

Introduction to Taoyuan Airport Free Trade Zone



**Taoyuan International Airport
Corporation**

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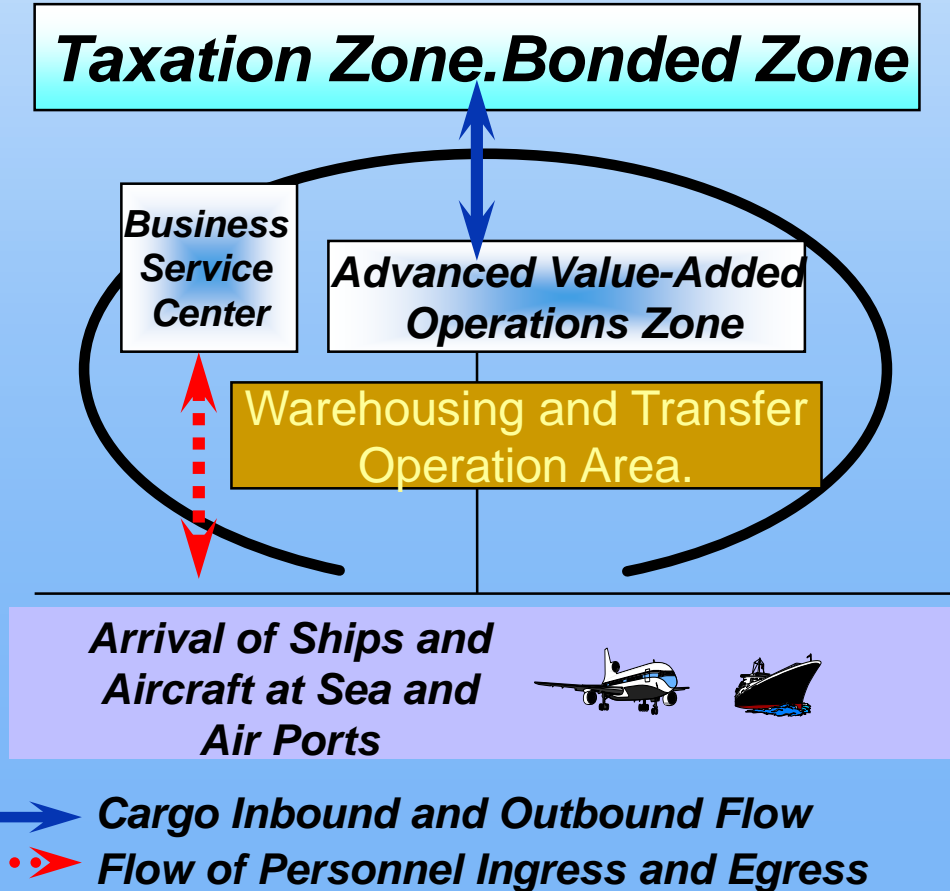


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1. Concept of Free Trade Zone



Free Trade Zone

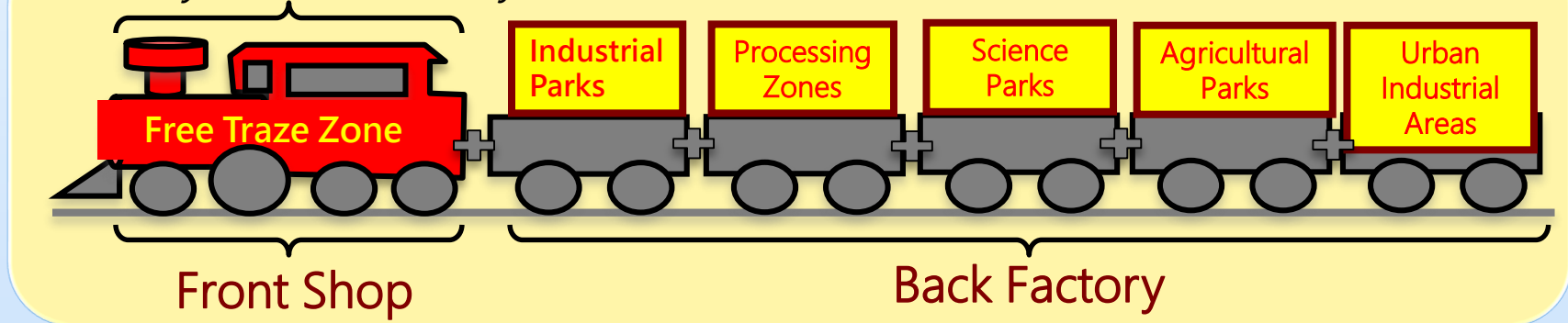


- **Domestic territory but outside customs jurisdiction.**
- **Creating a Special Zone for Logistics Transshipment and Value-Added Services**
- **Pilot Zone for Comprehensive Trade Liberalization**

2. Free Trade Zone System

Driving the Industrial Supply Chain

Domestic territory but outside customs jurisdiction.



□ Driving the Industrial Supply Chain:

The Free Trade Zone supports various commercial activities including trade, warehousing, logistics, container distribution, transshipment, assembly, simple processing, storage, redistribution, packaging, repairs, manufacturing, testing, exhibition, and technical services. All industries engaged in these activities within the zone enjoy the special "domestic territory but outside customs jurisdiction" status, enhancing international competitiveness.

□ **Key Role in Supply Chain Development:**

Acting as an economic engine, the zone establishes supply chain relationships through models like "front shop, back factory" and "outsourced processing." It connects domestic and international value chains, facilitating the transformation and development of traditional, service-oriented, and high-tech industries in Taiwan.

3. Overview and Advantages of Taoyuan Free Trade Zone

•Prime Location

- Located at the heart of the Asia-Pacific region.
- Adjacent to Taoyuan International Airport with a dedicated aircraft apron for direct connectivity
- A major logistics and manufacturing hub in Taiwan, ideal for high-tech industries.



Only 5 minutes from Taoyuan International Airport.
Easy access to highways and seaports, creating a well-integrated global transport network.

3. Overview and Advantages of Taoyuan Free Trade Zone

Total Area : 31.99 hectares

Development Model : BOT (Build-Operate-Transfer) by Farglory Free Trade Zone Company

Facilities: Air cargo terminals, Express courier warehouses, Office buildings, Seven value-added manufacturing plants, Dedicated logistics zones (DHL, FedEx Express, Kintetsu Logistics Center, etc.) Simple Processing, Warehousing, and Transshipment Zone



3. Overview and Advantages of Taoyuan Free Trade Zone



Operational Advantages

Flexible Development Spaces

- ***Provides professional facilities for factories, warehouses, and offices.***

Modern Value-Added Factories

- ***High-ceiling warehouses suitable for high-value-added industries and large equipment storage.***

Presence of Leading International Logistics Providers

- ***DHL, FedEx, and others offer immediate logistics support.***

Integrated Logistics Network

- ***Reduces supply chain lead time and enhances business competitiveness.***

3. Overview and Advantages of Taoyuan Free Trade Zone



Key Industry Advantages

Utilizing Taiwan's Advanced Manufacturing Industry to Provide High-Value-Added Processing Services

- ***The Free Trade Zone serves as a central hub, integrating domestic and international components for value-added processing and global export.***

Leveraging Taiwan's ICT Strengths to Develop a Regional After-Sales Service Hub for Consumer Electronics

- ***Taiwan's strategic location and ICT capabilities make it an ideal international maintenance center, particularly for consumer electronics and precision instruments.***

Developing Cold Chain Logistics to Expand Global Markets

- ***The global cold chain logistics market, especially in Asia, has tremendous growth potential.***
- ***The Free Trade Zone aims to attract international food, pharmaceutical, and vaccine companies for storage, processing, and redistribution.***

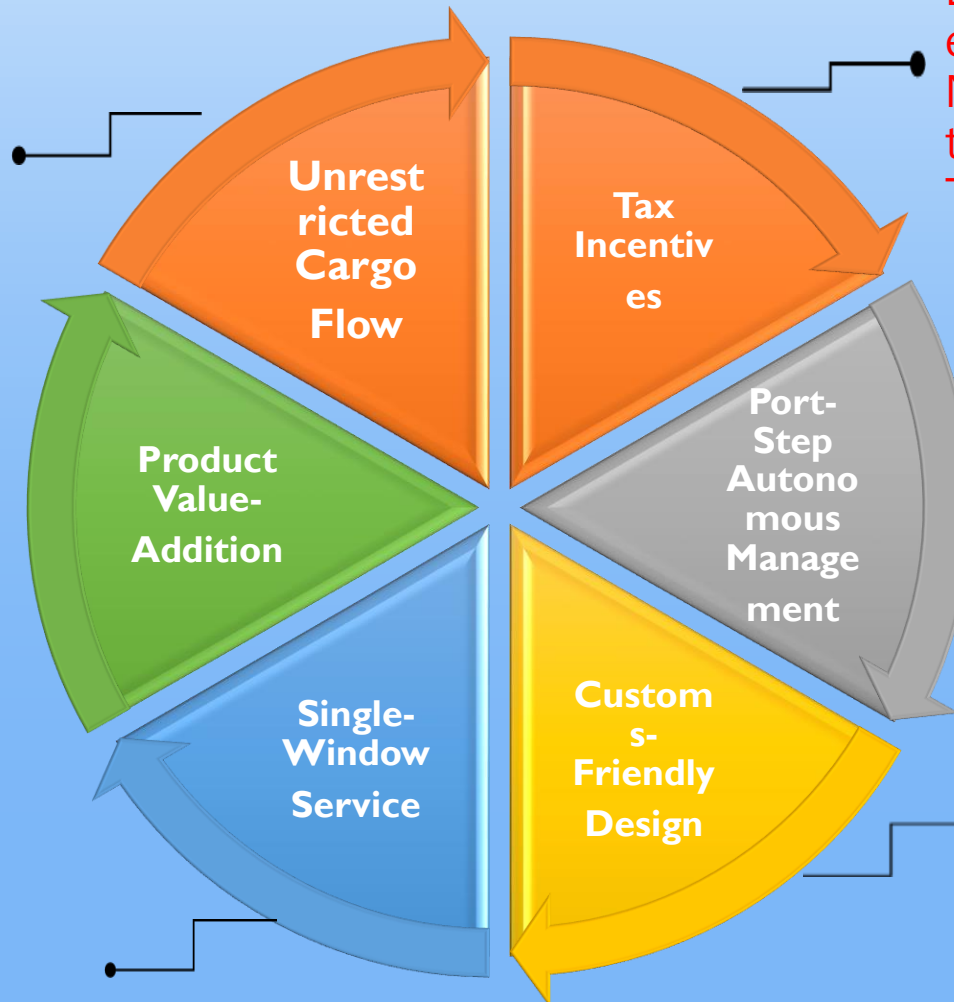
3. Overview and Advantages of Taoyuan Free Trade Zone

Investment Advantages:

The Free Trade Zone allows seamless cargo movement, reducing import/export restrictions

• Supports manufacturing, assembly, and processing of goods before export

A dedicated service platform streamlines investment and administrative processes



Duty-free import of goods, equipment, and materials. No value-added tax for transactions between Free Trade Zone enterprises.

• Businesses can operate with minimal government intervention, enhancing efficiency

Goods are treated as offshore transactions, benefiting from trade policies

Tax Benefits

- ***Duty-free import of operational goods and equipment.***
- ***0% VAT on sales between Free Trade Zone enterprises and domestic taxed or bonded zones***
- ***100% exemption from corporate income tax for companies solely engaged in preparatory or auxiliary activities.***
- ***Domestic goods entering the Free Trade Zone are treated as exports, qualifying for tax reductions or refunds.***

4. Investment Information for the Free Trade Zone

1. New Development Projects

• CDEF Buildings

- *Designed as modern warehouses and logistics centers, suitable for high-value industries and flexible applications.*
- *Features include high ceilings, enhanced cargo loading docks, and a dual-level warehouse design.*

• H Building

- *A 9-story corporate headquarters and value-added manufacturing complex.*
- *The ground floor includes retail, dining, and banking facilities.*
- *Floors 2-9 provide corporate office spaces and subdivided manufacturing rental units.*



4. Investment Information for the Free Trade Zone



• *Logistics and Functional Expansion*

- Provides a comprehensive cargo import and export network, seamlessly connecting air, sea, and land transport.
- The bonded logistics center is linked to the CDEF warehouse buildings, featuring dedicated freight elevators, high-speed roller doors, and spacious cargo lobbies to ensure smooth cargo operations.

• *Living Facilities and Support Services*

- Includes employee living spaces with diverse dining options, postal services, medical care, shower facilities, and exhibition halls to meet the needs of international corporate employees.

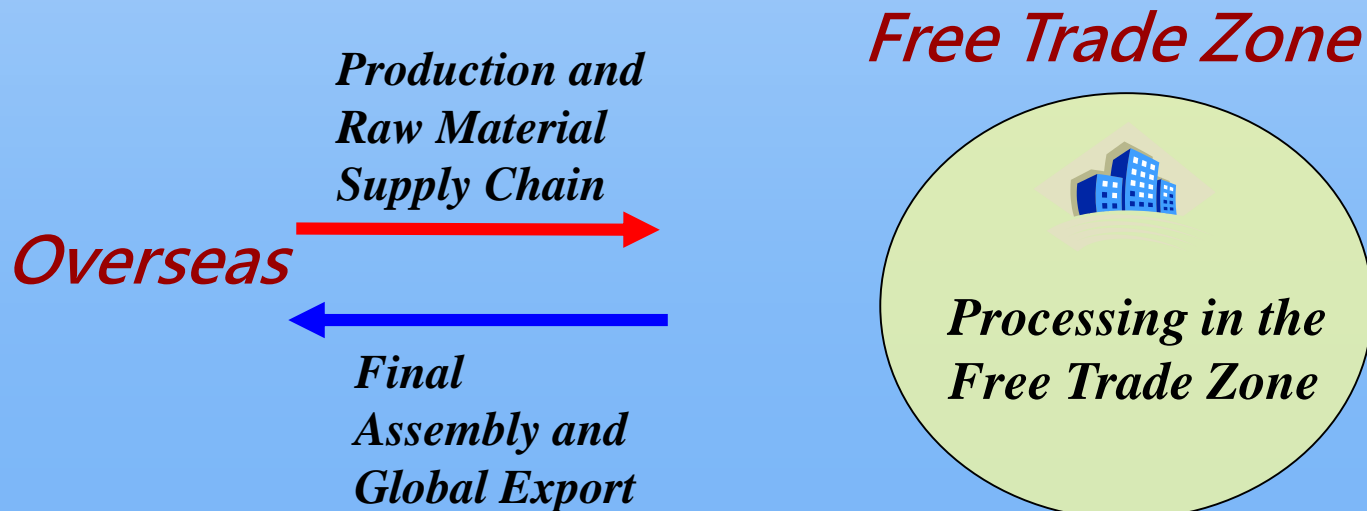
• *Investment Contact Information*

- For investment inquiries, please contact:
 - Farglory Free Trade Zone Real Estate Department – Mr. Eric Chen
 - Phone: (03) 399-5999 #29000

5. Business Models of the Free Trade Zone

International Logistics Distribution Model

Example: Electronic Component Assembly and Manufacturing

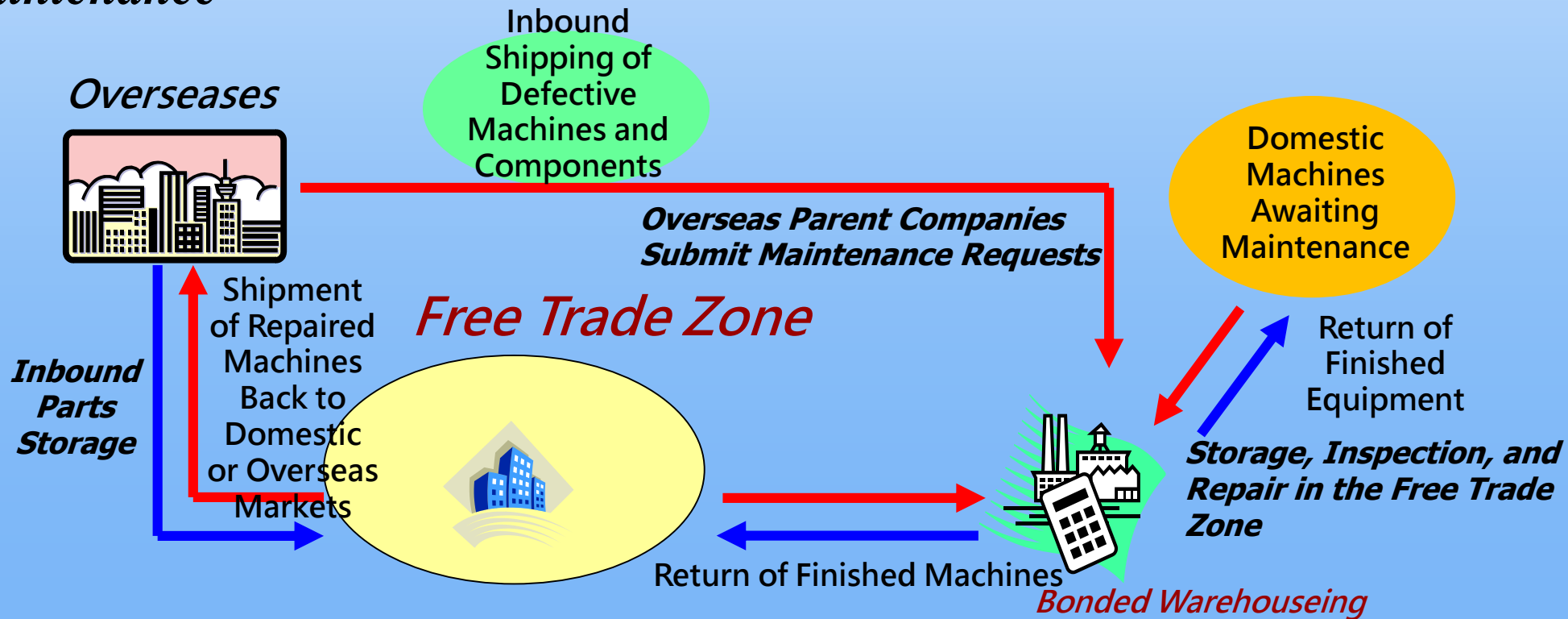


- *Reduces customs clearance time through simplified F1/F5 exemption processes.*
- *Optimized distribution close to consumer markets, reducing corporate income tax burdens.*
- *Saves transportation time and costs, enhancing global competitiveness.*

5. Business Models of the Free Trade Zone

Inspection and Repair Model

Example: Semiconductor Equipment Parts Inventory and Maintenance



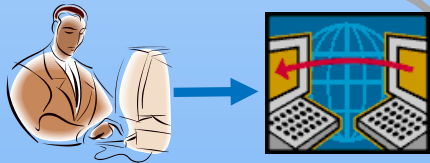
- Utilizes bonded warehousing for efficient component storage and distribution.
- Reduces transportation time and costs through localized repair operations.
- Enhances Taiwan's role as a global repair and maintenance hub.

5. Business Models of the Free Trade Zone

Parcel Consolidation and Postal Logistics Model

Overseases

International Cargo Agents and E-commerce Platforms



Overseas buyers place orders through international logistics agents.

- Goods are consolidated and shipped to the Free Trade Zone for further processing

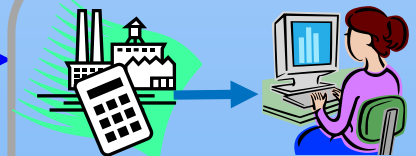
Free Trade Zone



Cargo undergoes customs clearance and re-packaging. Labels and postal tracking numbers are updated before dispatch.

Overseases

Postal Delivery to Global Consumers



- Goods are distributed via postal services to customers worldwide.
- Enhances delivery efficiency and reduces costs for e-commerce businesses

- **Low-cost international shipping solution for e-commerce.**
- **Takes advantage of Free Trade Zone tax incentives and optimizes logistics efficiency.**
- **Positions the Free Trade Zone as a global distribution hub.**

6. Operational Performance Metrics of the Free Trade Zone

Year	2023			2024			Year-on-Year Growth Rate	
Metric	Total Number of Tenant Factories	Cargo Volume (10,000 tons)	Trade Value (Billion NTD)	Total Number of Tenant Factories	Cargo Volume (10,000 tons)	Trade Value (Billion NTD)	Cargo Volume Growth Rate (%)	Trade Value Growth Rate (%)
Taoyuan International Airport Corporation	34	2.69	1,340.31	33	3.43	2,378.01	27.51%	77.42%