



east london idz
business streamlined

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ZONEBEAT

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A WORD FROM THE **ELIDZ** CEO TO INVESTORS

I would like to express my sincere gratitude for the continued support shown by our tenants. The IDZ's operating environment is undergoing substantial changes in a wide range of areas, including legislation and funding. Despite uncertainties surrounding the SEZ programme, the ELIDZ continues to be at the forefront of engagements with government to expedite the finalisation and gazetting process. When the process is finalised, qualifying investors will be eligible to apply for new SEZ specific incentives.

In taking stock for 2017, the year offered us challenges and triumphs as we were faced with a volatile macroeconomic environment. In this alone, global economic growth remained stagnant and South Africa's credit rating downgrading into junk status. These developments threatened to re-engineer the national investment landscape and roll back advances that have been recorded thus far.

Notwithstanding that FDI flows are decreasing and the challenging business environment characterised by domestic structural weakness and subdued investor confidence, the East London Industrial Development Zone (ELIDZ), was able to deliver on its mandate and increase own generated revenue by 8.5%. This demonstrates that the Zone continues to attract growth focused investors. To that end, four new investors are hard at work commissioning their plants, with all four envisaged to start production in 2018.

In 2017, there were also many accomplishments as earlier mentioned that continued to position our organisation as a high-performing and financially sustainable entity that adds value to our customers and to the Executive Authority to whom we report. These accomplishments would not have been possible without your resolve, to remain by our side through the volatile economic and political environment. I now want to share some of our successes with you:

CLEAN AUDIT FOR THE ORGANISATION

Through the diligent efforts of our employees the organisation received a clean audit from the Auditor General of South Africa (AGSA). This outcome supports the organisation's commitment to maintaining good governance. This is also indicative of the company's pledge to good corporate governance and all other regulatory prescripts that govern SOEs. Corporate Governance Stewardship remains our sacrosanct hallmark which permeates all our operations.

GROWTH OF OUR INVESTMENT PORTFOLIO

The East London IDZ managed to surpass its own investment target by attracting four new investors into the Zone to an

astounding value of R1.6 billion combined. These developments augur well for the zone's intention to grow its investment portfolio and contribute towards job creation in the province.

GROWTH FOCUSED INVESTMENT

The impact of the new investment is far-reaching, this is evidenced by the estimated job creation through all four projects stands at 1422. The manufacturing sector remains key in overcoming vexing challenges faced by our provincial economy.

OTHER STAKEHOLDER PARTNERSHIPS

It is important to note that we continue to enjoy excellent relationships with our customers, the community and shareholders. This has been made possible through the organisation's consistent compliance with the legislation and through extensive engagement with all our stakeholders. To this end, it has been a busy year for the ELIDZ Board and Executive Management as we had to ensure that we incorporate all suggestions received through these engagements. In the end, it was worth it as these engagements allowed us to look, learn, share experiences and receive information critical for the development of future relationships and support.

In 2018 will be further strengthening partnerships with our investors and potential investors as we traverse the Special Economic Zones (SEZ) dispensation and attract new investors that seek to benefit from the package and sector specific incentives.

4 NEW INVESTORS **R1.6 BILLION**

ESTIMATED **JOB CREATION** **1422**

ELIDZ STP CONSULTING AND ANALYTICAL SERVICES (CAS) LABORATORY RETAINS SANAS

The East London Industrial Development Zone (ELIDZ) continues to augment its comprehensive range of services by maintaining the South African National Accreditation Systems (SANAS) accreditation for its Consulting and Analytical Services (CAS) Laboratory.

The ELIDZ CAS lab has maintained its 2014 accreditation to ISO 17025, marking the 3rd consecutive accreditation cycle the CAS Lab has met SANAS' international standards.

Situated at the ELIDZ's home of innovation, The ELIDZ Science and Technology Park (STP), the CAS Lab has, since initial accreditation, remained the only SANAS accredited Chemical and Microbiology Analysis facility in the region.

Mandla Sodladla, Lab Operations and Quality Assessment Specialist, is responsible for ensuring the lab's quality standards. "Fulfilling the requirements of ISO/IEC 17025 means the lab processes leading up to the certificate of analysis generated by the lab conforms to world standards", says Sodladla.

SANAS is the only national body responsible for carrying out accreditations in respect of conformity assessment, which includes the accreditation of Chemical & Microbiology Analysis facilities like the ELIDZ's CAS Lab. The recent assessment forms part of SANAS' random surveillance assessments of the ELIDZ CAS Lab and their QMS and technical competency during their 5 year accreditation period, ending in 2019.

Ludwe Fani, Manager at the ELIDZ STP, is delighted the CAS Lab has so far continued to not only uphold their standards, but improve on its range of techniques and Quality Management Standards after first obtaining the accreditation. "The accreditation proves the ELIDZ and the STP are on the cutting edge of Chemical and Microbiological Analysis and maintain a competitive edge and therefore continue to attract business for the organization"

Formerly a CSIR Lab, the water testing facility was absorbed into the ELIDZ in April 2016 and maintaining SANAS accreditation bookends the first audit cycle since its transition. "It has been challenging but at the end ELIDZ is coming to the party. It has been a major adjustment from the IDZ side and the support has been great", says Sodladla.

Fani believes the SANAS accreditation is testament to the labs retaining its quality promise through the transition. "We've not only continued good quality services for our clients within the zone, the lab has since fostered partnerships with private sector business as well as government departments", she added.

Staffed with experts specialising in chemical and microbiological analysis of portal water and environmental water samples, plans to expand the capabilities of the already one-of-a-kind laboratory are well underway.

The certificate expires in March 2019 after 5 years of accreditation cycle. The lab will then be subjected to a re-accreditation audit.



YANFENG REVAMPS PREMISES DUE TO BUSINESS GROWTH

Yanfeng Automotive Interiors South Africa, recently revamped its facility at the East London Industrial Development Zone (ELIDZ). The facility which already boasts the state-of-the-art machinery was subject to major improvements.

Explaining the facelift to the East London factory, Plant Manager: Operations, Gregory Kriedemann, said, business growth necessitated these major improvements. As such, the renovations were focused on three key areas such as the ablutions, manufacturing hall and warehouse. With all three seeing increases in size of 330m², 100m² and 1300m² respectively.

“An increase in size of our ablutions was due to the increase in our headcount since SOP of W205. There has been an addition to the number of showers and the size of the changing areas, therefore improving the facilities for our employees”, said Kriedemann.

He also added that, the increase to the warehouse was necessitated by the increase in W205 demand from the initial 390 upd, to the current 518 upd. “We have been making use of an offsite warehouse and this extension has allowed us to bring this inventory back under one roof. The warehouse extension also now allows for the offloading of our inventory under roof, which improves safety for our employees and does not live our inventory exposed”, he said.

Yanfeng’s manufacturing hall required major improvements to accommodate the Injection moulding equipment. This was also aimed at making room for the manufacturing equipment for the W205 armrest, whose production has been localized.

Meanwhile, following the refurbishments to the factory, Yanfeng South Africa landed a new business deal with a global automotive brand, BMW. “Yanfeng South Africa, will provide Door Panels for BMW X3, this will take our total investment in the East London Plant to approximately R300M”, Said the Kriedemann.

Furthermore, the expansion of the plant has also created job opportunities for the local communities, says Kriedemann. He, elaborates that the increase from 390 upd to 518 upd, localization of armrest and BMW X3 deal has resulted in additional personnel being needed on both the salary and wage areas.

“The localization of manufacturing of the armrest in East London, has also seen an addition to the plant’s injection moulding and installation of new technologies associated with Industry 4.0 to improve the operational capability of the facility. And has further diversified the factory’s product offering”, added Kriedemann.



The warehouse extension to Yanfeng

CLARITER SETTLES IN THE ZONE

The East London Industrial Development Zone (ELIDZ) has forged ahead with its mission to diversify investment. This is as the Zone opens its doors to Clariter South Africa, an international investor, to be situated at Zone 1B. As it is the norm, ZoneBeat (ZB) caught up with Clariter SA’s Executive Director, Vuyo Sikwebu (VS), to help us understand their value offering, Unique Selling Proposition and future plans.

(ZB) Can you give us a brief background on what the company does, its history and country of origin?

(VS) We are an innovative global group with more than 14 years of operation, with a wide range of patented technology and clean-tech solutions for the world’s pressing plastic waste problem. Our legal home is domiciled in Luxembourg, Research and Development is conducted in Poland, whilst our engineering teams are scattered across the world in countries such as India, Israel and South Africa.

We produce a wide range of high-purity and quality hydrocarbon products. As such our product offering is divided into families of solvents, oils and waxes, and is in-line with the highest industry standards.

The target markets for our products includes industries that have high consumption levels of solvents, lubricating oils, paraffin waxes and derivatives.

Some of these industries include: Paint, Base Production, Plastic & Coatings, Food, Cosmetics & Toiletry and Wood manufacturing companies.

(ZB) What made you decide to locate your business at the East London IDZ?

(VS) Clariter in Luxembourg and Poland has a standing relationship with the Industrial Development Corporation (IDC). When they were looking to invest in South Africa, they approached the latter. Whilst talks were in progress with the IDC other directors were busy conducting a comprehensive research comparing all the big and promising South African cities as well as their value offerings. Some of the factors considered

at the time were the cost of doing business and access to market. The findings of that study revealed that East London was as an ideal location, as it comprised most of what we were looking for as well as an Industrial Development Zone attracting only light industries.

(ZB) What is the total value of your investment?

(VS) The total investment is R290 million and we have a joint investment with the IDC.

(ZB) How many people will be employed by your company at ELIDZ?

(VS) The recruitment process is underway. This process is informed by the plant's operational plan as it will be operational 24 hours a day and seven days a week. In terms of employment numbers, at the initial stages of production we are looking at creating 50 direct job opportunities. We have however through our contractors created over 150 indirect short term job opportunities.

(ZB) In addition to job creation, how will your company benefit the Eastern Cape Economy?

(VS) We are putting together a cluster programme for Small, Micro and Medium Enterprises (SMMEs) based in the Eastern Cape Province. As such, a consultant that will look into the feasibility of this programme has already been appointed. The idea is to turn these SMMEs to small companies that will use our products as raw materials to produce their own products. These products will reach the market as scented candles, cosmetic products or cleaning agents.

As part of our structured support to SMMEs, we will craft a plan geared towards assisting them in all business aspects such as the value chain analysis and marketing. Over and above this, we will transfer skills and expose these small enterprises to new technologies.

The cluster programme will be managed by the ELIDZ, Department of Economic Development Environmental Affairs and Tourism (DEDEAT) and IDC.



ELIDZ RELEASES GREENHOUSE GAS EMISSIONS INVENTORY FINDINGS

As part of East London Industrial Development Zone's (ELIDZ) programmatic approach to finding innovative ways of reducing our carbon footprint whilst maintaining a high rate of production, there is also a conscious effort to minimise our environmental impact. To that end, the ELIDZ has conducted a Greenhouse Gas (GHG) inventory and released report findings that describe and quantify sources of greenhouse gas (GHG) emissions within the zone. Greenhouse gas inventories are

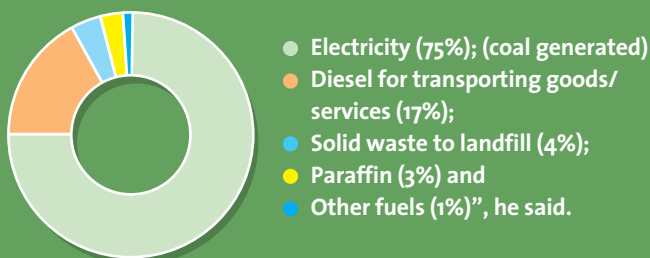
geared towards taking stock of the amounts of GHG released into or removed from the atmosphere.

Lowering GHGs emissions remains part of South African government commitment to international efforts, such as the 2015 Paris Agreement. These global efforts are aimed at mitigating against adverse effects of climate change.

Supported by the United States Agency for International Development (USAID) \ the inventory served as an important instrument in examining the overall GHG emissions and major contributors in the zone.

According to ELIDZ Sector Manager: Renewable Energy, Dr. Chris Ettmayr, the exercise was necessitated by the zone's obligation to sustainable environmental practices combined with a need to ensure that the IDZ remains suitable for light industries. This study also took place against the backdrop of South Africa's pending Carbon Tax legislation and an interest of ELIDZ tenants to know what their carbon footprint looked like.

The report revealed that top contributors of GHG emissions within the zone are as follows:



Dr. Ettmayr added that in terms of GHG categorization, roughly 90% of emissions occur off-site.

Meanwhile solid waste to landfill accounts for an estimated 4% of GHG emissions. As a result the report recommends that an investigation for the potential use of some of this waste in bio-digestion and other processes be carried out. "Additional waste streams that could be investigated in this regard include fats removed from the dairy, fish mortalities from the fish farms, fish farm effluent and sewage sludge", added Dr. Ettmayr.

As a response, the ELIDZ is developing a renewable energy roadmap, in conjunction with the USAID, which will set standards and targets for energy efficiencies in the estate as well as investigate the blending in of renewable energy with the current fossil fuel derived energy from Eskom. "Projects will be identified to continually lower the GHG emissions of the zone to ensure that we minimize our impact on the environment whilst at the same time becoming more efficient with our utilities and assisting the Country with meeting its international emission reduction targets. This should translate into a cheaper operating environment over time with improved energy security and diversity", he concluded.

NEW INVESTOR DETERMINED TO CONTRIBUTE TOWARDS PROVINCIAL ECONOMIC GROWTH

In a bid to diversify investment in the region, grow the economy and create more job opportunities. The East London Industrial Development Zone (ELIDZ) welcomes a new investor in the advanced manufacturing sector, Nulatex South Africa. A South African owned male condom producer. The company has been making inroads into growing its footprint through a Malaysian based partner, Nulatex Sdn Bhd, a third largest condom producer in the world.

The latter has a 7-year supply partnership with Bliss Pharmaceuticals, a sister company to Nulatex SA which has a standing contract with the National Department of Health to supply Male Condoms. The products come with a variety of flavors such as banana, strawberry and grape different and are branded "Max".

According to Nulatex SA Chief Executive Officer, Kingsley Tloubatla, the decision to locate the company within the ELIDZ was born out of a demand for more supply. And is in line with a government roll out to effectively run a pilot plan of economical uplifting areas that have a high Level of unemployment.

"The ELIDZ is located in the Buffalo City Metropolitan Municipality (BCMM). According to a 2011 census, the unemployment rate in the BCMM region was estimated 35.1%. With the condom manufacturing plant being located at the ELIDZ within BCMM, the project will not only meet Department of Trade & Industry's (DTI) requirement that projects be located in rural areas or areas with unemployment rate higher than 25%. But will also assist in alleviating poverty in the region", added Tloubatla.

The local condom manufacturing plant brings with it R105 million worth of investment into the zone.

Meanwhile, the factory hopes to create in excess of 130 to 250 direct job opportunities over the next five years and estimated 500 to 1500 indirect jobs through the value chain. "As such, we have appointed a 100% Black owned Architect Design Project Management Company Mkhonza Architectural Designs Inc. who manages the project at ELIDZ on our behalf", he said.

Furthermore, Bliss Pharmaceuticals signed a memorandum of understanding (MOU) with Nulatex Malaysia which provides for and outlines modalities of technology know how and skills transfer to local Black South Africans.

“The MOU outlines that Nulatex Malaysia will provide technical strategic support for the commissioning and operation of the plant, assign technical staff to work alongside plant managers and owners. This is done in order to mentor and transfer skills and also provide mentorship to interns who will be identified and recommended by locals”, explained Tloubatla.

The company plans to export products manufactured in the zone to foreign countries and has begun export talks with World Health Organisation (WHO) and Global Fund who are hard at work accelerating the development of African Pharmaceutical Manufacturers.

Nulatex SA’s projected trajectory will see the company drive regional economic to expand trade amongst African countries.

This as the condom producer aims to open up opportunities for other African manufacturers to explore supply of raw materials from within the continent.

“Latex producing countries like Liberia, Angola have been contacted with a view to expand our raw Latex alternatives source. This initiative will welcome assistance from the DTI, as it will assist enterprises like Nulatex SA to not only source raw materials from within the continent but to increasing bilateral trade amongst African countries thereby reducing reliance on cheap imports from East Asia”, he said.

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FIRST BLACK INDUSTRIALIST LANDS IN THE ZONE

The East London Industrial Zone (ELIDZ) has answered the call for black industrialist development and support by providing a soft landing and purpose built infrastructure to a 100% black-owned Yekani Manufacturing.

Originally SATV, the company was established in 1974 in East London in the Eastern Cape, it went through several ownership changes over the years before being bought by the Yekani Group in June 2016 and renamed Yekani Manufacturing. Yekani Manufacturing is an Original Equipment Manufacturer (OEM) and Electronics Manufacturing Services (EMS).

The company manufactures electronic devices for diverse sectors, including the telecommunications, utility metering, consumer electronics and e-Education sectors, Yekani Manufacturing continuously strives to deliver cost-effective and high quality

products. As such, the company keeps its quality standards in check by adhering to International Standards Organization (ISO), South African Bureau of Standards (SABS) and Institute for Printed Circuits (IPC) prescripts.

According to Yekani Manufacturing, Chief Executive Officer (CEO), Dr. Siphwe Cele, the company strives to change the way Africans view and interact with technology and to introduce new devices into the market. This is as the organisation was the first in Africa to manufacture Cathode-ray tube (CRT) televisions. “Up until June 2016 Yekani Manufacturing was a contract manufacturer



(CM) producing components for companies like Samsung and Multi-Choice. However, with the relocation of our facilities to the East London IDZ. We are now elevating our status to Original Equipment Manufacturer (OEM) and thus forming partnerships with Original Design Manufacturer (ODMs) in China and other foreign major markets", he said.

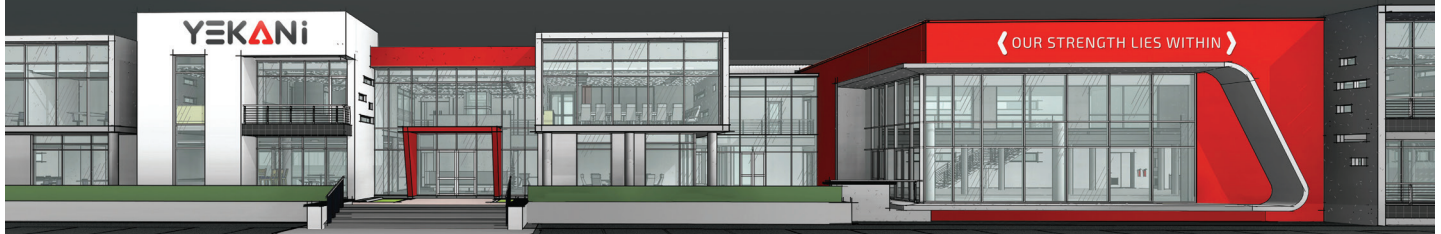
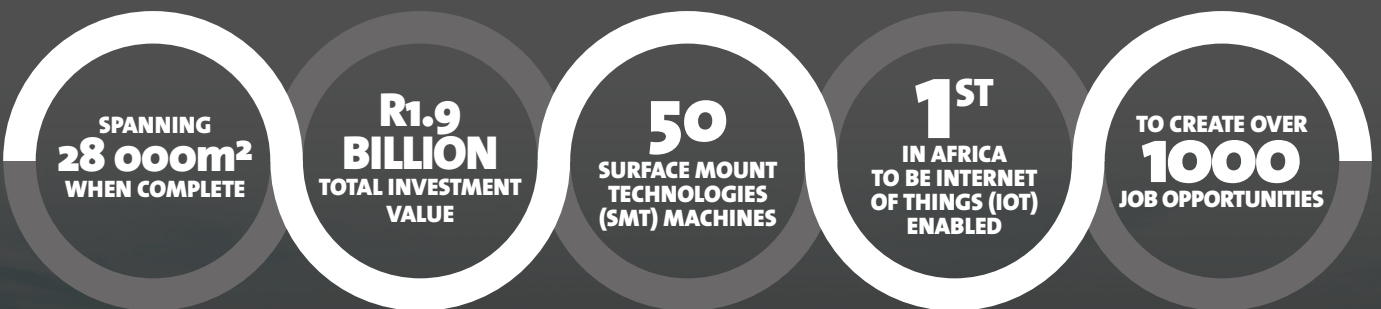
Yekani Manufacturing's imminent location within the ELIDZ is as a result of packaged incentives offered by the IDZ, says Dr Cele.

"When we were looking at expanding our operations, we considered a number of locations and their pros and cons. Amongst some of the critical factors considered at the time were security and cost of doing business. In various meetings held with the ELIDZ we found that these two were packaged into incentives offered to investors wanting to locate within the Zone".

This state-of-the-art plant is expected to be ready for full operation by mid-2018. It will boast multiple production lines, the most notable would be the production of Multichoice's DSTV decoders both for the local and African market.

Furthermore, the CEO, explained that the location of Yekani Manufacturing within the Zone will not only benefit job creation but will also provide opportunities to those with edge to fight unemployment in the Province. "In partnership with the ELIDZ and the Department of Trade and Industry (DTI), when fully operational Yekani Manufacturing is looking at establishing a Small Medium Micro Enterprise (SMME) cluster that will provide us with various components needed for production. This initiative will provide enterprises from the Eastern Cape Province and greater South Africa with endless growth opportunities", he said.

Whereas, the company's current facility in Wilsonia Industrial Park in East London has reached its twilight. It has contributed tremendously to Yekani Manufacturing's success and growth. As such, at the end of 2016 Yekani Manufacturing had produced 2.5 million flat screens for Samsung, set top boxes for an American owned company, smart metres for electricity for a Swedish owned organisation, to mention but a few.



THE ELIDZ CONFERENCE CENTRE, CONNECTING PEOPLE & BUSINESS

The ELIDZ Conference Centre is a unique State of the Art venue of choice where delegates can enjoy peace and tranquility while being less than 5 minutes away from the East London airport. Our conference centre boasts world-class facilities, is equipped with the latest technology including roving and lapel microphones, screens, overhead projectors and DVD equipment. Our in-house catering service offers hearty à la carte meals, African Cuisine and standard conference packages. Our conference facility also offers a serene venue ideal for business seminars, corporate conferences, company lunches, executive planning session etc.

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