

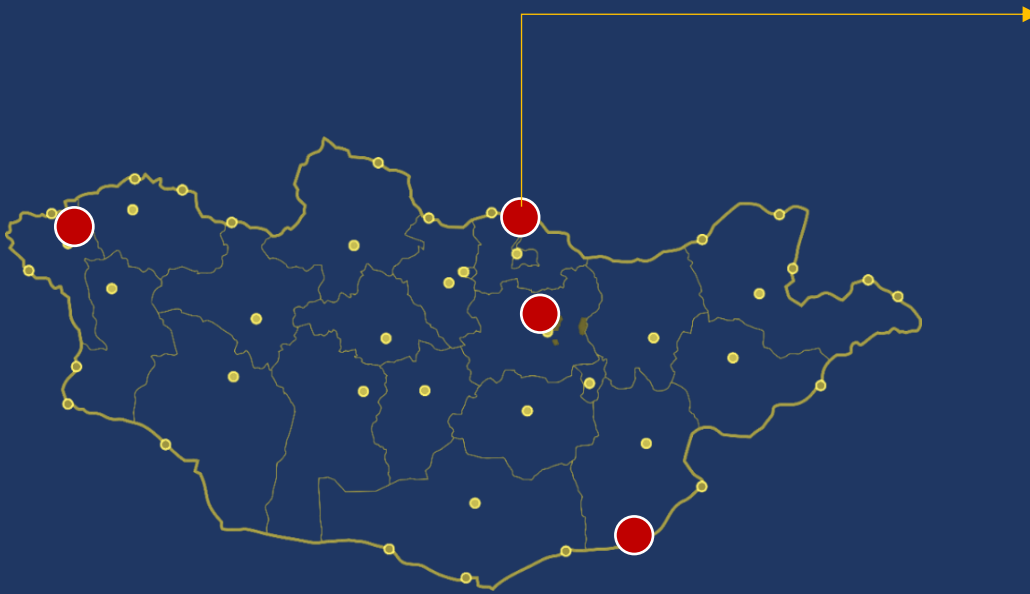


“ALTANBULAG” FREEZONE

2024

LEADING DIRECTION OF FREE ZONE

"ALTANBULAG" FREE ZONE



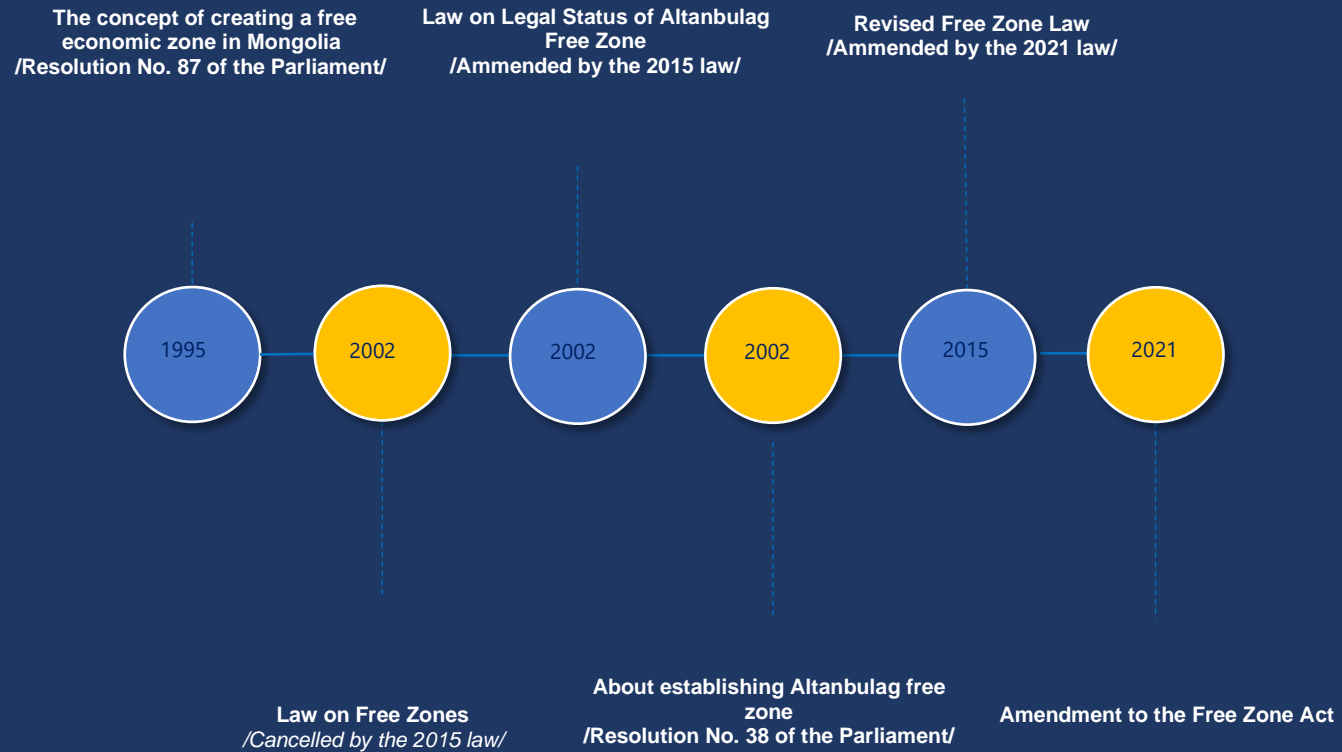
In 2002, "Altanbulag" free zone was established on 500 hectares of land in Altanbulag Sum area of Selenge Province. Out of this, investors are operating on 8.2 hectares of land.

Land allocation started in 2007

It was switched to permanent operation on June 22, 2014 by Government Resolution No. 153 of 2014.

- ✓ Shortest route between Russia and China
- ✓ To concentrate international cargo traffic in Altanbulag Free Zone and become Dry port (Tianjin –Altanbulag)
- ✓ To become logistics-oriented export processing zone and do re-exports
- ✓ Create production that meets international standards and export products labeled as "MADE IN MONGOLIA" to the world
- ✓ Develop Tea Road tourism

LEGAL ENVIRONMENT OF FREE ZONE



LONG-, MEDIUM-, AND SHORT TERM POLICY

Measures included for implementation in long, medium and short term policy documents for the development of Mongolia :

VISION-2050

- A free economic zone will be established based on Khushigiin Khundii Airport, production and services of low-volume and high-cost products will be developed in the zone.
- Free zone will be developed and a permanent cross-border trade network will be established.
- Zамын-Ууд, Altанбулаг and Tsагаануур Free Zones will be completed.

NEW RECOVERY POLICY

- Increase the capacity of entry of goods and passengers by developing hard and soft infrastructures in order to increase exports
- Form the basic conditions to become a transit country in the future by fully connecting railways and paved roads in phases and improving the competitiveness of logistics and improve freight traffic
- Increase trade by establishing Free Economic Zones and dry ports in phases

FIVE YEAR GUIDELINE FOR THE DEVELOPMENT OF

- The infrastructure of the main axis highway connecting the countries of the West-East region and the vertical axis highway of the region connecting the southern neighbors will form the foundation for trade and economic growth.
- Free Economic Zone Development Project

annual state implementation report 2022

- Connecting the "Altанбулаг" free zone to the integrated customs telecontrol system
- Increasing foreign and domestic investments in the "Zамын-Ууд" free zone, intensifying the activities of economic units engaged in export-oriented activities, and improving economic cooperation

OPPORTUNITY
GLOBAL MARKET

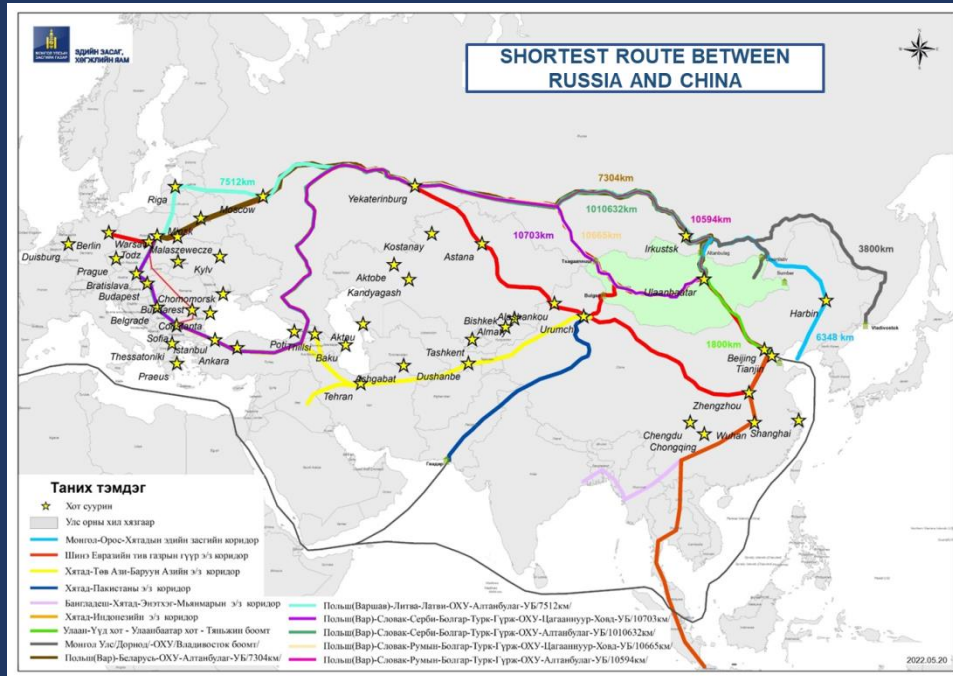


"DOUBLE TAX" AGREEMENTS WERE CONDUCTED WITH 26 COUNTRIES, AND BILATERAL AGREEMENTS FOR INVESTMENT PROMOTION AND MUTUAL PROTECTION WERE CONDUCTED WITH 43 COUNTRIES

- /EUROPEAN UNION/ IMPORT OF 7200 PRODUCTS INTO THE COUNTRIES OF THE EUROPEAN UNION WITHOUT ANY TARIFF RESTRICTIONS AND WITH DISCOUNTED CONDITIONS
- IMPORT OF 9300 PRODUCTS TO JAPAN WITH DISCOUNTED TERMS;
- JOINED "ASIA PACIFIC TRADE AGREEMENT", EXPORT OF GOODS WILL ENJOY TARIFF DISCOUNTS;
- 3,400 PRODUCTS ORIGINATED IN MONGOLIA ENJOY CUSTOMS DUTIES RELIEF IN THE US TRADE PREFERENCE SYSTEM

OPPORTUNITY

CROSS-BORDER TRANSPORTATION OPPORTUNITIES



The Inter-Governmental Agreement on "International Road Transport Relations" for transportation through Russian Federation to sea was concluded in 1996

Bilateral intergovernmental agreements on international road transport were signed with 12 countries, including Latvia, Russia, North Korea, Turkey, Ukraine, Kazakhstan, Belarus, Kyrgyzstan, China, Hungary, Lithuania, and Slovenia.

Access to sea:

Russian port of Vladivostok 3800 km,
China's Tianjin Port 1800km.

Along AH3 route of the Asian Highway Network

"Tianjin Port- Ulaanbaatar city – Ulan-Ude city" 6348 км

LAW ON FREE ZONES

SPECIAL REGIME

The special regimes of free zones are similar in principle to the special regimes of free zones in other countries.

Joined the International Convention

Government services are fast

Less inspection pressure

Goods are freely accessible

Quick and easy, no time wasted

15.2. If a legal person or an individual in a free zone provides employment to a foreign national, who derives income from such employment or service, it shall be exempt from employment fee

15.3. If a legal person operating in a free zone implements an employee skills and capabilities building project or program, the cost shall be deducted from the taxable income of the given year.

SPECIAL TREATMENTS OF EMPLOYMENT IN FREE ZONES



SPECIAL CUSTOMS TREATMENTS IN FREE ZONES



10.2. a simplified customs clearance procedure shall apply to goods up to a total value of MNT 3.0 million, purchased by a visitor entering the customs territory from a free zone.

10.3. Non-tariff restrictions shall not be set for goods entering a free zone from overseas or exiting a free zone to a foreign country.

10.4. A simplified customs clearance procedure shall apply to goods entering a free zone from overseas or exiting a free zone to a foreign country.

16.1.1. Goods imported from overseas to a free zone shall be exempt from the levy of import tax, customs duties, VAT, and excise tax;

16.1.3. VAT shall be charged at "0" rate when Mongolian goods are brought into a free zone from the customs territory;

16.1.6. No taxes shall be levied on goods exiting a free zone to overseas;

Goods purchased by a visitor not exceeding a total value of MNT3.0 million shall be exempt from the customs duties and VAT when entering the customs territory from a free zone;

SPECIAL TREATMENTS OF TAXATION IN FREE ZONES



SPECIAL VISA TREATMENTS IN FREE ZONES



11.2. A foreign national bearing a residence permit in Mongolia or an "entry-exit" visa may visit any free zone without a visa during such residence permit or visa validity period.

11.3. Visa validity period of a foreign national or stateless person referred to in Section 11.1 of this Law may be extended for up to 30 days once only. The duration of a visit of person traveling without a visa may also be extended for a period up to 30 days.

LAW ON FREE ZONES
SPECIAL TREATMENTS OF OPERATION



Settlement of Payments



Article 13 of the Law on Free Zones

13.1. Payments in free zones shall be made in national or foreign currencies.

13.2. Establishment of a bank, non-banking financial institution, or branches thereof shall be subject to the relevant legislation.



Other

Article 17. Enforcement of Special Treatments and Services in Free Zones

17.2. The governor's office of a free zone shall facilitate the services for keeping social order, ensuring fire safety, medical emergency, hygiene, and infrastructure under the agreements entered with the applicable public or private entity in charge of such matter at hand via their representations.

LAND RELATIONS

LAND EVALUATION AND RELIEF

- According to Annex No. 5 of Government Resolution No. 182 of 2018, the basic value of 1 hectare of land in Free Zones was determined.

№	Free zones	1-hectare land base value (for land use purposes)	
		Trade and commerce	Industrial
1	Altanbulag	120,000,000	80,000,000

In accordance with the Order No. 208 of the Minister of Construction and Urban Development of 2018, as stated in Appendix No.2, the starting price of the auction for issuance and transfer of land ownership rights has been determined.

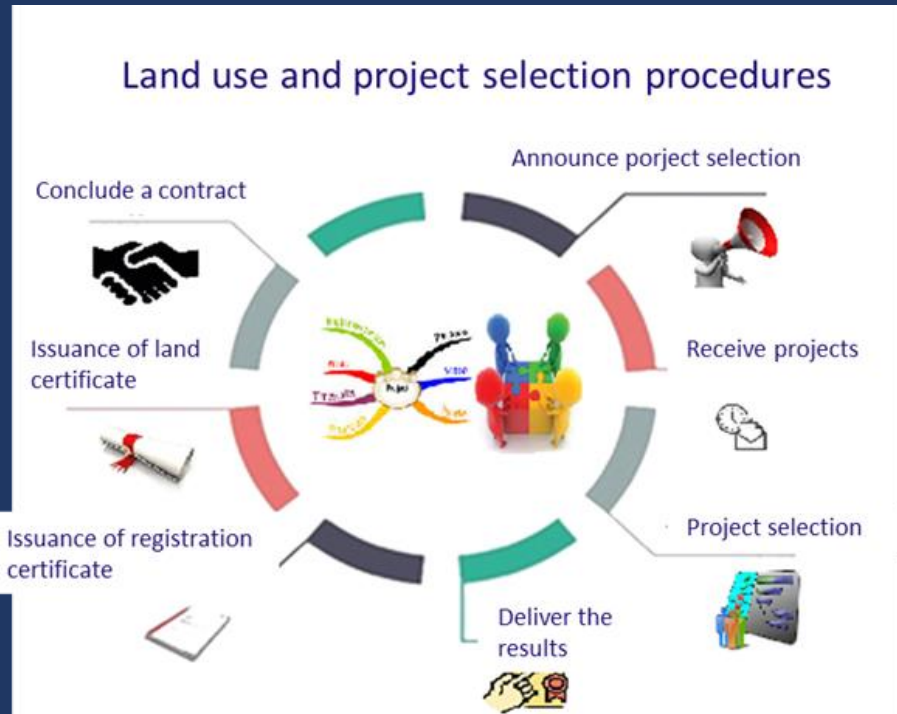
№	Free zones	Industrial purposes			
		Base value /m2/	Coefficient	Land size /m2/	Annual land fee per 1 m ²
1	Altanbulag	8,000	0,08	800	512,000

№	Free zones	For trade and commercial purposes			
		Base value /m2/	Coefficient	Land size /m2/	Annual land fee per 1 m ²
1	Altanbulag	12,000	0,2	800	1,920,000

LAND RELATIONS
LAND EVALUATION AND RELIEF

1. Land use rights 2. Project selection 3. Auction	Governor	Conclude a contract	<ul style="list-style-type: none"> • Duration • 5-15 years • No more than 40 years
	Entity	<ul style="list-style-type: none"> • land size • duration 	

Land use and project selection procedures



For infrastructure and production purposes. Energy source, heat source, engineering network, clear water supply, sanitary and treatment facilities, auto road, railway, airport, communications network etc:

- 100% exempt during the first 10 years

- For trade, tourism and hotel service purposes:
- 100% exempt during the first 5 years
- 50% exempt during the subsequent 3 years

REGISTRATION OF FOREIGN LEGAL ENTITIES

SUPPORT FOR INVESTORS IN FREE ZONES, MANUFACTURING, TECHNOLOGY PARKS AND ALL ACTIVITIES

"The Law on Legal Entities of State Registration"

Registration as a legal entity in the state registry

"The Law on Legal Entities of State Registration"

- 16.2.1. the decision of the competent authority to allow the investment of foreign capital
- 16.2.2. In case of cooperation between two or more persons, the agreement is concluded between the shareholders
- 16.2.3. copy of foreign legal entity registration certificate
- 16.2.4. bank statements and bank statements proving the transfer of funds

To obtain the right to use land in the free zone

AUCTION

33.1. PROJECT SELECTION

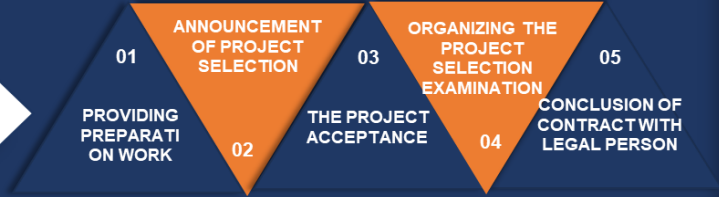
Law "On Investment"

PLACEMENT

- if a foreign national or a stateless person, travel document or a similar identification document
- Receipt of payment by the debtor
- in case of participating in the auction on behalf of a citizen, a power of attorney certified by a notary public issued by the citizen

digital

- Registration in the electronic system
- Submit a request to participate
- Quotation
- Signing a contract and obtaining a certificate



A land use agreement will be concluded

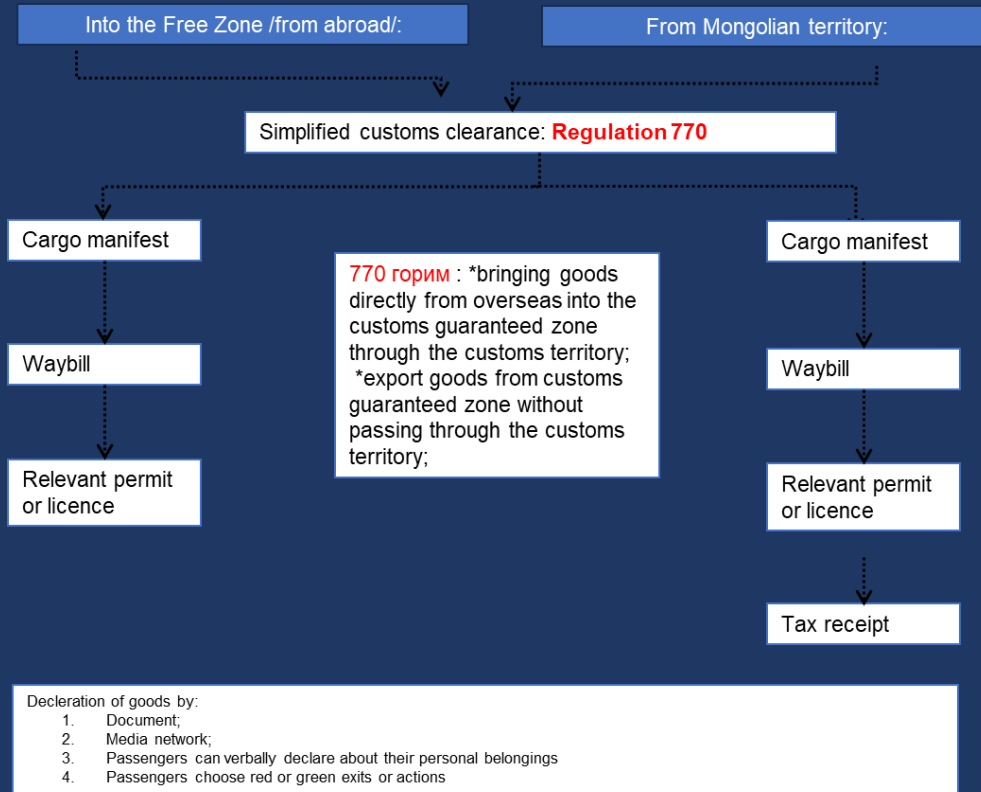
Registration in the free zone

"Law on free zones" 12.1.2.

- An application
- 12.1.2. if a foreign legal person, a document of incorporation document of such legal
- power of attorney
- fee payment receipt

Law on free zones 22.4 "Land Law 33.5"

SPECIAL CUSTOMS TREATMENTS



Benefits:

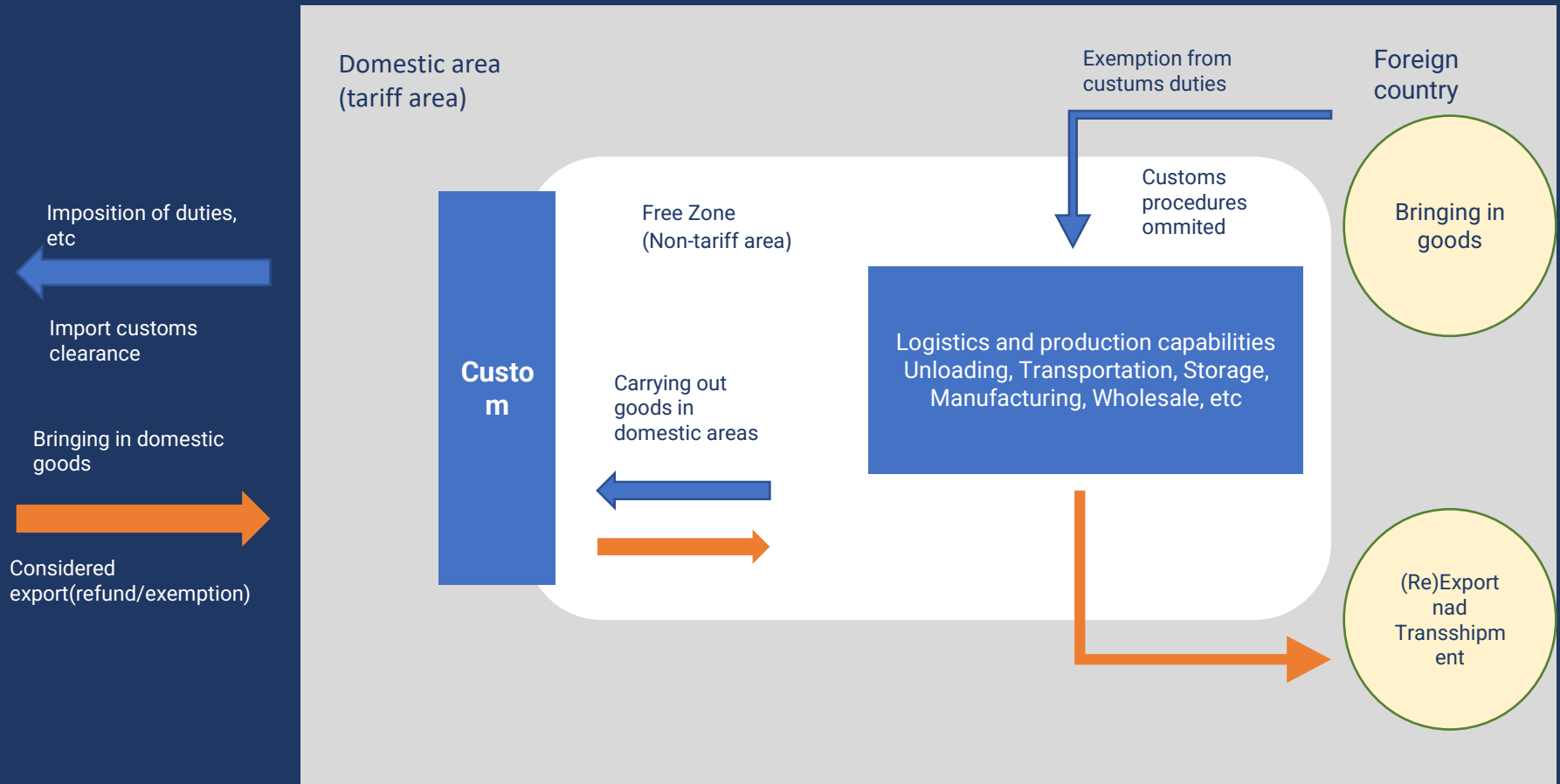
- Non tariff restrictions will not be imposed
- Simplified customs clearance
- Risk-based customs control



<https://legalinfo.mn/mn/detail?lawId=14910>

"Procedures for implementation of the free zone regime"

CUSTOMS CLEARANCE AND PROCEDURE IN FREE ZONES



CURRENT SITUATION IN THE FREE ZONES



ЭДИЙН Э АСАГ,
ХӨГЖЛИЙН ЯАМ

Current situation of the free zone



129
Registered enterprises

17
Permanently active

55
Enterprise buildings

Enterprise investment: 12.7 mlrd MNT

LEADING DIRECTIONS

- > TRANSPORT, LOGISTICS
- > TRADE, PRODUCTION

ALTANBULAG FREE ZONE

LAND ALLOCATION

119 HA The area allocated to the enterprises

93 HA Infrastructure, public ownership

288 HA Unallocated area



Category	Total area	Allocated
Trade and services	53.6 ha	50.1 ha
Manufacturing	54.4 ha	21.0 ha
Leisure	7.2 ha	1.7 ha
Freezing compartment and warm storage	22.4 ha	13.8 ha
Administration and public building	23.6 ha	11.5 ha + Adm+5.4 ha +1.9 ha = total 18.8 ha
Reserve	188.4 ha	7.5 ha
Transport logistic	57.4 ha	6.6 ha

ENTERING CAPACITY

Free zone	As of January-February of 2024	
Passengers entering the zone	11,209	85 (Foreign)
	Total passenger information	11,124 (Regional)
Vehicles entering the zone	4,560	20 (Foreign)
	Total vehicle	45,040 (Regional)

BASIC CONSTRUCTION

Power supply	✗	3.8 km 6kV power supply line 4 sub stations with a capacity of 2610kWA
Water supply	✗	Engineering facility to supply 6300 m3 of fresh water per day
Sewage pipeline	✓	The waste water pumper station have a capacity to transport 5700 m3 of sewage per day
Flood protection dumb	✓	The flood drainage facility have a capacity of a 15 m3 per second of 9,4 km
Communications, internet	✗	All mobile network High speed fiber optic cable
Customs laboratory	✗	-
Transport passengers terminal	✗	1 building Inspection complex /300 m2
Cargo terminal	✗	3.6 km Freight transport – asphalt

A resolution is required

- 15.6 mlrd. MNT
Power supply enlargement
- 60 mlrd. MNT
Heating plant
- 3.04 mlrd. MNT
Building of "Trade and Service Center".
- 2.1 mlrd. MNT
Construction works of connection canalization
- 43.0 mlrd. MNT
Construction of 13.8 km of paved road within the zone
- 4.4 mlrd. MNT
0.81 km road works in the collar section

Readiness assessment

Preliminary feasibility study and FS	Environmental impact assessment	MASTER PLAN	GENERAL DEVELOPMENT PLAN	PARTIAL GENERAL PLAN
✗	✓ Made in 2003	⌚ Made in 2003, Not confirmed	⌚ Made in 2003, not approved In 2022, the contractor was selected and a contract was signed	✗

In 2022, "Ideal Group" LLC and "Next Step Engineering" LLC will make a partnership, and in 2024, it will be approved by the Government in the fourth quarter.

DEVELOPMENT OPPORTUNITIES OF ALTANBULAG FREE ZONE

Asia-Europe freight traffic hub, “Logistics oriented export processing zone” (HYBRID EPZ)

- Development of production by localization of high techniques and technologies that are beneficial to society and economy and are environmentally friendly
- Development of tourism based on the historical tradition of the tea route
- Development of a dry port with an integrated network for the concentration, storage, sorting and distribution of goods
- Creation of a trade and service complex for import and export goods

THANK YOU FOR YOUR ATTENTION

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ADMINISTRATION OF ALTANBULAG FREE ZONE