

# Hwajeon Local Industrial Park

- Foreign Investment Zone -  
Busan-Jinhae Free Economic Zone





## ○ Introduction to the Foreign Investment Zone

Location	Shinho-dong and Hwajeon-dong, Gangseo-gu, Busan, Korea
Area	381,524m <sup>2</sup>
Businesses Invited	Mechatronics, Electronics and other Manufacturing Businesses
Availability	4th quarter of 2009
Construction	Building coverage 80%, Floor area ratio 350%

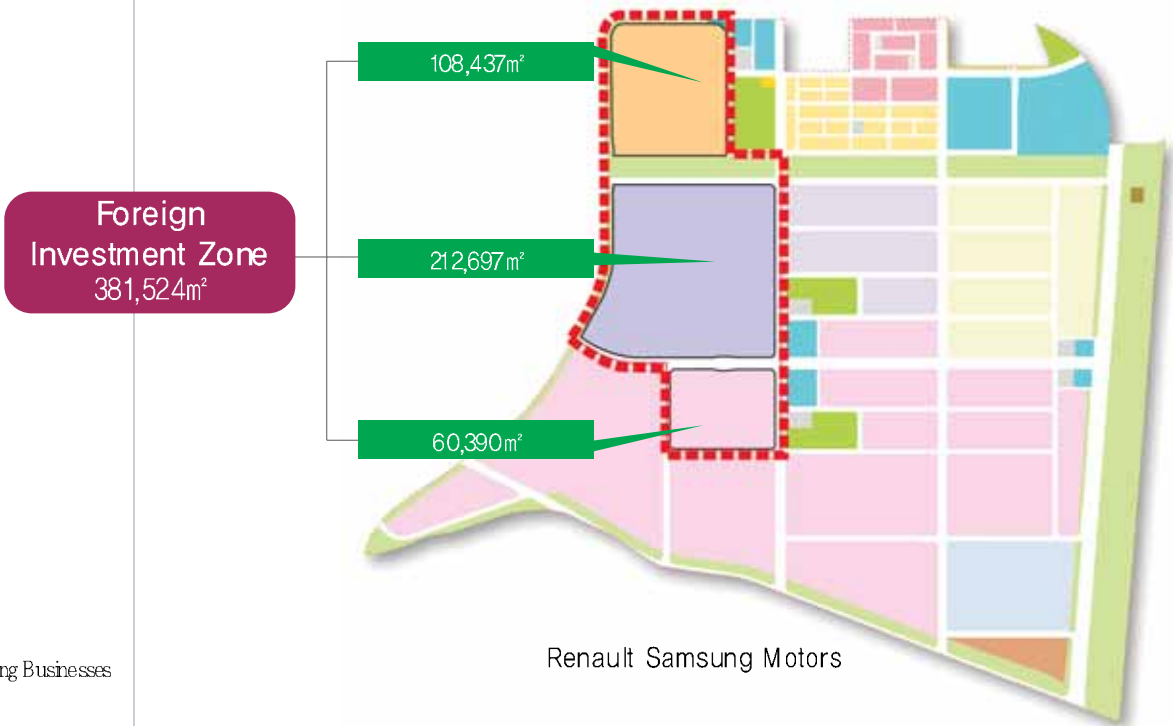
## ○ Requirements for Lease or Purchase of the Land

### For Lease of the Land

Requirements	Wholly-invested by foreigners or joint venture companies with foreign equity participation of 30% or more
Conditions of the Lease	Period of the Lease : Up to 50 years (extendible) Rent : 1 % of the land sale price per year ※ Annual rent per square meter is Korean Won 4,660 assuming the sale price of the land is Korean Won 466,000 per square meter.
Area vs. Foreign Investment Amount	Foreign investment equivalent to twice of the land sale price of the lease area should be realized within 3 years. ※ 3,306m <sup>2</sup> x KRW 446,000 per square meter x 2 = 3.1 billion (or more)

### For Purchase of the Land

Requirements	Manufacturing Business : Foreign investment of USD 30 million or more. R&D Center : Foreign investment of USD 5 million or more for Advanced Technology Business Advanced Technology Business
Procedures	Submission of the Investment and Business Plan to BJFEZA Review of the Investment and Business Plan Approval and designation of Individual Foreign Investment Zone ※ Application and approval by each business entity





## ○ Infrastructure and Public Utilities

Classification	Capacity & Plans	Responsible Authority
Site Preparation	2,45 million m <sup>2</sup>	Busan Metropolitan Corporation
Electricity	<ul style="list-style-type: none"> <li>• Estimated Maximum Demand : 97,790 KW to be supplied from the Myeongji Substation near the Hwajeon Industrial Park</li> </ul>	Korea Electric Power Corporation
Gas / Oil	<ul style="list-style-type: none"> <li>• Estimated Heat Demand per Annum : 544,680Gcal/Year</li> </ul>	Busan City Gas
Non-industrial Water	<ul style="list-style-type: none"> <li>• Daily Maximum Capacity : 4,000m<sup>3</sup>/Day</li> <li>• Inlet to the Industrial Park : 400mm</li> <li>• Reservoir : 3,000m<sup>3</sup></li> </ul>	Busan Water Authority Busan Metropolitan Corporation
Industrial Water	<ul style="list-style-type: none"> <li>• Daily Maximum Capacity : 10,180m<sup>3</sup>/Day</li> <li>• Inlet to the Industrial Park : 500mm</li> </ul>	Busan Water Authority Busan Metropolitan Corporation
Rain Water	<ul style="list-style-type: none"> <li>• Minimum diameter : Connection pipe – 250mm, Main pipe – 450mm</li> <li>• Pipe Type : Compound steel pipe (D1, 100mm or less), P.S corrugated steel pipe (D1, 100mm or more)</li> </ul>	Busan Metropolitan Corporation
Sewage / Waste Water	<ul style="list-style-type: none"> <li>• Daily Treatment : 14,038m<sup>3</sup>/Day</li> <li>• Main pipe : D150~800mm</li> <li>• Connection to each individual lot : D 150mm</li> <li>• Relay Pumping Station : 2,600m<sup>3</sup>/Day</li> </ul>	Busan Metropolitan Corporation
Communication	<ul style="list-style-type: none"> <li>• To identify during implementation of the project</li> </ul>	KT
Public Transportation	<ul style="list-style-type: none"> <li>• To identify during implementation of the project</li> </ul>	Busan Metropolitan Government



## ○ Support and Incentive Systems

### Tax Exemption and Reduction

Eligible Companies	Tax Items	Exemption and Reduction
Companies with Lease of the Land ※Manufacturing business with foreign investment of USD 10 Million or more	Corporate Tax / Income Tax	100% for the foreign equity portion for 3 years from the first taxable year, 50% for the following 2 years
	Acquisition Tax / Registration Tax	100% for 15 years from the commencement of business
	Property Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Customs Duties	100% for the imported capital goods within 3 years of business commencement
Companies with Purchase of the Land ※Manufacturing business with foreign investment of USD 30 million or more ※Advanced Technology Business ※Advanced Technology Business-related R&D center with foreign investment of USD 5 million or more	Corporate Tax / Income Tax	100% for the foreign equity portion for 5 years from the first taxable year, 50% for the following 2 years
	Acquisition Tax / Registration Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Property Tax	100% for 7 years from the commencement of business, 50% for the following 3 years
	Customs Duties / Special Excise Tax / Value Added Tax	100% for the imported capital goods within 3 years of business commencement

Ref: Article 121-2& 3 of the Act on Tax Relief Restriction, Article 23 of the Busan Tax Reduction Ordinances, Article 27-2 of the Gangseo-gu Tax Reduction Ordinances

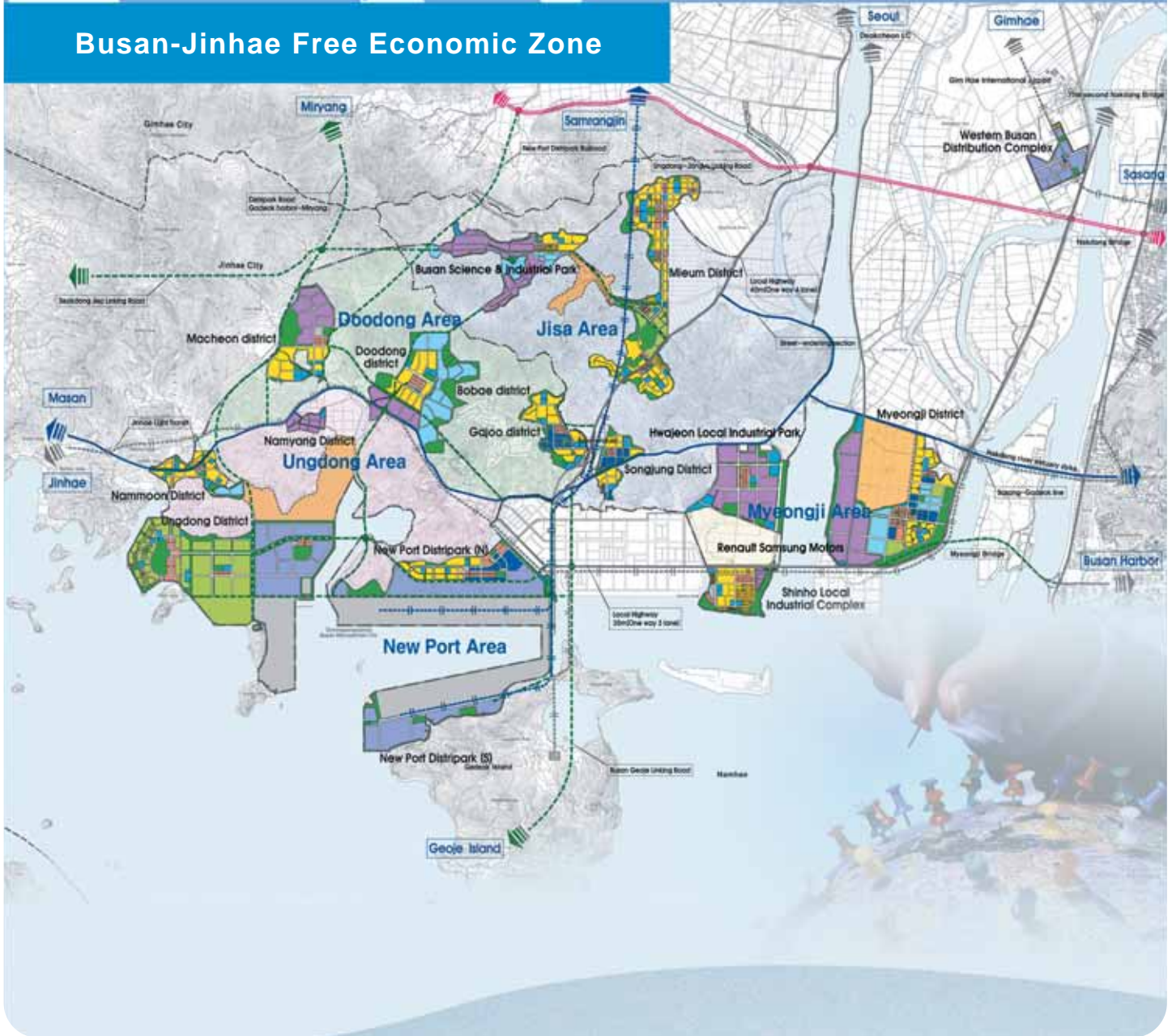
### Rent Exemption and Reduction

Eligible Companies	For the Land Ownership Held by the Central Government		For the Land Ownership Held by the Local Government	
	FDI Requirement	Reduction Rate	FDI Requirement	Reduction Rate
Advanced Technology Business	USD 1 million or more	100% of the rent	USD 1 million or more	100% of the rent
General Manufacturing Business	USD 5 million or more	75% of the rent	USD 5 million~USD 10 million	50% of the rent
			USD 10 million~USD 20 million	75% of the rent
			USD 20 million or more	100% of the rent

Ref: Article 19 of the Foreign Investment Promotion Act, Article 26 of the Busan Public Property Ordinances



## Busean-Jinhae Free Economic Zone





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※ The information above is subject to change depending on the progress of the designation of the Hwajeon Foreign Investment Zone.