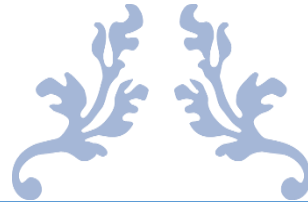




**KiSH Free Zone
Organization**



Economic Activities & Investment in Kish Free Zone



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1-Investment in an Industrial Field

Investment in industrial fields includes two steps: before the land delivery and after the land delivery. It is noted that investors may set up their industrial unit by providing their place of activity from private sectors, without requesting for land from Kish Free Zone Organization (KFZO), and after obtaining the establishment and the industrial operation licenses.

Industrial Investment Process before the Land Delivery (Phase 1)

- Submitting a written request and the required documents, filling out the application form
- Proving the applicant's financial, technical and executive capability, and inquiring from corresponding offices such as Environment Office
- Reviewing the plan and preparing the agenda and the report to be submitted to the Economic Affairs and Land Valuation Commission
- Applying for a sketch from the Urban and Infrastructure Deputy Office
- Notifying the Enactment of Economic Affairs and Land Valuation Commission to the applicant, and issuing the establishment license after the Enactment's being approved by the KFZO board of directors
- Granting the establishment license and concluding a contract

Industrial Investment Process after the Land Delivery (Phase 2)

- Submitting the executive plans of the building, obtaining the construction permit, beginning the construction operations, completing the structure, and obtaining the certificate of completion
- Land delivery
- Issuing the introduction letter for the economic activity permit
- Importing the machinery and the raw materials without paying any duties, installing the machinery, and launching the factory
- Issuing the operation license
- Applying for a value-added quota, filling out the relevant questionnaire, and obtaining an allocated value-added percentage from the value-added Commission
- Transferring the manufactured products to the mainland according to the value-added percentages obtained from the aforementioned commission, and exporting the manufactured products to foreign countries

Diagram 1- Industrial Investment Process: Before the Land Delivery (Phase 1)

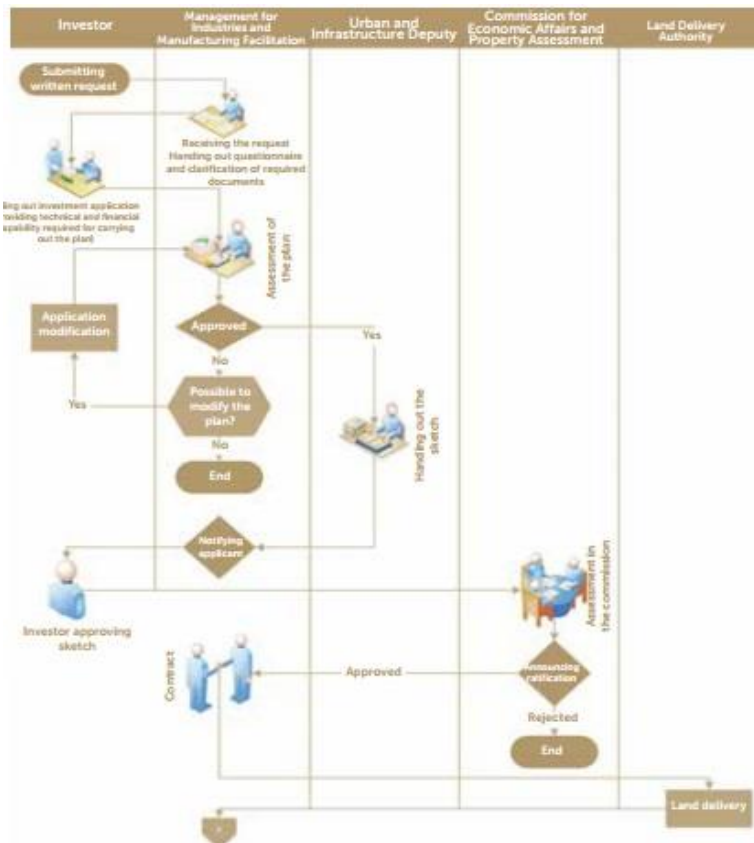
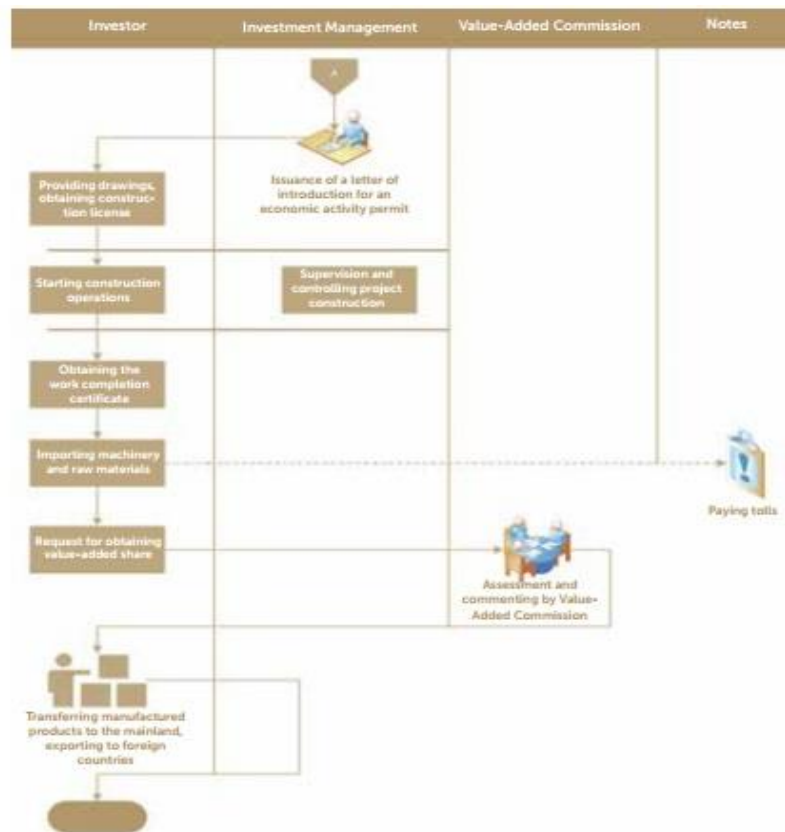


Diagram 2-Industrial Investment Process: After the Land Delivery (Phase 2)



Establishment License

Steps to Issue an Establishment License

Obtaining an industrial establishment license to launch any manufacturing unit is essential and the steps are as follows:

- Submitting a written request
- Submitting the complementary documents after the primary substantive agreement
- Making the necessary and relevant inquiries (e.g. the environmental issue, etc.)
- Paying the establishment license issuing fee (5,000,000 rials) after all the documents being reviewed and approved
- Issuing the establishment license after being signed by both the applicant and the Manager of Industries
- Registering the establishment license in the organization's secretariat and delivering the original document to the applicant

Documents Required to Issue an Establishment License

- Workplace contract such as a title deed or a lease
- Certificate of completion for the workplace
- Postal code of the land lot
- The health approval letter shall also be provided in case the applicant is manufacturing hygienic, pharmaceutical, or food materials.
- Company's registration documents such as the company's articles of association, the company's establishment and decisions notice
- A copy of the birth certificate and national ID card of the company members
- Financial authentic documents such as a bank account detailed print for the last six months to one year
- Manufacturing-related technical documents
- The company's economic code
- The feasibility study report
- The deposit slip amounted to 5,000,000 rials

After obtaining the establishment license, the applicant shall apply for an operation license. After the applicant thoroughly equips the workplace with the necessary machinery, staff, and raw materials, etc., the operation license will be issued once the operation begins. Therefore, after obtaining the establishment license, in case the applicant requires time to set up the workshop, the letter of introduction for economic activity permit will be issued with a 6-month validity, which is extended only twice, so that the applicant may import the machinery, equipment, and all other required items to launch the workshop and obtain the operation license.

Letter of Introduction for an Economic Activity Permit

Steps to Issue a Letter of Introduction for an Economic Activity Permit

- Submitting a written request
- Submitting the required documents
- Reviewing and approving by the Manager of Industries
- Issuing the letter of introduction for the economic activity permit
- Registering in the secretariat

Documents Required to Issue a Letter of Introduction for the Economic Activity Permit

- A copy of the establishment license
- A valid certificate of completion
- The workplace contract (a title deed and/or a lease)
- Company's registration documents as well as the copies of the birth certificate and the national ID card

Industrial Operation License

Steps to Issue an Industrial Operation License

- Submitting a written request
- Submitting the necessary documents
- Reviewing and approving by the Manager of Industries
- Issuing the operation license after receiving the deposit slip
- Registering in the secretariat

Documents Required to Issue an Industrial Operation License

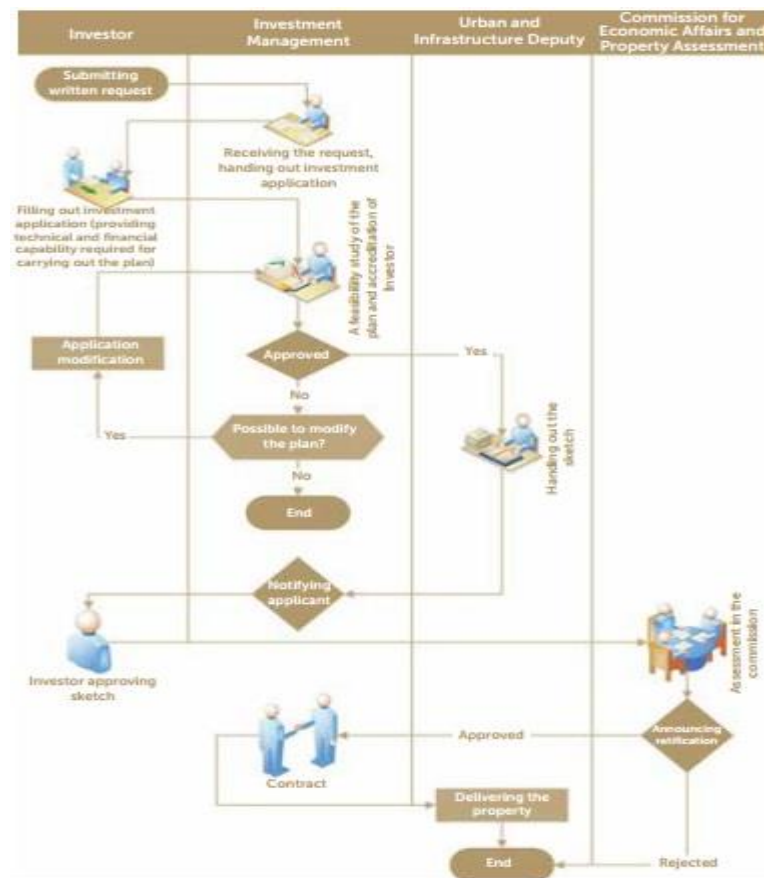
- A copy of the establishment license
- A valid certificate of completion
- Insurance policy
- The workplace contract (a title deed and/or a lease)
- Company's registration documents as well as the copies of the birth certificate and the national ID card
- The deposit slip amounted to 500,000 rials per year

2-Investment in a Non-Industrial Field

Non-Industrial Investment Process

- Submitting a written request to KFZO (Deputy of Economic and Investment Affairs)
- Filling out the investment application form, and submitting technical and financial capability documents required for implementing the plan
- Reviewing the feasibility study report and accrediting the investor's relevant capabilities by the Investment Management Department
- Applying for a sketch from Urban and Infrastructure Deputy Office of KFZO by Investment Management Department
- Proposing the subject of the investment in the Economic Affairs and Land Valuation Commission
- Notifying the Enactment of the Economic Affairs and Land Valuation Commission to the investor after the Enactment's being approved by the KFZO board of directors
- Concluding a contract with the investor
- Delivering the land to the investor

Diagram 3- Non-Industrial Investment Process



3-Transfer of Land to Foreign Investors

- By virtue of the Article 9 of the by-law of “How to Employ Land and National Resources in Free Trade-Industrial Zones”, the sale and the conclusive transfer of land to foreign nationals are prohibited. However, if the foreign nationals register the company in Iran, the company is deemed as Iranian. In case the activity of the company is in accordance with the investment plan, at the discretion of KFZO, the land ownership in the company's name will be permitted. (According to Article 4 of the legal formalities of company registration and industrial/ intellectual ownership, each company or each institution registered in the Zone with its headquarters located in the same zone shall be deemed as Iranian and as registered in the Zone.)
- In accordance with Article 1 of the Act of company registration, foreign companies whose branches are registered in Iran or on Kish Island are not deemed as Iranian, and according to Article 9 of the by-law of “How to Employ Land and National Resources in Free Trade-Industrial”, the sale and the conclusive transfer of land to foreign nationals are prohibited.

4- Company Registration

By virtue of Articles 2 and 5 of investment regulations in Free Trade-Industrial Zones, there is no limitation on registration of legal entities in terms of nationality; moreover, company registration with a hundred percent foreign stockholders is permitted. Foreign investors may invest in any ratio in the zone's economic activities.

Company Registration Process

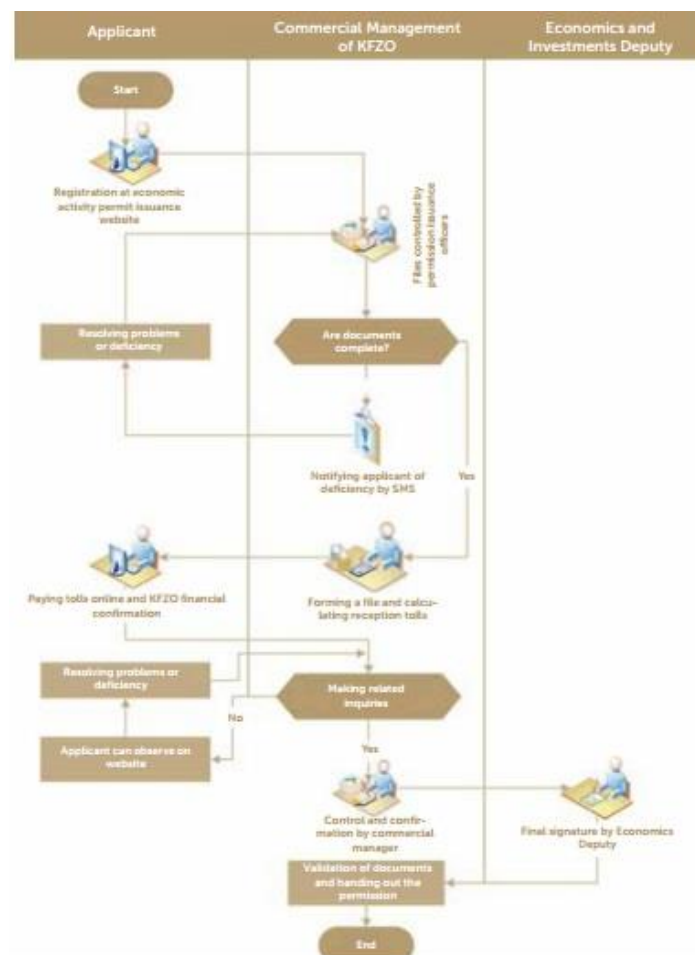
The company may electronically be registered on the website www.sherkat.kish.ir according to the following procedures:

- Specifying the name of the company and announcing it to Kish Island Registration Office
- Completing the founders and the board of director's information form, and sending it to the Companies Registration Office
- Printing two copies of the company's memorandum of association and articles of association, from the above website, and signing them by all the founders, the business partners, the members of the board, and the inspectors

Documents Required for Filing

- Natural entities: a passport copy approved by the Iranian Embassy plus the inclusive code
- Legal entities: all the company's registration documents as well as the company's representative order, approved by the Iranian Embassy, along with their official translation

Diagram 4- Company Registration Process



Documents Required to Register a Foreign Company's Branch

- Two copies of the branch registry declaration, filled out in Persian, which shall be signed by the company's representative or attorney.
- The company representative's authorization letter approved by the Iranian Embassy, plus its official translation
- A copy of the company's registration certificate issued in the country of origin, approved by the Iranian Embassy with its official translation
- A copy of the company's articles of association approved by the Iranian Embassy plus its official translation
- A copy of the passport of the company's authorized representative(s), approved by the Iranian Embassy, plus the inclusive code
- A copy of the company's latest financial balance sheet, along with its official translation

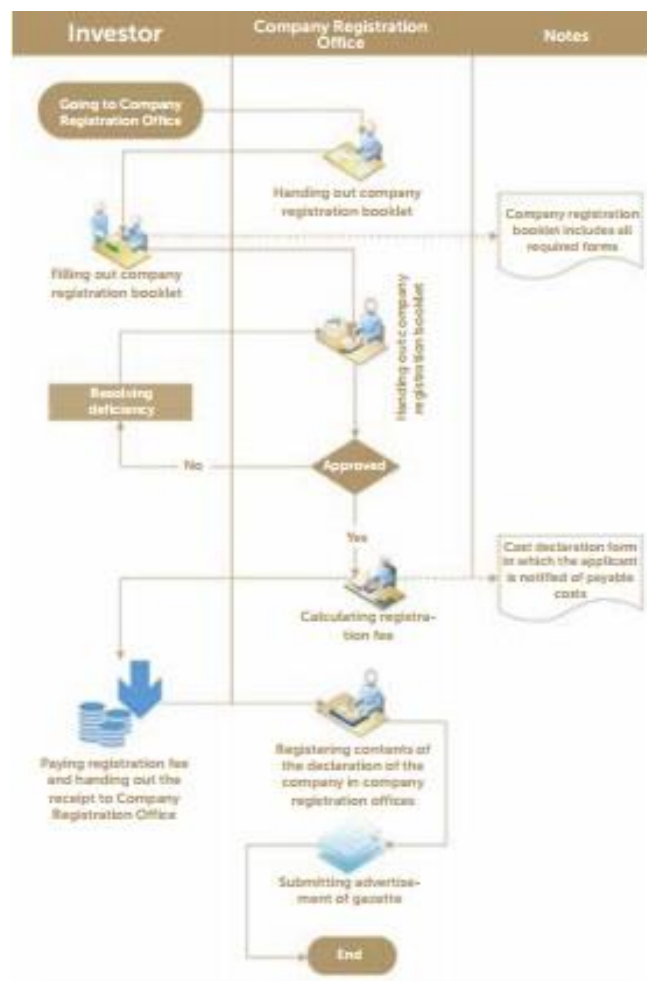
5-Economic Activity Permit

By virtue of Article 11 of rules and regulations of “How to Administrate Free Trade-Industrial Zones of the Islamic Republic of Iran”, all individuals who are engaged in Kish Free Zone activities are required to obtain an economic activity permit; in addition, performing any legal activity as well as embarking on various occupations for natural entities and legal entities are possible solely after the issuance of the economic activity permit. An economic activity permit is issued based on the function and the type of the activity for one year and at most for three years.

It is worth mentioning that obtaining the relevant license is subject to an acceptance fee, which is calculated by multiplying the space used by the union unit in the approved tariff rate of the same year (approved by the esteemed board of directors of the organization).

The Process to Issue an Economic Activity Permit

Diagram 5- Economic Activity Permit Process



General Documents Required to Issue an Economic Activity Permit

- A copy of the partitioned title deed of the workplace with the relevant use (In case providing the title deed is impossible, by the discretion of the Commercial Management Department, the applicant is required to provide an undertaking letter for submitting the partitioned title deed within a maximum 5-year period.)
- A copy of the purchase contract or the lease of the workplace, with the relevant use (The lease shall be prepared by official authorities such as a Notary Public and/ or a Real State with a valid operation permit and/or Markets Board except for the contracts where both the lessor and the lessee are legal entities.)
- The business partners' satisfaction letter, in the name of one of them, authorizing the issuance of the economic operation permit, sealed by the manager of the business and services markets of the workplace. For any other uses, a notarized letter of attorney is required to be provided.
- An authenticated copy of the applicant's birth certificate (a copy of the managing director's birth certificate for legal entities/ a copy of the valid passport for foreign nationals). In case of any additional description in the birth certificate, the copy of the related page is required to be enclosed.
- An authenticated copy of the national ID card
- Two (recent) 3x4 cm photos of the applicant
- A copy of the company's establishment, changes and decisions notice (for legal entities) approved by Companies Registration Office
- The workplace certificate of completion or the valid workplace certificate (for the units under construction)
- The payment slip of cash bonus duties (or the confirmed electronic payment)
- Individual competence approved by the Public Places Monitoring Department of the Disciplinary Force (In case no reply is received from the Public Places Monitoring Department within 15 days from the date the file is submitted, the response is deemed as positive, and the permit will be issued.)
- A valid Fire Insurance Policy except for the units holding a valid approval for fire insurance policy obtained from other departments of the organization

6- Commercial Card

For importing and exporting activities in Kish Free Zone, obtaining a commercial card from the Commercial Management Department of KFZO is essential. Issuing the commercial card with a maximum 3-year validity for importing the commodities onto Kish Island is merely possible after obtaining a valid economic activity permit relevant to the subject of the activity and after paying the related costs. It is noteworthy that this card is for importing the commodities from the origin of other countries to Kish Island destination, and this card is valid within the domain of the Trade Development Management of Kish Free Zone (Regional Customs Office) as the national commercial card is valid in the customs office of the mainland.

Documents Required to Issue a Commercial Card

- Completing the commercial card application
- A 3x4 cm photo (For legal entities, a photo of the managing director shall be submitted.)
- A payment slip received from the financial department to prove the payment of the card issuance fee

7-Banking and Foreign Exchange System

All the banks located in the free zones are deemed as the branches of the banks existing in the mainland, which are operating in accordance with the executive by-law of the monetary and banking operations within the industrial free trade zones, and by virtue of the executive instructions of the monetary and banking operations in the industrial free trade zones of the Islamic Republic of Iran. Iranian-European bank is the only foreign bank operating on Kish Island.

In accordance with Article 9 of the third chapter (Foreign Exchange System of the Free Zones) of the executive by-law of the monetary and banking operations in the Industrial Free Trade Zone of the Islamic Republic of Iran, selling and purchasing all foreign exchanges against rial or other foreign exchanges are free, and all transactions and foreign exchange transfers are permissible by natural entities and legal entities in the region.

Furthermore, as per Articles 10 and 11 of the aforementioned by-law, the transfer of all foreign exchanges from outside the country to the Zones and from the Zones to outside the country is permissible by natural entities and legal entities. However, the transfer of foreign exchange from other parts of the country to the Zones and vice versa by natural entities and legal entities shall be subject to the rules and regulations of the foreign exchange of the country.

8-Employment of Foreign Nationals on Kish Island

In accordance with the Article 41 of the Free Zones Act, all employers of workplaces located in the Zones are obliged, to the extent possible, to provide their required workforce through Iranian workers. However, the employers may employ the services, expertise, and skills of the foreign national specialists in the mentioned workplaces under the terms and conditions set forth in the Free Trade Zones rules and regulations.

Issuing a Work Permit

Each foreign national is permitted to work within the free zones if s/he concludes an employment contract with an employer holding an economic operation permit in the free zone, and if s/he holds a work permit issued by Management of Labor and Employment Services Office located in each region.

- Holding a passport with remaining validity of six months or more as well as a working visa
- Filling in the work permit application questionnaire for foreign nationals at the Employment Services Office
- Submitting the insurance policy
- Submitting the undertaking form, signed and sealed by the employer
- Holding a health card issued by the regional health office
- Submitting educational documents relevant to the applied job
- Submitting the payment slip for the work permit issuance fee

9-Taxation Laws

By virtue of the Article 13 of the Act of “How to Administrate the Free Industrial- Trade Zones”, natural entities and legal entities engaged in a variety of economic activities in the free zones, for twenty years from the date their business operation commences as stipulated on the permit, are exempt from the payment of taxes on their revenues and their assets (the subject of Direct Taxes Act); once the above mentioned twenty-year period expires, the natural entities and the legal entities will be subject to tax regulations.