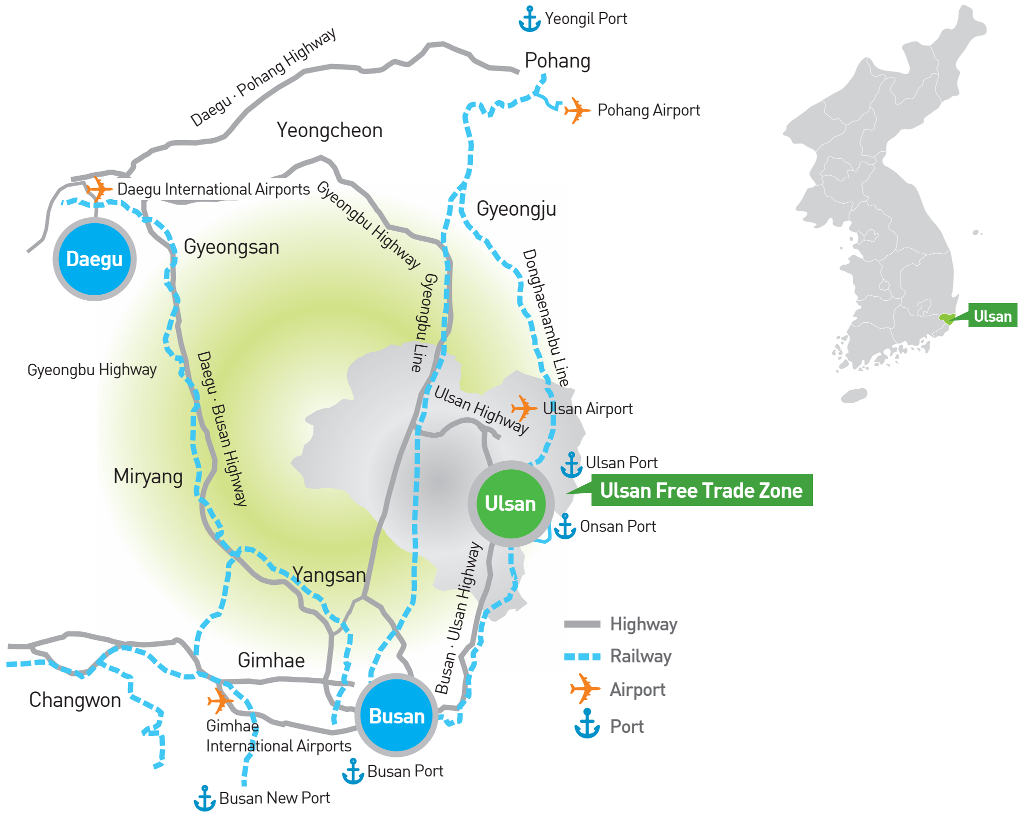
From Korea's first underwater gas field Donghae-1 located in the coast of Ulsan, a thousand ton of liquefied natural gas is produced. Once Northeast Asia Oil Hub Project with the scope of 30 million barrel kicks off and Korea National Oil Corporation, Korea Energy Management Corporation and Energy Economics Institute move into Ulsan, the city's energy industry will take a new leap.

Shipbuilding Industry

Korea is the world's No. 1 shipbuilding country in the world as it's the home to seven leading shipbuilding companies that make the top-ten-list of global shipbuilders, namely the world's largest shipyard operated by Hyundai Heavy Industries and Hyundai Mipo Dockyard, the world's fifth largest shipyard. Covering the 6.04 million square meters, Hyundai Heavy Industries is equipped with annual production capacity of 9.2 million tons of GT. Hyundai Mipo Dockyard is equipped with annual production of 1,191,000 tons of GT raking the fifth largest shipyard in production capacity. These two companies are producing 16% of global ship production by volume, 40% of total ship production in Korea, making Ulsan the leading shipbuilding city.

Industrial Infrastructure & Location

Ulsan Free Trade Zone is the important traffic hub as core infrastructure of highway, rail, port and airport conveniently connects the city with all parts of the country.



Airport

Ulsan Airport is located near the center of the city and it has regular daily flights to Seoul. Also there's an easy access to international flights as Gimhae International Airport is only an hour away by car

Roads

3 Expressways and 5 national highways pass through Ulsan conveniently connecting cities and industrial complexes

Rail

High-speed train KTX makes the trip to Seoul possible in two hours. It's also easy to transport large quantities as there is a railroad near the FTZ

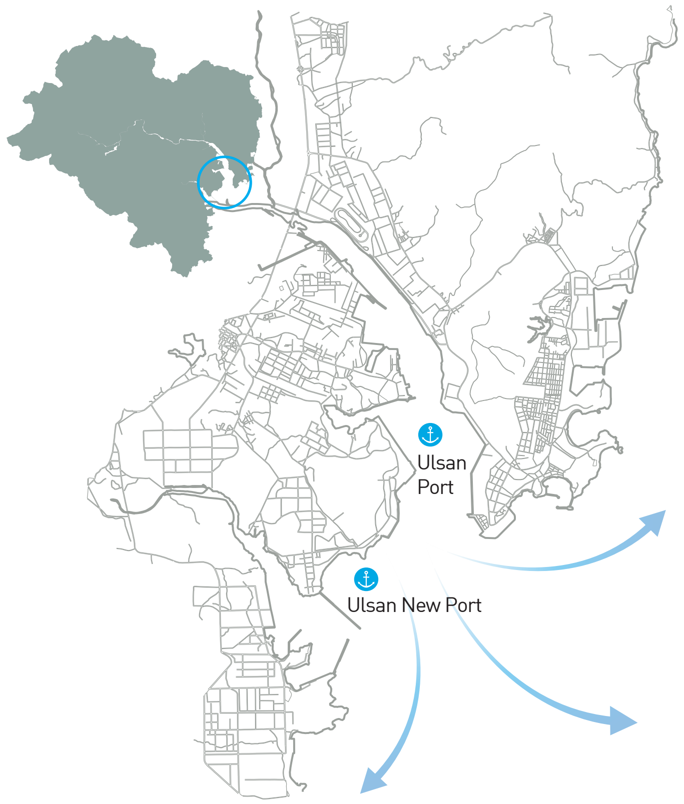
The nearby Donghae Port which is the hub of the Northeast Asia Greater East Sea area allows transshipment to Japan and China through Ulsan Port.

Hub Port of 21st Century International Industrial Logistics

Ulsan Port handles largest amount of liquid freight in Korea and it's the largest industrial logistics port in Northeast Asia handling the 4th largest amount of liquid freight in the world.

With the berthing capacity of 107 vessels, it handles 193 million tons of volume a year. It also works as a gateway to domestic and international markets for FTZ registered companies as it's located close to major industrial complexes.

Once the New Ulsan Port is completed, Ulsan Port will be equipped with the berth capacity of 132 vessels and 88 million cargo handling and become the Northeast oil hub port that handles 19.2% of world's petroleum comsumption.



● Ulsan Port

Handles the largest amount of liquid freight in Korea
Handles 193 million tons of volume a year (16.5% of total volume)
Berthing capacity: 107 vessels

● Ulsan New Port

Under construction as the logistics hub of Northeast Asia
Completion in 2020 – estimated to handle 32 million tons of volume a year
– Berthing capacity: 33 vessels