Daejeon, Korea
New Investment
THE CHARMING HUB CITY OF KOREA
Republic of Korea, hub of Northeast Asia
Investing in Daejeon is a shortcut to success

For best result, Invest in “Daejeon”
Do not miss this once-in-a-lifetime opportunity!

- Rated as ‘fit for investment’ by Japan Credit Rating Agency and as Aa3 by Moody’s -
“Daejeon” has championed bright future by pursuing a single dream as a science leading city for the last 4 decades.

Daejeon established Complex-type Foreign Investment Zone in Hub District (Dungok) across 165,000㎡

* Serves as hub of basic science with the installation of Korea’s Rare Isotope Accelerator (RAON) within the Science Belt
About Daejeon Metropolitan City

THE CHARMING HUB CITY OF KOREA

<table>
<thead>
<tr>
<th>Area</th>
<th>Population</th>
<th>Economically active population</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>540 km²</td>
<td>1.52 million</td>
<td>0.08 million</td>
<td>4,030 million</td>
<td>3,341 million</td>
</tr>
</tbody>
</table>

Daejeon, Korea
06 **Complex-type Foreign Investment Zone**

07 **International Science Business Belt**
- International Science Business Belt in Daejeon, a new hub of Korea
- Science Belt - the combination of spatial and functional networks

10 **Institute for Basic Science (IBS)**

11 **Korea’s Rare Isotope Accelerator (RAON)**

12 **International Science Business Belt as the Optimum Investment Destination**
- ① Hub of R&D and Knowledge Industry | Daejeon
- ② Hub of Korean Administration | Daejeon
- ③ Business-friendly City | Daejeon
- ④ City Friendly to foreigners | Daejeon
- ⑤ Hub of Transportation, Logistics and Hi-tech Industries | Daejeon
- ⑥ Premium Industrial Complex | Daejeon

18 **Incentives**
- Tax benefit
- Rental subsidy
- Cash subsidy I
- Cash subsidy II
Location: In the Hub District of International Science Business Belt (Dungok)

Area: 165,000m²

Project budget: 80 billion won (Land purchase) / 48 billion won - national budget and 32 billion won - Daejeon municipal government budget

Period: 2016-2021 (Official designation as foreign investment zone in 2020)

Project type: Land purchase and lease
Land sale (by LH Corp.) → Land purchase (by Daejeon city) → Land lease (to foreign investors)

Types of industry: science-based industry, hi-tech research, ET, CS and future strategic industries

Introduction of International Science Business Belt Hub District

Location: Around Sin-dong, Dungok-dong and Doryong-dong of Yuseong, Daejeon.
- Sin-dong (1,653,000m²): RAON (959,000m²), industry & research (430,000m²)
- Dungok (1,785,000m²): Industry & research (793,000m²), housing & commerce (264,000m²)
- Doryong (264,000m²): IBS (258,000m²), Korea Institute of Patent Information (6,600m²)
Science Belt is a new-concept hub of national growth established to contribute to the enhancement of South Korea’s national competitiveness by building the environment for world-class basic science research and laying the foundation for science and business.

**International**
- World-class residential area (Education, medical service, housing)
- Globally open research hub (Attract talents and world-class agencies)

**Science**
- Foundation for world-class R&D environment
- IBS
- RAON
- Large-scale state-of-the-art research facilities

**Belt**
- Functional and spatial network between Hub District and Functional District

**Business**
- Science-based industry hub

Environment for science-based business with application and commercialization of basic science results
Establishment of world-class residential area
1. Integrated design of differentiation strategy
2. Tailored differentiation of residential area
3. Establishment of world-class education facilities
4. Establishment of medical system for foreigners
5. Establishment of leisure space centered around science and culture

Attraction of science-based hi-tech companies and research centers
1. Selecting target industries
2. Defining the function of specialized district by site type
3. Designating Complex-type Foreign Investment Zone
4. Expanding tax and financial benefits
5. Attracting Korean and overseas entrepreneurs and research centers
6. Operating task force to attract hi-tech companies and research centers
Spatial and functional network
with the combination of Hub District and Functional District

Hub District for the basic science within the Science Belt will be built around Sin-dong, Dungok-dong and Doryong-dong, in Dajeon.

- Main office of IBS and RAON are in the Hub District to facilitate R&D in basic science
- Hub of world-class basic science and hi-tech business - international science exchange and global hub of basic science research based on globalized foundation.

Excellent research infrastructure and residential areas are in Functional District around Sejong, Cheonan and Cheongju.

- Functional District will play the role of linking and spreading research results within the Hub District and promote the participation of key agents for innovation around the world.
- Based on close cooperation with Hub District, the foundation for science business that reflects strategy tailored to each Functional District will be laid while promoting the convergence of science and industry via joint research, application research, development research, human exchange, and commercialization.
IBS is a major research institute of the Science Belt that conducts world-class research on basic science for further development of Korea’s basic science and knowledge of the human race.

- IBS, established in 2011, will be developed as an institute consisted of 50 research teams with 3,000 full-time researchers by 2021.
- IBS pursues creative and adventurous research based on researchers’ curiosity and fully supports the dream and passion of devoted scientists from around the world.

**IBS Institute for Basic Science**

- Young scientists’ dream jobs are here!
- World-leading scientists are clustered!
- IBS is leading the way!
Heavy-ion accelerator is a multi-purpose research facility used in various scientific areas including nuclear physics, astrophysics, atomic energy science, biology, medical science, atomic physics, and solid state physics

- Heavy-ion accelerator is a device that accelerates ions of all elements that are heavier than hydrogen at a very fast speed near the speed of light.
- Once the accelerated heavy ions collide with their targets, rare isotopes are obtained.
- New atoms that have yet to be discovered can be obtained with these rare isotopes and scientists can study the world at a miniscule level that is smaller than atom to unveil new characteristics of atomic nucleus and elements.
Hub of R&D and Knowledge Industry | Daejeon

R&D Hub in Korea

- Thirty government-sponsored research institutes, nineteen universities and 400 corporate R&D centers
- Electronics and Telecommunications Research Institute (ETRI), Korea Aerospace Research Institute (KARI), Korea Research Institute of Standard and Science (KRISS), Korea Institute of Machinery & Materials (KIMM) and Korea Atomic Energy Research Institute (KAERI) and others
- Accounts for 15% of Korea’s R&D budget
- Technology commercialization, nurturing of corporate research center, support for total design, provision of technology-related information, exchange between businesses, and joint industry-academic-research institute technology development

World-class Center of industry-academic-research institute R&D

- Nineteen universities including KAIST, UST, Korea Polytechnics, Chungnam University and Hannam University, etc. - 35,000 graduates per annum
- Around 12% of Korea’s PhD holders majoring in science and engineering (10,244) are working in Daejeon
Hub of Korean Administration | **Daejeon**

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**National government agencies located in Daejeon Government Complex (11 agencies)**

- Korea Customs Service, Public Procurement Service, Small and Medium Business Administration, Statistics Korea, etc.

**National government agencies located in Sejong City (37 agencies)**


**Prompt administrative service available from central administrative agencies**

- One-stop service regarding approval and permit provided to investors as all central administrative agencies overseeing business support are located nearby

**Competitive city / Rated as ’fit for investment’ by global credit rating agencies**

- Rated as ‘fit for investment’ by Japan Credit Rating Agency (JCR) in 2016
- Rated as Aa3 by Moody’s (in 2013)
Business-friendly City | Daejeon

Business-tailored training for talented human resources

- Nineteen universities including KAIST, UST, Chungnam University and Hannam University / 35,000 graduates per annum
- Twenty special high schools including Dong-ah Meister High School / ‘business-tailored’ education

Numerous funding and hiring benefits

- Fund support including business startup subsidy, production subsidy on condition of purchase and credit guarantee based on technical evaluation
- Job centers, project for nurturing talents of workers with high school diploma, job fairs
- Operation of Job Fairs with universities

Korea’s first “Service-type Foreign Investment Zone”

- IDS-K located in R&D Center, job creation with a construction of pilot test center
City friendly to foreigners | Daejeon

One of the best international schools

- Area of 31,326.42㎡ (1 underground floor and 5 ground floors) (Student capacity of 1,365)

Medical service for foreigners

- Four internationally certified medical centers, oriental medicine treatment / Oriental Medicine Hospital of Daejeon University

Pleasant green city environment

- Various cultural facilities / Yuseong Spa, Daecheongho Lake, O-World, Daejeon Arts Center, Daejeon Museum of Art
- Green spaces / Jangtaesan forest, Hanbat Arboretum, Yulim Park, three rivers
Excellent accessibility

- Major traffic point accessible from any major city in Korea within 90 minutes
  - Seven expressways (Gyeongbu, Honam Dangjin, Seohaean, Daejin, Seochon-Gongju, Cheongwon-Sangju)
  - 50 minutes from Seoul and 90 minutes from Busan via KTX (train)
  - 90 minutes from Incheon Int’l Airport
  - 30 minutes from Cheongju Airport

Advanced logistics infrastructure

- Daejeon Cargo Terminal, Daejeon Industrial Material Logistics Complex
- Daejeon Logistics Complex, agricultural and fishery wholesale markets
- Designated Storage Area of Daejeon Customs Office

Future-oriented venture facility town

- Facilities for venture enterprises: Venture Town Dasan Hall, Venture Town Jangyeongsil Hall, Venture Town Auditorium, University and Research Institute of Chungnam University, Hanbat Incubator Town, etc.
- Agency for Defense Development (ADD), Electronics and Telecommunications Research Institute (ETRI), drama town
10 industrial complexes in Daejeon with a total area of 10,661,000㎡ / Industrial sites 4,709,000㎡

- International Science Business Belt: 3,700,000 ㎡
- Sintanjin Zone: 2,595,000 ㎡
- Haso Zone: 152,000 ㎡
- Pyeongchon Zone: 449,000 ㎡
- Munji Zone: 56,000 ㎡
- Daedong Zone: 857,000 ㎡
### Incentives

#### Tax benefit

<table>
<thead>
<tr>
<th>Target</th>
<th>Condition</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business of industrial support service Business accompanying a high-level technology</td>
<td>-</td>
<td>Corporate tax and income tax: 100% for 5 yrs, 50% for 2 yrs; Acquisition tax and property tax: 100% for 15 yrs</td>
</tr>
<tr>
<td>Standalone-type foreign investment zone</td>
<td>Manufacturing: 30 million dollars or more Tourism &amp; leisure: 20 million dollars or more Logistics/SCC: 10 million dollars or more R&amp;D center: 2 million dollars or more (For business of industrial support service or business accompanying a high-level technology that hire 10 or more employees with MA or PhD degree)</td>
<td>Corporate tax and income tax: 100% for 5 yrs, 50% for 2 yrs; Acquisition tax and property tax: 100% for 15 yrs</td>
</tr>
<tr>
<td>Complex-type foreign investment zone</td>
<td>Manufacturing: 10 million dollars or more Logistics: 5 million dollars or more</td>
<td>Corporate tax and income tax: 100% for 3 yrs, 50% for 2 yrs; Acquisition tax and property tax: 100% for 15 yrs</td>
</tr>
</tbody>
</table>

#### Rental subsidy

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Target</th>
<th>Level of exemption</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent exemption</td>
<td>Standalone-type foreign investment zone</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Business accompanying a high-level technology or business of industrial support service &amp; 1 million dollar investors</td>
<td>Complex-type foreign investment zone</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Parts and materials industry &amp; 5 million dollar investors</td>
<td>Complex-type foreign investment zone</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General industrial complex zone</td>
<td>50%</td>
<td>50 yrs (extended by 50 yrs)</td>
</tr>
<tr>
<td>Manufacturers &amp; 5 million dollar investors</td>
<td>Complex-type foreign investment zone</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General industrial complex zone</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

Global R&D center: Foreign investors will get 50% rent exemption for space for prior research and preparation for factory establishment.
### Incentives

#### Cash subsidy

<table>
<thead>
<tr>
<th>Type</th>
<th>Detail of subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification</td>
<td>Percentage of foreign investment of 30% or more</td>
</tr>
<tr>
<td>Target</td>
<td>Construction or added construction of a plant of business of industrial support service or business accompanying a high-level technology Construction or added construction of a plant of components and material business Construction or added construction of a plant of regular workers between 50 and 300. Construction or added construction of R&amp;D center of business of industrial support service or business accompanying a high-level technology (That employees five or more regular workers with MA or Phd degree, or with BA degree who has related working experience for three years or longer)</td>
</tr>
<tr>
<td>Usage of subsidy</td>
<td>Fund for land purchase or rent, construction cost, capital goods and research equipment purchase fund, infrastructure installation fund or employment and training subsidy</td>
</tr>
<tr>
<td>Amount of subsidy</td>
<td>Subject to negotiation and deliberation of foreign investment committee</td>
</tr>
</tbody>
</table>

#### Cash subsidy II

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification</td>
<td>FDI ration of 30% or more or foreigner as the major shareholder</td>
</tr>
<tr>
<td>Facility subsidy</td>
<td>Cost of the construction or added construction of factory or R&amp;D facility exceeds 2 billion won Within 5% of exceeding cost (Up to 500 million won per company)</td>
</tr>
<tr>
<td>Subsidy for company making large-scale investment</td>
<td>Manufacturing: 30 million dollars or more Tourism: 20 million dollars or more Logistics/SDG: 10 million dollars or more R&amp;D: 2 million dollars or more (For business of industrial support service or business accompanying a high-level technology that hire 10 or more employees with MA or PhD degree) * Consent of city council is required. Maximum - 50% of investment (With consent of city council)</td>
</tr>
<tr>
<td>Employment subsidy</td>
<td>After newly hiring more than 20 workers (for 5 yrs) * Another Subsidy is provided after 5 years in the way. A maximum of 500,000 won granted per each employee exceeding 20 (For up to 6 months/ Maximum of 200 million won per company)</td>
</tr>
<tr>
<td>Training subsidy</td>
<td>New employment of over 20 employers with job training (for five years) A maximum of 500,000 won granted per each trainee exceeding 20 (For up to 6 months/ Maximum of 200 million won per company)</td>
</tr>
</tbody>
</table>
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