Busan Metropolitan City’s Rush to Be a World’s Premier City!

As a hub city in the southern part of the Republic of Korea, Busan is moving to be a world’s premier city. Acquiring new future growth engine with its superb infrastructure, excellent human resources, and vision, the city is now soaring as the stronger world-class maritime capital!
INTRODUCTION OF KOREA

Having achieved a high level of economic growth on its road to an advanced country, the Republic of Korea was among the Four Asian Tigers, which included Taiwan, Hong Kong, and Singapore as well. In 2007, Goldman Sachs forecast that the Republic of Korea would make the second biggest economy after the US with its nominal GDP per capita at 90,294 USD. In 2012, the Republic of Korea was the world’s 13th biggest economy with its GDP per capita at 23,679 USD.

The Hub of Northeast Asia!
The Republic of Korea as a Creative Economy Moving into the Future!

The Hub of Northeast Asia
Lying between the economic powers of Japan and China, the Republic of Korea enjoys its geographical advantage as the gateway to the Northeast Asia. Also, the country is the center of a huge demand that has 25% of the world’s population, 20% of the world’s GDP, and 43 cities with minimum population of 1 million within 2 hours of flight.

A Business-Friendly Country
In World Bank’s Doing Business 2012 that surveyed 185 countries, the Republic of Korea was ranked 8th, making the world’s top 10 for two straight years. Ranked 3rd among the East Asian countries, 6th among the OECD members, and notably, 4th in terms of business-friendly environment, the Republic of Korea was recognized as a business-friendly country that provides more excellent business environment than its global competitors.
Creating an Environment Favorable to Foreign Investment

Activating Foreign Direct Investment
Lying between the economic powers of Japan and China, the Republic of Korea
When the Korean economy became more advanced and globalized by overcoming
the Asian financial crisis between 1997 and 1998, an investment environment
friendly to foreign investment was created. With a view to reinvigorating foreign
direct investment, the country is creating an environment that is favorable to
foreign invested enterprise by designating 25 complex-style foreign investment
regions, 4 rental districts, 1 service-style foreign investment region, and 80 single-
entity foreign investment regions.

Distribution of FDI (In 2016)

Korea, leading the global market

Economic Powerhouse
With its GDP per capita staying below USD 100 as late as the early 1960s, its
economy driven by primary industry, the Republic of Korea went through its
industrialization in the 1970s and the 1980s to be one of the world’s fastest
growing countries. By achieving a surprising economic "miracle", Korea
upgraded as one of the world’s major economies, and in 1996, proudly joined the
advanced countries by joining OECD. As of 2015, with its GDP at 7,817.6 billion
dollars and GDP per capita at 7,226 dollars, the Republic of Korea led the global
market as the world’s 11th biggest economy and with its advanced technology
industries.

Country’s Credit Rating

Moody’s
S&P
Fitch

Aa2
AA
AA−
INTRODUCTION OF BUSAN

As the hub of the Northeast Asian economy, Busan is being reborn as a city of film & video, maritime industry, logistics, and finance. The city boasts its urban infrastructure and sustainable growth engine that will catapult it to the world’s top-of-the-line city! Thus, it is soaring as an international gateway that connects the Pacific Rim and Eurasia.

A Global Logistics Hub!
It’s Busan’s Cornerstone that Supports Its Future!

A Strategic Position in Global Logistics
As a major port lying on the route that connects North America and Europe, Busan serves as a strategic point in global logistics. The city lies at the best possible location that benefits the most from the opening of the arctic route, the logistic cost decreasing by at least 20% for the European route and 30% for the North American route. Furthermore, it is the starting point of the future transcontinental railway, which departs from Busan, going through China and Russia, and arrives in Europe.

One of the World’s Top 6 Container Port Cities
As a superport that handles 75% of shipping containers that arrive and depart from South Korea, Busan connects to 600 ports in about 100 countries and thereby serves as the world’s 5th largest container port and the hub of the Northeast Asian logistics. By ensuring lead time with 45 more berths opened on Busan New Port and a logistics center with a state-of-the-art system set up in its hinterland, Busan will consolidate its status as a world-class port and the logistics hub for Northeast Asia.
Busan’s Industries

- Agriculture, forestry, and fisheries (0.3%)
- Manufacturing (55.6%)
- Construction (19.3%)
- Tourism and other (74.9%)

Busan’s Industries (as per SUSE of 2018)

Number of foreign companies: 796 (2014)
- Renault Samsung Motors (automobile), Bosch Rexroth Korea (manufacturing), WAB (Pumps manufacturing), Koelke (KCI), Frueholz (P&H), MAN Diesel & Turbo (ship parts), Wartsila (ship parts), Jonginsaebi Maritime (shipbuilding equipment), IML (London Metal Exchange warehouse), Aker Solutions (marine plant)

Busan’s Financial Center

Areas with foreign investments (as of 2019)

- Manufacturing, distribution, and logistics (42.3%)
- Services (70.7%)
- Other (8.9%)

Vision & Plan

Contents
- Centum District 2 Urban Advanced Industrial Complex
- Dongbun Tourism Complex
- North Port Redevelopment Project
- Busan’s Financial Center
- Southeastern Medical Science Industrial Complex
- Orye General Industrial Complex
- Eco-Daedeo City Creation Project
- Myeongji International New City
- Cloud Data Center Demonstration Complex
- Myeongji & Aja Foreign Investment District
- New Port Hinterland Creation Project
Centum District 2 Urban Advanced Industrial Complex

Centum District 2 Urban Advanced Industrial Complex is the largest urban advanced industrial complex in South Korea and will host convergence-related industries such as robots and sensors, tourism & MICE industry, ICT, bio & health, film & content industrial facilities. In connection with Centum City, it will grow into an advanced industrial complex that performs a central role in Busan’s future growth.

Project Overview (2016-2023)
- Location & size: Banyeoo, Barseong, and Seokdaee in Haean-dong, gu; 1,95 mln
- Competitive edge: South Korea’s largest urban advanced industrial complex where potential industries will maximize production and added value by matching the 4th Industry, the future growth industry.
- Project type: Public development (Busan Metropolitan Corporation; BMG)

Hosted Industries: ICT, Bio-health, convergence-related industries, film & content, knowledge industry center, R&D center, etc.

Location of Urban Advanced Industrial Center
Dongbusan Tourism Complex

The hot springs, ancient Buddhist temples, and other various tourist destinations that line Haenundae and Gwangalli, South Korea's best beaches, attract over 2 million international and 26 million domestic tourists annually.

Project Overview (2006-2019)

- Location: Daebyeon-ri and Shang-ri, Giang-gu, Busan
- Area: 3.66 mln. sq ft (3,586 mln. sq ft of land and 68,000 sq ft of public waters)
- Facilities introduced: theme park, golf course, hotel, aqua world, shopping multiplex etc.
- Development plan: in four zones (theme park zone, leisure & sports zone, beach zone, and urban leisure zone)
- Tax benefits: if the requirements specified in Foreign Investment Promotion Act are satisfied
  - National tax: corporate tax and income tax exempted 100% for first 5 years and reduced by 50% for the next 2 years if minimum 20 mln. USD is invested in foreign investment region
  - Local tax: acquisition tax 100% exempted for first 15 years, while property tax is exempted 100% for first 7 years and reduced by 50% for next 3 years

Land eligible for investment

- 8 facilities in an area of 140,000 sq ft ($5), 108.7 bil. KRW, 8%)

Performance in investment attraction

- Investment attracted to 92% of the area (under negotiation)

Real Estate Investment Immigration System Applied

- Size: 2,090 units (hotel with 570 rooms and condominium with 1,520 units) for investment of minimum 500 mln. KRW
- Applicable Period: 5 years from May 20, 2013 through May 19, 2018 *One condominium unit may be sold to each foreigner
North Port Redevelopment Project

The project will establish Busan as an international gateway city by creating Eurasia Gateway which connects the Pacific with the continent, provide city residents with various waterfront areas, and seeks to restore the functions of Busan’s old city center and revitalize the city economy by developing North Port and its nearby areas.

Project Overview
(2008-2019)

- **Location**: Jung-gu and Dong-gu (offshore & international passenger terminal, Central Terminal, Terminal 1-4)
- **Size**: 1,530,416m²
- **Competitive edge**: the biggest project since the port opening whose development is connected to the old city center of Busan to create an international hub for maritime tourism and urban culture.
- **Facilities introduced**: multiple functions such as waterfront facilities, commerce and office > 70% for public facilities (such as parks and roads) and 30% for hotel facilities (such as multiple downtown districts)
- **Project implementer**: Busan Port Authority (designated on Nov. 22, 2017)

1. **Commerce & Office District (145,855m²)**: payment in substitutes, installment sale
   - 1-1-2: sale slated
   - 1-3: International passenger terminal construction cost to be paid with land (18,419m²)

2. **IT, Video & Exhibition District (85,640m²)**: to attract broadcasting company and newspaper
   - 2-1-3: notice in November 2015, sale (38,435m²) and contract (December 2015)
   - Remaining land: sale to be promoted later

3. **Maritime Culture District (178,441m²)**: to attract cultural facilities, landmarks etc.
   - 3-1 land for landmarks: project implementer to be selected through international open call (second half of 2018)
     - site area: 114,224m², building coverage ratio of 40%, floor area ratio of 60%, no height limit
   - 3-2 land for cultural facilities: Busan city is pushing for construction of an opera house
   - 3-3-6, 3-7-6: installment sale (second half of 2018)
     - site size: 99,200m², building coverage ratio of 60%, floor area ratio of 800%, maximum height of 60m

4. **Multiple Downtown District (74,147m²)**: negotiation with GS consortium preferred bidder resumed

5. **Public Transit Center (26,709m²)**: by hosting investment from a developer
   - contract with North Port Public Transit Center consortium (December 2016)

6. **Land broadly for public use (21,454m²)**: to be sold to national and local government and public organizations of Korea in 2020 and later
Busan's Financial Center Creation Project

Designated as Specialized Financial Hub in January 2008 and adjacent to the world’s top-ranked shipyard, Busan comes in first in the world’s derivatives trade. The city will upgrade into Northeast Asia’s ship financing hub through creating a specialized financial cluster.

Project Overview (2008–2018)

- **Location & area**: 4227-1, Muhhyeon-dong, Nam-gu, 102,955㎡
- **Implemenetr**: BMC
- **Competitive edge**: as basic infrastructure has been built with the city’s designation in January 2009 as Financial Center Specialized in Maritime & Derivatives, Busan is favorable for international financial trade and creating a business opportunity
- **Composite development**: planned implementation corresponding to demand (Note: 1 m㎡, 4000 kW per unit)

<table>
<thead>
<tr>
<th>Division</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses</td>
<td>Office facilities, sale facilities</td>
<td>Office facilities, cultural facilities, housing facilities, sale facilities</td>
<td>Yet to be finalized after demand survey and project size review under way</td>
</tr>
<tr>
<td>Construction size</td>
<td>154,648 m²</td>
<td>136,276 m²</td>
<td>114,780 m²</td>
</tr>
<tr>
<td>Project cost</td>
<td>527.9 bil. KRW</td>
<td>501 bil. KRW</td>
<td></td>
</tr>
<tr>
<td>Project implementer</td>
<td>SPG PTV</td>
<td>Silver Stone Co., Ltd.</td>
<td></td>
</tr>
</tbody>
</table>

Current Progress

- **Financial institutions that have moved in**: 37 institutions with 2,846 persons (occupancy rate of 93.7%)
  - Currently occupied by public financial institutions that have moved to the city including Korea Exchange, Korea Securities Depository, and Korea Housing Finance Corporation
  - Leading institutions related to marine finance including Marine Finance Center, Korea Maritime Guarantee Insurance, and KAMCO Ship Investment Management
  - One international financial institution: The Financial Action Task Force Training and Research Institute (FATF TREN) opened in Sep. 2018
- **Creation a graduate school of finance finalized in Dec. 2016**

Space Available and Eligible Company

<table>
<thead>
<tr>
<th>Available space</th>
<th>Area for exclusive use</th>
<th>Eligible company</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>6F landmark for stage 1 (10 m² to 150 m²)</td>
<td>4,571 m²</td>
<td>Domestic or International financial companies</td>
<td>About 1,568 m² on each floor</td>
</tr>
<tr>
<td>Inside stage 1 office building</td>
<td>7,102 m²</td>
<td>Domestic or International financial companies</td>
<td>Broad area (50% completion as of 2018)</td>
</tr>
</tbody>
</table>
5 Southeastern Medical Science Industrial Center

By creating a radiography-focused medical science industrial center that marries the world’s top-of-the-line related medical and scientific research facilities, the city will grow into a hub that will lead the training of professionals and the radiological medicine and science.

Project Overview (2016-2019)
- Location: Jwadong-dl, Imwang-eup, Giang-gun
- Area: 1,484 m²
  - 85 entities in industry, 7 entities in medicine, 3 supporting facilities, and 53 public facilities
  - 21 previously developed, 18 in knowledge industry, and 46 in related industries
- Current progress: 68% in stage 1 for site preparation
- Competitive edge: to be fostered into South Korea’s foremost hub in radiological technology, which can mass hidden champions with the creation of Power Semiconductor Cluster

Space Available and Eligible Company
- Space available: 370,000 m²
- Sale price: about 1.31 mKRF; site ready by Jun. 2018
- Eligible industries: related to nuclear medicine such as medicine, metal and machines, transport equipment
  - Facilities to arrive: Southeastern Nuclear Medicine Center, Banyo Accelerator Therapy Center, New Research Reactor for Export, Korea Radiological Medicine & Science Technology Center, National Total Aging Research Center, Radioactive Isotope Convergence Research Center, Power Semiconductor Creation Project, and other related industrial facilities

Current Progress in Investment Attraction
- 30 companies attracted
  - 2 medical equipment makers agreed to move in (Dec. 2017) and 1 company signed an agreement (Aug. 2018)
  - 5 pharmaceutical companies from Seoul metropolitan region agreed to move in (May 2016)
  - 21 domestic companies related to power semiconductor submitted letter of intent to move in (Jun. 2015) and Futurechem (Jun. 2014)

Land Use Plan and Map
Ori General Industrial Complex

It will become an industrial center that promotes information and technology exchange among companies by gathering aging-friendly industries and maximizing synergy through connection with the nearby bio complex.

Project Overview (2013~2018)
- Location: Area, Ori, Jangbe-dong, Gijang-gun
- Area: 86,000㎡
  - 402 industrial entities, 7 supporting facilities, and 191 public facilities
- Project budget: 173.3 bil. KRW
- Current progress: 23% with site preparation under way

Space Available and Eligible Company
- Available land: 380,000㎡
- Sale price: about 1.35 m KRW, ready by Sep. 2018
- Eligible industries: food and beverage, metals, chemical industry, medicine, electrical engineering, machines, transport equipment

Current Progress in Investment Attraction
- 1 medical equipment maker and 1 F&B company agreed to move in (Aug. 2018)
- 1 transport equipment maker agreed to move in (May 2017)

Map Showing the Current Status of Ori General Industrial Complex
Eco-Delta City Creation Project

Eco-Delta City is a waterfront eco-city where people mix with nature, an international waterfront culture city where culture and arts follow the waterway, and a city for future industrial logistics and services that serves as the hub of the Northeast Asian logistics and high-tech industries.

Project Overview (2012-2018)
- **Location**: Myeongji-dong, Gangdong-dong, and Daejeo 2-dong in Gangseo-gu (south of Namhang Expressway)
- **Size**: waterfront area of 11,886a
  - land use: industry (5,365 m²), residence & commerce (2,791 m²), and other (6,545 m²)
- **Project budget**: 1,470B KRW
- **Implemeniter**: Busan Metropolitan City, Korea Water Resources Corporation, K-water, BCG
- **Project to be completed by Dec. 2018**: project period to be changed: completion in 2024

Competitive edge
- Lying at 10km from Gimhae Int’l Airport and at 15km from Busan New Port, it is an industrial logistics center that also connects to the foreign investment region.
- A self-sufficient, water-friendly, and ecological waterfront city that actively taps into natural rivers

Key Eligible Industries

<table>
<thead>
<tr>
<th>Division</th>
<th>Standard Industry Classification Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced industries</td>
<td>Primary, metal &amp; manufacturing (35), processed metal product manufacturing (35R), electronic components, computer, video, audio &amp; communications equipment manufacturing (36), medicine, precision, optical equipment &amp; dock manufacturing (37), electrical equipment manufacturing (38), other machine and equipment manufacturing (39), automobile &amp; other manufacturing (30), other transport equipment manufacturing (31)</td>
</tr>
<tr>
<td>Knowledge &amp; culture ICT</td>
<td>Publishing (58), film &amp; video and broadcasting program production (59), film &amp; video and broadcasting program production related services (591), music and other audio materials publishing (59101), electrical &amp; communications (81), computer programming, system integration and management (82), data processing &amp; hosting and related services (8311), database and online information provision (84991), advertising agency (71110), outdoor and exhibition advertising (71391), advertising materials creation (71393), market survey and opinion polling (71397), management consulting (71511), construction technology engineering and science and technology services (72), specialized design (752), translation and interpretation (72902), business &amp; triangle property right brokering (73900), goods appraisal, improvement, and sampling (73901), other unclassified professional, scientific, and technological services (73900), security system services (75302), call center &amp; information services (79980), exhibition and event agency (79992), packaging and printing (79994), other technical and occupational training institute (90605), junior college (95001), university (95002)</td>
</tr>
</tbody>
</table>
Myeongji International New City

As the core district of Busan & Jinhae Free Economic Zone and the economic hub of Busan-Gangneung Greater Region, it will make an international business center with links to Euro-Delta City.

Project Overview
(2003 – 2023)

- Location: Myeongji-dong, Gangseo-gu, Busan
- Area: 4,488 million m² (land for foreign investment enterprise: 428,886 m²)
- Eligible industries: international affairs, foreign educational or health facilities, R&D center, residence
- Implementer: Korea Land & Housing Corporation (LH)

Foreign Investment Attraction Plan

- Competitive edge: Busan’s first international new city that benefits from excellent wide-area transportation system including port, airport, and railway and has potential growth focusing on international affairs and business

<table>
<thead>
<tr>
<th>Division</th>
<th>Area</th>
</tr>
</thead>
</table>
| International affairs complex          | 90,550 m² | 4,224%
| Convention center etc.                | 120,197 m² | 26,862%
| R&D facilities                        | 29,646 m²  | 6,671%
| Foreign health facilities             | 94,270 m²  | 21,073%
| Foreign educational facilities        | 54,780 m²  | 12,389%

Land Use Plan

- House
- Residential
- Commercial
- Public facility
- School
- Park
- Gas station
- Parking
- Walkway
- Kindergarten
- Residential
- Office
- Land for R&D
- Logistics facilities
- Children's park
Cloud Data Center Demonstration Complex

As South Korea’s ICT infrastructure city, it is a land-based station for international submarine communications cables that connect South Korea, Japan, China, the US, and Europe. Furthermore, it has become competitiveness for the Age of Information by constructing the cloud data center with a view to hosting the Asia data centers of global corporations.

Location & Size: Mieun Industrial Complex in Gangseo-gu with an area of 89,699m²
- Project details: creating power supply facilities etc. with 6 bill. KRW (funded by the country and the city)
- Incentives: exemption or reduction of national taxes (corporate tax, income tax), local taxes (acquisition tax, property tax), and/or tariff

Competitive Edge
(Busan’s strengths)
- A land-based station that 90% of international submarine cables pass. Etc., it has the exclusive submarine cable that covers the shortest possible distance to Japan (250cm)
- The city has a supply of excellent IT workforce and the country boasts reasonable industrial electricity price compared to competing countries

Available Space
- Land remaining in USO, Block 2 of Mieun Industrial Complex: 3 lots in 31,922 m²
- Efforts continue to attract global corporations (such as Amazon and Alibaba)
- sale price: 509,425m²

Companies in Operation
- Asia’s largest LG CNS (39,889m²):
  - Phase 1 completion and operation start in May 2013
  - one 5F building with a fiber area of 27,312m² on a site of 12,446m² houses 70,000 servers with a total investment of 164.8 bill. KRW
  - It serves Daum Kakao, Hitachi, and Microsoft (occupancy rate of 74%) with about 80 persons working on site. Second center construction slated for the second half of 2017
- BNK Finance Group (18,108m²):
  - To be completed in Jan. 2018. Two buildings (5F and 9F) with a floor area of 46,504m² that houses 70,000 servers on a site of 16,108m², with an investment of 190.2 bill. KRW
  - About 1,000 persons working on site (group employees and local IT company staff)

Land Use Plan

Available Benefits & Incentives

<table>
<thead>
<tr>
<th>Category</th>
<th>Exemption/reduction period</th>
<th>Details of exemption or reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>National tax</td>
<td>Corporate tax, income tax Exemption/reduction for 7 years (100% for 3 years and 50% for 2 years)</td>
<td></td>
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<tr>
<td>Local tax</td>
<td>Acquisition tax, registration tax Exemption/reduction 3 years (100% for 3 years and 50% for 2 years)</td>
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</tr>
<tr>
<td>Property tax</td>
<td>Exemption/reduction 3 years (100% for 3 years and 50% for 2 years)</td>
<td></td>
</tr>
<tr>
<td>Local tax due to Busan is exempted or reduced for up to 15 years.</td>
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</table>

Site and Financial Support

<table>
<thead>
<tr>
<th>Applicability</th>
<th>Details of support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land purchase</td>
<td>Providing rental site through designating land as foreign investment region and buying it</td>
</tr>
<tr>
<td>Rent exemption or reduction (for state-owned property)</td>
<td>Exemption or reduction eligibility</td>
</tr>
<tr>
<td>Rent subsidy</td>
<td>When land owned by country, local governments, government-funded organizations, or private sector is leased to foreign investment enterprise for a reasonable rent, there will be a subsidy to pay for a difference</td>
</tr>
</tbody>
</table>

Cash Subsidy
- Education & training subsidy, employment subsidy, consulting support
Mieum & Jisa Foreign Investment Region

- Designated on Dec, 28, 2011
- Location: Inside Mieum Industrial Complex in Mieum-dong, Gangeo-gu, Busan
- Area: 298,984.21㎡
- Companies that have moved in: 6 companies (occupancy rate of 43.3%)
- Eligible industries: advanced parts & materials

Jisa Foreign Investment Region

- Designated on Nov, 30, 2005
- Location: Inside Busan Science Regional Industrial Complex in Jisa-dong, Gangeo-gu, Busan
- Area: 298,070.17㎡
- Companies that have moved in: 10 companies (occupancy rate of 80.3%)
- Eligible industries: manufacturing such as auto parts, steel, shipbuilding equipment & materials

Mieum Parts & Material Foreign Investment Region

<table>
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<tr>
<th>Category</th>
<th>Country-owned portion (%)</th>
<th>Public-owned portion (%)</th>
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<td>Eligibility</td>
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<tr>
<td>A joint venture with foreign investment of minimum 100 Million KRW in which a single foreign investor or for which a foreign investment enterprise owns minimum 30% of total shares with voting right or total investment (Art. 12 of Foreign Investment Guidelines)</td>
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<td>Eligible industries</td>
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<tr>
<td>Requirements</td>
<td></td>
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<tr>
<td>For rental use, a total tax is commensurate with the original cost for land preparation (100,000 KRW/m²) must be invested (Art. 16 of Foreign Investment Region Operating Guidelines), e.g., to lease 10,000 pyeong (33,333.3 pyeong) minimum 17,308.96 KRW (10,000 pyeong x 1,730.89 KRW cost for land preparation), that is, 18,862,952.80 KRW (12,000 pyeong x 1,572.16 KRW/Warehouse should be invested.</td>
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<td>For rental area, a fund that is commensurate with the original cost for land preparation (100,000 KRW/m²) must be invested (Art. 15 of Foreign Investment Region Operating Guidelines), e.g., to lease 10,000 pyeong (33,333.3 pyeong) minimum 17,308.96 KRW (10,000 pyeong x 1,730.89 KRW cost for land preparation), that is, 18,862,952.80 KRW (12,000 pyeong x 1,572.16 KRW/Warehouse should be invested.</td>
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<th>Country-owned portion (%)</th>
<th>Public-owned portion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A joint venture with foreign investment of minimum 100 Million KRW in which a single foreign investor or for which a foreign investment enterprise owns minimum 30% of total shares with voting right or total investment (Art. 12 of Foreign Investment Guidelines)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced parts &amp; materials, business involving advanced technology, advanced industries etc. (see “Designation Notice for mechatronics, electronics etc.”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For rental area, a fund that is commensurate with the original cost for land preparation (100,000 KRW/m²) must be invested (Art. 15 of Foreign Investment Region Operating Guidelines), e.g., to lease 10,000 pyeong (33,333.3 pyeong) minimum 17,308.96 KRW (10,000 pyeong x 1,730.89 KRW cost for land preparation), that is, 18,862,952.80 KRW (12,000 pyeong x 1,572.16 KRW/Warehouse should be invested.</td>
<td></td>
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</tr>
</tbody>
</table>
New Port Hinterland Creation Project

The project aims to attract global logistics companies and thereby contribute to creating added value for the terminal by designating and creating a large hinterland. For this purpose, a port cluster will be created with various port-related industries and supporting facilities. As a global terminal, it will meet diversified demands in step with rapidly changing logistics environment.

Project Overview

- Location: Gadeokdo (Busan) and Ungdong (Oeyeonsangnam-do) with an area of 9.64㎢/㎢
- Project budget: 16.7 trln KRW
- Project period: Phase 1 (2005-2014) and Phase 2 (2013-2020)

Current Progress

- Phase 1 (completed): 58 companies have moved in
- Phase 2 (in progress): move-in slated around 2021

Key Investment Sites

- New Port hinterland (to south) with an area of 1.6㎢
- Eligible industries: logistics company (warehouse), logistics combined with manufacturing etc.
- Competitive edge: creating industrial basis with the huge market in its hinterland including China, Japan, and Russia which will serve as the hub of the Northeast Asia’s railway and port logistics and boost world-class competitiveness

Available Space

- Land for Industrial Distribution Facilities and Land for Commercial and Office Facilities (1,072,000m²)

<table>
<thead>
<tr>
<th>Use</th>
<th>Area (m²)</th>
<th>Eligible facilities &amp; Schedule of attraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Distribution Facilities</td>
<td>1,017,205</td>
<td>- Composite logistics and manufacturing facilities, supporting facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Public rental slated according to Port Act (2021)</td>
</tr>
<tr>
<td>Commercial and Office Facilities</td>
<td>53,078</td>
<td>- Composite logistics and manufacturing facilities, supporting facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Public rental slated according to Port Act (2021)</td>
</tr>
</tbody>
</table>
1. Foreign Direct Investment Procedures

Investment Procedures

Foreign direct invest procedures are broadly into the four stages: filing of foreign investment, transfer of invested fund, incorporation registration and business operator registration, and registration of foreign invested company.

Follow-up Management

If equity change or company name change occurs after the registration as a foreign investment enterprise, the company should go ahead with filing of foreign investment and application for change in foreign investment enterprise. And if there is a cause for registration cancellation, the registration may be canceled with application for registration cancellation or by the authority of Ministry of Trade, Industry & Energy.

Investment Incentives

Tax Incentives
A considerable portion of the Korean government’s incentives for foreign direct investment are given as tax breaks.

Cash Incentives
Some of the Korean government’s fund spent in projects to promote foreign investment enterprise is provided in cash,

Siting Support
Korean government acquires and develops sites, which are leased at reasonable price or for free to foreign investment enterprise.

Corporate tax / Income tax exemption or reduction
Local tax, property tax exemption or reduction
Exemption of tariff etc.

Land purchase cost
Retail
Employment subsidy and training subsidy

Rental
Covering expenses with limited price
Refund
Other supports
2. Details of Support (from Korean government)

- Tax Exemption/Reduction

1) National Tax Exemption/Reduction
100% of the amount of corporate tax and income tax multiplied by the ratio of foreign investment is exempted for 5 years, and 50% of the amount of corporate tax and income tax multiplied by the ratio of foreign investment is reduced by 50% for the next 2 years. 

- New growth engine
  - Manufacturing: ≥ 30 MLB USD
  - Tourism: ≥ 20 MLB USD
  - Logistics: ≥ 10 MLB USD
  - R&D: 1 MLB USD
  - Health facility: ≥ 5 MLB USD
- Company moving into FEZ
  - Manufacturing: ≥ 10 MLB USD
  - Logistics: ≥ 5 MLB USD
- Company moving into complex-style foreign investment region
  - Manufacturing: ≥ 10 MLB USD
  - Logistics: ≥ 5 MLB USD
- Company moving into free trade zone
  - Manufacturing: ≥ 10 MLB USD
  - Logistics: ≥ 5 MLB USD
- FEZ developer
  - ≥ 30 MLB USD

2) Local Tax Relief

- Acquisition tax
  - 100% exemption for 15 years (Art. 23 of Ordinance Referring Busan City Tax)
- Property tax
  - Relief for 10 years (≥ 100% for 3 years and 50% for next 2 years) (Self-Governing District Ordinance Referring District Tax)

3) Exemption of Tariff etc.

- New growth engine
  - Individual consumption tax
  - Value-added tax
- Company moving into complex-style foreign investment region
  - Tariff
- Company moving into free trade zone
  - Tariff
- Company moving into FEZ
  - Tariff
- FEZ developer
  - Tariff

- Payment method in international transactions that a foreign invested company has received from a foreign investor or capital goods introduced with domestic payment methods
- Capital goods that a foreign investor introduces as an object of investment
- Applicable only to the capital goods whose import billing is completed according to Tariff Act within 5 years from the date of foreign investment billing
- Free trade zone is not tariff area
- Tariff waived on foreign goods carried in
- Tariff refunded for domestic goods carried in

4) Siting Support

- Current foreign investment area
  - Minam Foreign Investment Region (299.54424), Jasa Foreign Investment Region (299.07054)
  - Located in Gangseo-gu, Busan
- Rent
  - Rental rate of minimum 30% and maximum 102 MLB USD in foreign investment
  - Foreign investment should be worth more than the price of leased land to be implemented within 5 years from a company’s manufacture
  - Industry type: Advanced parts & materials, business involving advanced technology, advanced industry etc.
  - Benefits
    - Rent at 1% of official land price and rental up to 10 years
    - Rent exempted if foreign investment exceeds a certain limit by industry
### Financial Subsidy

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Land purchase cost & building rent** | - Eligibility: Minimum 30% in foreign investment  
- Industry type: Business involving advanced technology, industry supporting services, Busan’s strategic industries  
- Foreign R&D functions of foreign research institute with minimum 10 FTE workers  
- MNE corporation (including regional headquarters covering minimum 3 countries or creating head office in South Korea)  
- Benefits: Up to 30% of purchase price or up to 50% of building rent (up to 2 years)  
* Limits can be exceeded for a large investment of minimum 100 mIL USD |
| **Employment subsidy**   | - Eligibility: Foreign invested company with a foreign investment ratio of minimum 30% that has hired more than 20 full-time workers for last 3 months  
- Industry type: Business involving advanced technology, industry supporting services, Busan’s strategic industries  
- Other industries  
- Benefits: Maximum 500,000 KRW per person (up to 200 mIL KRW)  
* Max. 200,000 KRW per person (up to 100 mIL KRW)  
* Up to 50% of base salary for newly hired workers for foreign research institutes for up to 6 months (max. 150 mIL KRW) |
| **Training subsidy**     | - Eligibility: Foreign invested company with a foreign investment ratio of minimum 30% that has conducted training for minimum one month with a view to hiring more than 50 full-time workers  
- Industry type: Business involving advanced technology, industry supporting services, Busan’s strategic industries  
- Other industries  
- Benefits: Maximum 500,000 KRW per person (up to 200 mIL KRW)  
* Max. 200,000 KRW per person (up to 100 mIL KRW) |
| **Consulting expenses**  | - Eligibility: Foreign invested company with a foreign investment ratio of minimum 30%  
- Industry type: Business involving advanced technology, industry supporting services, Busan’s strategic industries, research institute, branch of multinational corporation  
- Other industries  
- Benefits: Maximum 30% of consulting expenses (up to 20 mIL KRW)  
* Max. 30% of consulting expenses (up to 10 mIL KRW) |