ICT

Korea, the world’s third largest wireless communication device producer and the leader in the global smartphone market, is developing the ICT industry as its future growth engine.

World leaders of wireless communication devices (2013)

1st 35.5%
2nd 20.4%
3rd 8.6%

* Source: Reed Electronics Research

Industry Overview
Share of the ICT sector in Korea’s manufacturing industry
Status and outlook for Korea’s communications equipment industry
Foreign direct investment

Competitiveness
Trend of shares of each company in the global smartphone market
Mobile communication technology competitiveness
Industrial clusters

Success Cases
Ericsson-LG

Where to Invest

Location descriptions
1. Magok Industrial Complex
2. Munmak Bangye Industrial Complex
3. Sangam Digital Media City
4. Songdo Knowledge Information Industrial Complex
5. Oseong Industrial Complex
6. Jangan High-Tech Industrial Complex
7. Jeju Science Park
8. Poseung Industrial Complex
Industry Overview

Share of the ICT sector in Korea’s manufacturing industry

The production and added value of the communications device industry account for 4.8% and 6.0%, respectively, of the manufacturing industry in Korea. The communications device industry also accounts for 4.9% of all exports, playing a pivotal role in maintaining the nation’s trade surplus.

Status and outlook for Korea’s communications equipment industry

So far, the Korean communications device industry’s growth has been primarily driven by hand-held devices. Nowadays, the communications equipment industry is showing strong signs of recovery and growth.

Competitiveness

Trend of shares of each company in the global smartphone market

In the global smartphone market, Korea rose to 1st place (for sales) in 2011 and has since remained the top shareholder in the market.
Mobile communication technology competitiveness

The Korean communications device industry has a high standard in hand-held devices.

![Bar chart showing mobile communication technology competitiveness](chart.png)


Industrial clusters

For locations with communications equipment businesses, the capital area has IT and parts / materials clusters; related clusters are formed around Gumi and Daegu (Seongseo).

**IT and parts & materials**
- Seoul: Digital contents, ICT, green IT, IMS
- Namdong: Intelligence fusion parts
- Bae - Sihwa: Electronic components

**IT and related industries**
- Ochang / Cheongju: Semiconductor, new and renewable energy
- Asan / Cheonan: Display, industrial material parts

**Optical electronics industry**
- Gwangju: Optical communication, optical application, LED, electronic components
- Ikssan: LED

**Medical device**

**Electrical and electronics**
- Gumi: Electronic components, mobile, IT equipment, display
- Daegu (Seongseo): Mobile, IT electrical and electronics

**Mechatronics, automobiles, shipbuilding and aerospace**

**Bio**
Ericsson-LG is a wired/wireless network device and network solution developer jointly founded in July of 2010 by LG Electronics and Sweden’s Ericsson, with the latter owning 75% of the joint venture. The Ericsson-LG R&D Center develops various types of wired/wireless network equipment and voice/data systems for corporate communication. The company has been committed to making active investments for the preemptive development of broadband mobile networking solutions.
Where to Invest

Location Descriptions

1. Magok Industrial Complex
   As a gateway city in Northeast Asia, it is an innovative base for the knowledge industry with convenient accessibility and easy conversion of state-of-the-art technology and business, so it is proposed as the best R&D location for companies requiring superior quality of human resources.

2. Munmak Bangye Industrial Complex
   Located in Wonju, an important traffic hub close to the metropolitan area, it is a location where it is easy to create new added value through cooperation with IT-related companies as well as in conjunction with other industries, such as medical apparatus that is a representative industry of Wonju.

3. Sangam Digital Media City
   As an IT & digital media cluster where high-technology, knowledge, information and communications industries are concentrated, it is proposed as the optimal R&D location for companies that are interested in high added-value creation through academic-industrial R&D.

4. Songdo Knowledge Information Industrial Complex
   As a global base of high-tech knowledge service industry, it is proposed as the best manufacturing, services and research and development base for companies that need opportunities to grow further, through synergies using the cluster of IT Information and communications, and image media.

5. Oseong Industrial Complex
   As a center of information and communications and ICT industries, and with Samsung, a leader in the related field, and LG industrial complex located nearby, it is effective to create academic-industrial clusters and develop products, so it is an optimal location for manufacturing for world-class IT-related companies.

6. Jangan High-Tech Industrial Complex
   It is proposed as an appropriate manufacturing base for companies interested in growth opportunities through many opportunities for knowledge industrial activities, national knowledge-based industrial development, and a function of ICT industrial cluster.

7. Jeju Science Park
   It is a cutting-edge science and technology cluster where Korea's leading IT and BT institutions are crowded and industries, universities, and research centers are gathered together, so it is proposed as the best location for research and development for companies in the ICT sector interested in related academic-industrial research and development cooperation and effective service, and manufacturing of goods.

8. Poseung Industrial Complex
   As a transportation hub with the Pyeongtaek Port and also a blessed logistics and industrial center with various infrastructure such as railways and harbors, it is proposed as the base for research and development and manufacturing for world-renowned technological enterprises in the information and communications sector that are interested in entering to the Northeast Asia and opportunities for exchange with China.
1. Magok Industrial Complex

Investment Highlights

Location Description
As a gateway city in Northeast Asia, it is an innovative base for the knowledge industry with convenient accessibility and easy conversion of state-of-the-art technology and business, so it is proposed as the best R&D location for companies requiring superior quality of human resources.

Key Rationale

- It has excellent accessibility to the Southeast Asia, with the Incheon Int’l Airport and Gimpo Int’l Airport nearby, and the well-established road and rail network linked to those airports.
- It is the knowledge industry’s innovation base for the fusion of advanced technologies and business, and at the same time, it is a creative base where every process from production to consumption to technological development and commercialization is possible.

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>ICT related Research and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Sale in lots</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Industrial Complex</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>More than 50% of total floor area of buildings are being used for research and development purposes (SME 40%)</td>
</tr>
</tbody>
</table>

Target Area

- Total Area: 1,111,805 m²
- Available Area: 278,295 m²

Location Overview

![Location Overview Image]
Case References

LG Affiliated Companies
- Tenant facilities: Research Institute (LG Science Park)
- Companies scheduled to move in (10 companies)
- LG Electronic, LG Chemistry, LG Innotek, LG Life Sciences, LG Display, LG Hausys, LG U+, LG Household & Healthcare, LG CNS, ServeOne
- Site area: 176,707㎡
- Investment: 266.7 million USD
- Employment: 20,000 persons

Investment Objective
- To create synergies of the convergence research through association among IT, BT, NT, GT areas
- R&D of products such as electronics, mobile, EVs battery, health care
- To enhance overseas global R&D

Business Considerations

Market Perspective
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected grow by 408.6 billion USD by 2019. The government expands the global cooperation infrastructure for promoting ICT global industry

Business Suggestion
Through the convergence of ICT and other industries, it can improve business competitiveness, such as content, S/W and create profitability

Main Costs
Term: After reporting on business commencement, random disposal within 5 years is restricted
Sale prices: 3,166USD/㎡
Wage: 3,000 USD/month (Seoul’s average wage per capita as of 2015)

Financial Benchmark
LG affiliates showed a steady rise in sales and operating profit in 2014 compared to 2011
Sales: 23.4 billion USD(2011') → 24.6 billion USD(2014')
Operating profit: -220 million USD(2011') → 251.1 million USD(2014')

Business Cluster

Major Corporations in the region
- International: S-oil, Wells Bio

Potential Customers
- High-tech industries including IT, BT, GT, NT and related research and development companies

Related Organization
- Gangseo-gu www.gangseo.seoul.kr
- Seoul City www.seoul.go.kr
- SH Corporation www.i-sh.co.kr
- Industry-university integrated information network www.e-cluster.net
Infrastructure

Utilities
- Water: 12,312 m³/day
- Wastewater: Depending on the wastewater generating companies and related industries, after primary treatment, it flows into and is processed at the Southwest Water Recycling Center
- Power: 1,276,196 MWh/year
- Communications: KT, LGU Plus, SK Telecom, T-Broad Gangseong Broadcasting will supply lines
- Energy supply: Combined heat and power plant is established (facilities lot 24,140m²; within Magok Area: 24,140m², Outside Area: 2300m²)
- Power Supply Plan: 1,276,196 MWh/year

Transportation
- Airport: Gimpo International Airport (2km), Incheon International Airport (40km) Northeast Asia's one-day life zone
- Railroad: Subway line no.5, 9 within the target area, Incheon International Airport Railroad goes through the region
- Road: The main road network includes Seoul Outer Ring Road, Incheon International Airport Expressway, Olympic Highway, Gyeongin Expressway
- Port: Incheon port (25km)

Labor & Material

Labor Condition
- Regional population:

<table>
<thead>
<tr>
<th>Items</th>
<th>Population</th>
<th>Available labor force</th>
<th>Bachelor's</th>
<th>Master's</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>10,103,233</td>
<td>6,505,246</td>
<td>1,971,476</td>
<td>294,926</td>
<td>70,174</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>64.3</td>
<td>19.5</td>
<td>2.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Gangseo-gu</td>
<td>585,160</td>
<td>379,698</td>
<td>102,130</td>
<td>11,712</td>
<td>1,603</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>64.8</td>
<td>17.4</td>
<td>2.0</td>
<td>0.2</td>
</tr>
</tbody>
</table>
- Seoul’s economically active population: 5.358 million people
- Average wage: 3,000 USD/month (Seoul’s average wage per capita as of 2015)

Core Resource Supply
- A number of colleges, universities, graduate schools are located in Seoul, which enables high-quality human resource supply
- Fusion research in conjunction with Geumcheon Digital Industrial Complex in Guro is possible

Environment
- ICT

Living Conditions
- Education: 21 middle schools, 14 high schools, 45 kindergartens/Industrial manpower agencies: 6 special-purpose high schools
- Medical Facilities: 3 general hospitals, 15 hospitals, 311 clinics, 7 sanatoriums, 184 dental clinics, 2 oriental hospitals, 139 oriental clinics, 1 public health center, etc.
- Others: 4 supermarkets, 1 department store, 1 specialty store, 1 shopping center, 11 markets, etc.

Government Support

Cash support
- Requirements: Foreign-invested enterprises (at least 30% of foreign investment ratio), High-tech-related business and industry support services business, Component manufacturing business, factory work places' capacity expansion and enlargement, investment with large economic effects compared to investment amount
- Payment details: In consideration of whether high-technology is entailed as well as employment scale, the support is determined after consultation

Tax Support (Foreign-invested enterprises)
- Corporate tax: 5-year 100% + 2-year 50% reduction
- Acquisition tax: 10-year 100% + 5-year 50% reduction
- Property tax: 10-year 100%, next 5-year 50% reduction (Gangseo-gu office, Seoul)

Employment subsidies Training grants
- Target industrial types: 8 New growth engine industries (IT fusion, Digital Content Industry, Green Industry, Business Service, Fashion Design, Banking, Tourism and Convention, Biomedical)
- Requirements: within 5 years after registration as a foreign-invested enterprise (or after additional foreign investment)
  - At least 30% of foreign investment ratio
  - Staff increase of permanent employment shall be more than 10 person (YoY)
- Payment details: When every requirement above is satisfied, not more than 830 USD is paid for each person per month for not more than 6 months
2. Munmak Bangye Industrial Complex

Investment Highlights

Location Description
Located in Wonju, an important traffic hub close to the metropolitan area, it is a location where it is easy to create new added value through cooperation with IT-related companies as well as in conjunction with other industries, such as medical apparatus that is a representative industry of Wonju

Key Rationale
• Excellent transportation infrastructure including Yeongdong Expressway, Central Expressway, 3 national highways, railway Jungang line, Wonju Airport, and easy accessibility to the metropolitan area
• Concentrated branches and agents of domestic enterprises, and high-tech industry cluster allow synergy opportunities
• Huge potential for creating a new business model linked with Wonju’s representative medical device industry

Location Requirements

Recommended Business Sector
ICT related products, subject matter, machinery manufacturing

Type
Sale in lots

Land Zoning
Foreign Investment Zone

Investment Condition
Industrial type discharging specified substance harmful to the water is restricted from occupancy

Target Area
- Total Area: 282,000m²
- Available Area: 241,000m²

Location Overview
Berumu Korea

Berumu Korea’s Company Overview
Headquartered in Japan, Berumu has the world’s best technology in the field of the lactic acid bacteria that enhances the immune system, by producing 7.5 trillion lactobacillus per 1g, and also holds a patent on biological response adjustment agent (immunomodulators) after research and development of EF-2001 lactic acid bacteria, which has a significant effect on the immune system as well as intestinal regulation.

Investment Overview
• It plans to build R&D and production factories on a 5373㎡ site of Munmak Foreign Investment Area, which is scheduled for operation in 2016
• In March 2014, it established a research institute affiliated with the Yonsei University Wonju Campus, and conducts academic-industry research projects with the universities in the Province, fostering the lactic acid bacteria-related industry
• It was selected as the no.1 case of the Mini Foreign Investment Zone (Small cooperative complex-type foreign investment zone), and received a variety of governmental support services including rental benefits

Main reason for site selection
• Thanks to the geographical characteristics of the great natural environment in Wonju, Gangwon-do, it has optimal environmental conditions for a lactic acid bacteria company to move in

Business Considerations

Market Perspective
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected grow by 408.6 billion USD by 2019. Governmental expansion of global cooperation infrastructure for promoting ICT global industry

Business Suggestion
It is created as a high-tech industrial cluster, and as a city planning area, it has the basic infrastructure established, enabling building global competitiveness as a high-tech industrial base

Main Costs
Term : 50 years
Sale prices : 250 USD/㎡
Wage : 2,400 USD (Gangwon-do)

Financial Benchmark
KCC maintained steady growth in sales and operating profit in 2014 compared to 2011
Operating profit : 123.5 million USD (2012) → 185.5 million USD (2014)

Business Cluster

Major Corporations in the region
• Korean : 17 companies including Daewoo ST, Mando, KCC, EwhaPNC, Dairyzen Etc
• International : Berumu, Haitai-Calbee

Potential Customers
• Electricity, electronics, machinery, medical equipment, car, chemistry, food & beverage-related businesses, etc

Related Organization
• Gangwon-do www.provin.gangwon.kr
• Wonju-si www.wonju.go.kr
• Industry-university integrated information network www.e-cluster.net
Infrastructure

Utilities
- Water supply: water intake supplied from Munmak intake plant with the Seom River as a source
  - Industrial water: supply capacity 3,000 tons/day, usage 1,200 tons/day
  - Living water: supply capacity 5,000 tons/day, usage 300m^3/day
- Waste Water Treatment: processed at the Munmak Industrial Complex’s wastewater co-treatment plant (self-treatment); current facilities 3,000 tons/day
- Electricity: voltage 154kV, Volume 10MVA=420,000kw/day
- Communications: Wonju telephone office supplies 1,200 lines (unlimited expansion is possible)
- LNG is supplied from November 2002

Transportation
- Airport: Wonju Airport (13km) (Jeju once/day)
- Railroad: Jungang Line, Taebaek Line, Yeongdong line Wonju Station (14km)
- Road: Expressway: Yeongdong Expressway Munmak IC (2km, Seoul 105.2km Chuncheon 102km Gangneung 134.9km Jechon 58.4km
  - National Highway: no.42 (Incheon--Wonju--Donghae)
  - Local Road: no.49 (Munmak--Dogye)
- Port: Donghae port (175km): 9 ships of large vessels including 50,000 ton ships can do the simultaneous berthing, cargo berthing capacity 9 berths, cargo handling capacity 20.28 million tons/year

Environment & Regulation
- Regulations for businesses unqualified for residence in the industrial complex, such as businesses consuming a great amount of water and land

Labor & Material

Labor Condition
- Regional population:
  
<table>
<thead>
<tr>
<th>Items</th>
<th>Total Population</th>
<th>Available labor force</th>
<th>Bachelor’s</th>
<th>Master’s</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gangwon-do</td>
<td>1,544,442</td>
<td>896,748</td>
<td>156,476</td>
<td>19,324</td>
<td>4,153</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>58.0</td>
<td>10.13</td>
<td>1.25</td>
<td>0.26</td>
</tr>
<tr>
<td>Wonju-si</td>
<td>327,292</td>
<td>199,644</td>
<td>37,504</td>
<td>4,586</td>
<td>968</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>60.9</td>
<td>11.4</td>
<td>0.29</td>
<td>0.29</td>
</tr>
</tbody>
</table>

  - Jeju’s economically active population: 723,000 people
  - Average wage: 2,400 USD/month (Gangwon-do’s average wage per capita)

Core Resource Supply
- Environment
  It is easy to secure excellent human resources as universities in Gangwon-do and metropolitan area train specialized and generate human resources

Living Conditions
- Education: 3 universities / 14 high schools / 22 middle schools & 62 elementary schools
- Medical Facilities: Facilities: 2 general hospitals, 6 hospitals, 154 clinics, 77 dental clinics, 77 oriental clinics, 1 public health center, 9 branches of public health center, 8 health care centers
- Others: 1 hotel, 4 indoor stadiums, 1 stadium, 7 golf courses, 32 golf driving ranges, 3 swimming pools, etc.

Government Support
- Full exemption of acquisition tax (only in the case of full payment for lots sale price and completion of construction by December 31, 2017)
- Exemption of property tax (100% for 5 years, from the date on which the tax liability is established)
- Finance
  - Terms and conditions: for each enterprise, stability fund management within 583,000 USD, entrepreneurship and competitiveness strengthening fund within 833,000 USD, L-Biz funds within 416,000 USD (limited to eligible companies)
3. Sangam Digital Media City

Investment Highlights

Location Description
As an IT & digital media cluster where high-technology, knowledge, information and communications industries are concentrated, it is proposed as the optimal R&D location for companies that are interested in high added-value creation through academic-industrial R&D

Key Rationale
- Geological advantage as it is located in the gateway and logistical hub of Northeast Asia, the Seoul Metropolitan Area.
- Home to excellent technologies and talents of the IT and entertainment industries. Competitive advantage in knowledge-based market. Active networking among resident corporations as well as industrial cluster of M&E and IT companies.
- Strong support from the Seoul Metropolitan government as well as the central government for the establishment of infrastructure such as advanced industrial center, start-up office buildings and key facilities such as IT and cultural contents complex.

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>ICT-related manufacturing, services and research and development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Lease</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Industrial Complex</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>The media industry-related technologies and contents production, and creation and support of digital media technology and contents, etc.</td>
</tr>
</tbody>
</table>

Target Area
- Total Area: 569,925 m²
- Available Area: 46,854.6 m²
Case References

Access Seoul Co., Ltd

Access Seoul Co., Ltd is a Korean independent legal entity headquartered in Tokyo, Japan (founded in 1984), and specializes in research and development of software such as mobile browser, platform, file viewer, and smart grid, and it recorded 10.1 million USD in sales in 2009.

- Investment amount: 55 million USD
- Product: Browser Solutions, Solutions for Internet Appliances, Smartphone Solutions, Digital Publishing Solutions, Cloud Solutions, Network Solutions, Open Source Technology
- It signed an agreement for increasing investment with Seoul in 2010, and plans to invest 60 million USD for the next 5 years after moving into DMC High-Tech Industrial Center
- Access Seoul Co., Ltd maximizes synergies through business cooperation and partnerships with domestic mobile companies, such as job creation and skills enhancement.
- It developed ‘NetFront™ Browser NX’ and ‘DTV Profile HbbTV’ after moving into DMC in 2012.
  - NFB NX is a product with improved efficiency and reliability of the memory usage, which provides efficient service to the wireless operators and manufacturers of set-top boxes. In addition, it is applicable to Internet TV, game console equipment, digital cameras, etc.

Business Considerations

Market Perspective
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected grow by 408.6 billion USD by 2019. Governmental expansion of global cooperation infrastructure for promoting ICT global industry

Business Suggestion
ICT industries are concentrated, so the business can create high added value through cross-industries R&D. It can create profits through developing its own products or licensing contracts, etc.

Main Costs
Rent: 4.6 USD/㎡ (DMC Hi-tech Industrial Center)
Rent: 4.8 USD/㎡ (DMC Academic-Industries Cooperation Research Center)
Wage: 3,000 USD/month (Seoul’s average wage per capita)

Financial Benchmark
LGU+ that moved into the complex in 2007 attained steady rise in sales and operating profits for recent 3 years:
Operating profits: 232.8 million USD (2011) → 491.8 million USD (2013)

Accessibility & Settlement

Transportation
- Airport: Gimpo International Airport (8km, within 10 minutes), Incheon International Airport (41km, within 30 minutes)
- Railroad: Gyeongbu High Speed Rail Gwangmyeong Station (25km), Railroad Seoul Station (10km)
- Road: Gyeongbu Expressway Banpo IC (19km), Jungbu Expressway Sangil IC (37km), Gyeongin Expressway (13km), No.2 Gyeongin Expressway (20km)
- Port: Incheon Port (44km), 25 ships of large vessels including 50,000 ships can do simultaneous berthing, cargo handling capacity 39.081 million tons, cargo berthing capacity 58 berths

Living Conditions
- Education: 2 universities / 6 high schools and 3 vocational high schools / 14 middle schools & 22 elementary schools
- Medical Facilities: 322 hospitals, 187 dental clinics, 157 oriental hospitals, 1 public health center, 1 sanatorium
- Others: 12 tourist hotels, 6 indoor stadiums, 3 public libraries, 29 concert halls, 6 exhibitions, 9 local cultural welfare facilities
**Business Cluster**

**Major Corporations in the region**

- Korean: Woori Bank, Samsung SDS, Hankookilbo, CJ E&M, MBC Etc
- International: Stanford Hotel, Pantech, Trump Korea R&D center, Toray Etc

**Potential Customers**

- Broadcast, movie/animation, game, digital music education, and other media industry and entertainment-related technology research and development, or digital content production and distribution industry
- Digital content circulation, consuming industries
- Software and IT-related services
- IT, BT, NT research and manufacturing

**Related Organization**

- Seoul Metropolitan City www.seoul.go.kr
- Mapo-gu www.mapo.go.kr
- Sangam Digital Media City dmc.seoul.kr

**Infrastructure**

**Utilities**

- Water supply: 667,000 ton/day, supplied from Jeungsan Reservoir of Gangbuk Water Treatment Plant’s Water System, built by Seoul City Construction Development Corporation
- Electricity: 4,750Kw, 22.9kV/y Composed of extra-high voltage multiple ground lines, Supplied through 220 to 380V low voltage lines
- Communications: outward line (2,200 circuits) / intra-line (7,600 circuits)
- Energy Supply: Korea District Heating Corp.

**Labor & Material**

**Labor Condition**

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<tr>
<th>Items</th>
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<td>Population 10,103,233</td>
<td>6,505,246</td>
<td>1,971,476</td>
<td>294,826</td>
<td>70,174</td>
</tr>
<tr>
<td>Mapo-gu</td>
<td>Population 385,439</td>
<td>252,493</td>
<td>82,586</td>
<td>12,456</td>
<td>2,437</td>
</tr>
</tbody>
</table>

- Seoul’s economically active population: 5.4 million people
- Average wage: 3,000 USD/month (Seoul’s average wage per capita)

**Core Resource Supply Environment**

- In Seoul, about 400 universities are located, with more than 7,000 departments open, which continue to train and produce talents in various and subdivided areas
- 2,466 research institutes (university 69, enterprise 2,397) located in Seoul hold 75,000 researchers, enabling the supply of high-quality workforce

**Government Support**

<Tax support>
- Full exemption of acquisition tax in the case of the first acquisition of the Knowledge Industry Center
- 50% tax reduction of property tax for 5 years In the case of the first acquisition

<Seoul SMEs financing>
- Support Project: projects for construction of knowledge industry centres, installation of factories and workplaces, etc.
- Eligibility: Knowledge Industry Center’s contractors, etc.
- Terms and Conditions: within 75% of construction costs of the knowledge industry centers (within 16.7 million USD), within 75% of business expenses (within 4.2 million USD), and etc.
- Loan period: 5-year installment repayment with a 3-year grace period, etc.
  (Info: Business Support Officer 02) 3737-9326, Seoul Credit Guarantee Foundation, Corporate Support Division 1577-6119)
4. Songdo Knowledge Information Industrial Complex

Investment Highlights

Location Description
As a global base of high-tech knowledge service industry, it is proposed as the best manufacturing, services and research and development base for companies that need opportunities to grow further, through synergies using the cluster of IT Information and communications, and image media

Key Rationale

- The Northeast Asian economic hub: within 3-hour flight, business with 61 cities with more than 1 million population is possible
- Logistics+traffic center: Incheon International Airport, harbor with capacity for extra-large cargo ship docking, and the road network connected to the metropolitan area within one hour increase business competitiveness
- Excellent human resources center: Highly qualified graduates from advanced training courses in Incheon Global Campus are available

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>ICT-related material, machinery manufacturing, services and R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Sale in lots and Rental</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Industrial Complex</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>Knowledge-based industry-related research institute, venture company, high-tech companies</td>
</tr>
</tbody>
</table>

Target Area
- Total Area: 2.042 million m²
- Available Area: 197,581 m²

Location Overview

Related Companies (13)
- Major companies: Korea Electric Terminal, Munied Technologies
- Broadcast and wireless communication equipment manufacturing: Munied Technologies, Jereyung Solutions, Ipsi, EMX, Ave Technologies etc
- Semiconductor: Woldt
- Electric-electronic components manufacturing: Korea Electric Terminal, Blucorn etc
Case References

IBM Data Center

IBM signed a contract of sale and purchase of land for the construction of Kyobo-IBM data centers on 8343㎡ site in the Songdo Knowledge Information Industry Complex
- Investment amount: 16.7 million USD
- Product: Systems Technology (STG), Software (SWG), Global Technology Services (GTS), Global Business Services (GBS), Global Process Services (GPS), Global Financing (IGF)
- According to the policy of IBM which is a global IT company, the acquisition of real estate abroad is not allowed, so it pursued it through consultation with Kyobo Life Insurance Corp, a strategic partner of IBM, and Kyobo Life is a financial institution with its own data center, which ensures high-quality IT services and reliable management of financial information
- In 2009, with the establishment of IBM Business Park, Korea IBM became capable of consolidating and operating the data center resources which were scattered in several places, so it can create high added-value services in disaster recovery and e-business hosting, as well as conduct strategic outsourcing
- Bombardier Inc. has established IT infrastructure for the Chinese business in Songdo, Incheon, instead of China, and the GM headquarters selected the Business Park for GM Daewoo Auto & Technology’s IT infrastructure disaster recovery services
- Doosung Motor Co., Ltd, Beautiful Foundation, Formetal (former Hyupjin Wrought Iron) Korea Gobe EB, etc. are provided EOD (ERP on Demand) services through infrastructure of IBM Business Park
- Expanding its role as a hub of Northeast Asia’s data center

Business Considerations

Market Perspective
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected to grow by 408.6 billion USD by 2019. Government is expanding the global cooperation infrastructure to promote ICT industry

Business Suggestion
In Songdo, the IT-based digital contents and composite video media clusters and RFID/USN industries are concentrated, enabling cooperation between industries, so it is possible to create high value-added technology using synergy

Main Costs
Rent : 250 USD/㎡
Wage : 2500 USD/month (Incheon Metropolitan City’s average wage per capita)

Financial Benchmark
IBM declined in sales and operating profit in 2013 compared to 2012

Accessibility & Settlement

Transportation
- Airport : Incheon International Airport (20km, within minutes) Gimpo International Airport(25km)
- Railroad : Incheon Subway line no.1 BIT Zone Station
- Road : Expressway ; Incheon Bridge, Expressway Songdo IC (3km, within 10 min), Seohaean Expressway Southeast Authority IC (6km), Gyeongin Expressway (6km) no.42 national highway (Incheon-Suwon), no.46 highway(Incheon-Seoul), no.307 local road (Incheon-Seoul), no.305 local road (Incheon-Ganghwa)
- Port : Incheon(9km), Cargo berthing capacity 99 ships (one 200,000 ton ship and 98 ships berth are possible)

Living Conditions
- Education : 4 universities / 9 high schools, 4 vocational schools / 16 middle schools, 24 elementary schools
- Medical Facilities : 2 general hospitals, 130 hospitals and clinics, 75 dental clinics, 53 oriental hospitals, 1 public health center, 3 sanatoriums
- Others : 2 tourist hotels, 4 public libraries, 3 concert halls, 5 exhibition facilities
Business Cluster

Major Corporations in the region
• Korean: Celltrion, Shinil Tech, Autonics Songdo Research Institute, Mando-Hella Electronics etc.
• International: IBM Songdo office building etc.

Potential Customers
• Knowledge-based manufacturing (electronic-information, machine-mechatronics, bio, new material) and services (information and communications services, software) related research institute, venture company, high-tech companies etc.

Related Organization
• Incheon Metropolitan City www.incheon.go.kr
• Incheon Free Economic Zone Authority www.ifez.go.kr
• Yeonsu-gu, Incheon www.yeonsu.go.kr
• Incheon Techno Park www.itp.or.kr

Infrastructure

Utilities
• Water supply: 18,200 m³/day (living water, industrial water are supplied simultaneously), with Paldang dam as an intake source, Susan Purification Plant supplies
• Waste Water Treatment: 10,000 m³/day, treated in Songdo sewage treatment plants
• Electricity: 354,380 MWh/year, supplied from substation within the complex (Capacity: 240 MVA)
• Communications: 70,315 lines are supplied
• Energy Supply: group energy is supplied

Environment & Regulation
Pollution causing companies, industries are excluded

Environment & Regulation
Pollution causing companies, industries are excluded

Labor & Material

Labor Condition
• Regional population:

<table>
<thead>
<tr>
<th>Items</th>
<th>Total Population</th>
<th>Available labor force</th>
<th>Bachelor’s</th>
<th>Master’s</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incheon Metropolitan City</td>
<td>2,902,868</td>
<td>1,863,021</td>
<td>297,685</td>
<td>30,917</td>
<td>3,977</td>
</tr>
<tr>
<td>ratio</td>
<td></td>
<td>64.1</td>
<td>10.2</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Yeonsu-gu</td>
<td>Population</td>
<td>301,703</td>
<td>202,032</td>
<td>41,191</td>
<td>5,079</td>
</tr>
<tr>
<td>ratio</td>
<td></td>
<td>66.9</td>
<td>13.6</td>
<td>1.6</td>
<td>0.3</td>
</tr>
</tbody>
</table>

• Incheon’s economically active population: 1.6 million people
• Average wage: 2500 USD/month(Incheon’s average wage per capita)

Core Resource Supply
Within Songdo International City, the Yonsei University, University of Incheon, Songdo Global Campus are located, and world’s renowned educational institutions and research institutes are concentrated, so it has sufficient supply of talents for convergence technology-type industrial innovation clusters

Government Support
• Income tax (income tax): 100% exemption for 3 years, 50% for next 2 years
• Acquisition tax: 100% exemption for 15 years
• Property tax: 100% exemption for 10 years, 50% reduction for next 3 years
• (limited to the case of investment amount of at least 10 million USD, or new installation of facilities)
• Local tax: Exemption of acquisition tax, 50% reduction of property tax for 5 years

* Finance
• Incheon Free Economic Zone Authority’s Investment Center’s New Growth Industry Promotion Division provides business support such as introduction of related financial institutions
5. Oseong Industrial Complex

Investment Highlights

Location Description
As a center of information and communications and ICT industries, and with Samsung, a leader in the related field, and LG industrial complex located nearby, it is well-positioned to create academic-industrial clusters and develop products, so it is an optimal location for world-class IT-related companies’ manufacturing.

Key Rationale
- The industrial complexes of two telecom giants, Samsung and LG, are under construction and there is potential for academic research and R&D with related institutions
- The government level tax and financial support for revitalization of ICT industry
- Greater export opportunities to China by taking advantage of the Pyeongtaek Port, a beneficiary of Korea-China FTA

Location Requirements

Recommended Business Sector
ICT-related manufacturing

Type
Lease

Land Zoning
Foreign Investment Zone

Investment Condition
Conditions of at least 1.5 million USD of foreign investment per 3,000㎡

Location Overview
Case References

Valqua Korea

Valqua Korea’s Company Overview
Valqua Industries, Ltd. is a Japanese semiconductor parts manufacturer founded in 1927 in Osaka, Japan, and since then, has been developing and manufacturing a variety of advanced industrial sealing materials and components over 70 years, and has the Japanese headquarters and 6 branch offices in Korea and others in 6 countries.

Investment Overview
• To manufacture and sell semiconductor seals in Korea that entirely relies on the import of those products, it invested 10 million USD in 2012 to establish a factory in Oseong Industrial Complex, Pyeongtaek.
• It decided to increase the amount of investment by 6.2 million USD in 2015 and plans to produce the volume for overseas export in Gyeonggi Province.

Main reason for the site selection
• As seen in the cases where Samsung Electronics created Godeok Industrial Complex, and LG electronics created Jinwi Industrial Complex 2, domestic semiconductor-related companies continue to expand investment in the Pyeongtaek area.
• Geonggi-do provides excellent investment conditions and incentives for foreign-invested enterprises.

Business Considerations

Market Perspective
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected to grow by 408.6 billion USD by 2019. The government is expanding the global cooperation infrastructure to promote the ICT industry.

Business Suggestion
Convergence between ICT and other industries increases competitiveness and profitability through competitive contents and S/W.

Main Costs
Term : (maximum) 50 years
3 USD/㎡/year (for deposit money, one-year rent is paid in advance)
Wage : 2,600 USD/month (Gyeonggi-do’s average wage per capita)

Financial Benchmark
Valqua Korea showed a decline in sales and operating profit after the move-in in 2012, but it is deemed a result of increased investment.
Operating profit 2.8 million USD (2012) → 1.9 million

Accessibility & Settlement

Transportation
• Airport : Incheon International Airport 63km, Gimpo International Airport 59km, Cheongju Airport 60km
• Railroad : Gyeongbu Line Pyeongtaek Station 13km, Songtan Station 10km, KTX (KTX) Cheonan-Asan Station 30km
• Road : Seohaean Expressway (5km from Seopyeongtaek JC), Pyeongtaek-Eumseong Expressway (2km from Cheongbuk IC), Pyeongtaek-Hwaseong Expressway (4km from Oseong IC), National highway route no. 38 and 39 and local roads no.302 are adjacent
• Port : Incheon International Airport 63km, Gimpo International Airport 59km, Cheongju Airport 60km, Incheon port (Cargo handling capacity 39.08 million tons, cargo berthing capacity 58 berths) 55km (1 hour)

Living Conditions
• Education : 1 universities, 2 colleges / 15 high schools and 5 vocational high schools / 24 middle schools
• Medical Facilities : 2 general hospitals, 14 hospitals, 194 clinics, 101 dental clinics, 75 oriental clinics
• Others : 15 tourist hotels, 3 concert halls, 2 indoor stadiums, 2 stadiums, etc.
Business Cluster

Major Corporations in the region
- **International**: Bow Motors Korea, Cabot Microelectronics Korea Co., Ltd, Valqua Korea, Vtex Korea, Walvoil Fluid Power Korea (LLC)

Potential Customers
- Every manufacturing sector specified in the Korea Standard Industrial Classification

Related Organization
- Gyeonggi-do www.gg.go.kr
- Pyeongtaek www.pyeongtaek.go.kr
- Industry-university integrated information network www.e-cluster.net

Infrastructure

Utilities
- Water supply: 3,511 ton/day (2,948 tons of industrial water and 563 tons of living water)
- Waste Water Treatment: (Associated process in Hyeongok Complex Treatment Plant) 2,164 tons/day
- Electricity: Power supply via 154 kV pylon within the business district and nearby distribution lines
- Communications: 365 circuits
- Waste: 0 ㎡ (exported for treatment in a nearby Eoyeonhansan waste treatment plant)
- Energy Plan: supplied by Samchully LNG Co., Ltd

Labor & Material

<table>
<thead>
<tr>
<th>Labor Condition</th>
<th>Regional population</th>
<th>Total Available labor force Bachelor’s Master’s Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>Population</td>
<td></td>
</tr>
<tr>
<td>Gyeonggi-do</td>
<td>12,357,830</td>
<td>63.1</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>13.9</td>
</tr>
<tr>
<td>Pyeongtaek-si</td>
<td>449,555</td>
<td>61.7</td>
</tr>
<tr>
<td>Population</td>
<td>277,735</td>
<td>6.6</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

- Gyeonggi-do’s economically active population: 6,597,000 persons
- Average wage: 2,660 USD/month (the average per-capita wage of Gyeonggi-do Province in 2015)

Core Resource Supply

Environment
- With a number of colleges, universities, graduate schools located in the Metropolitan area, it is easy to supply high quality human resources
- The government promotes development policies in the electronic components and ICT sectors at the national level, and with the concentration of related industrial facilities, it is convenient to promote collaborative research
- In conjunction with Hwaseong-Anseong Industrial Complex in Gyeonggi and Asan-Cheonan Industrial Complex in Chungnam, the procurement of electronic components is possible

Government Support

Acquisition tax is fully exempted for acquisition made over the recent 2 years
Property tax is reduced 50% for 5 years (in the case of first acquisition, within 5 years)

Gyeonggi-do Small & Medium Business Support Fund [Info: SME Support Center 031) 259-6178;
- Support projects: Automation, informatization, technology development, business transition, large enterprise’s business transfer to SMEs, business start-ups, small business development, promising new industry
- Eligibility: A company that registered a factory in operation, whose manufacturing business takes for at least 30% of its sales. A person engaged in the promising new industry
- Terms and Conditions: 410,000 to 830,000 USD per business, annual interest rate 4.45% to 5.7%
- Loan period: Lump-sum repayment or 5-year installment repayment with one-year grace period

kotra
Korea Trade-Investment Promotion Agency
6. Jangan High-Tech Industrial Complex

Investment Highlights

Location Description
It is an appropriate manufacturing base: companies can capitalize on abundant business opportunities, the government’s support to nurture the knowledge-based industry, and the ICT industrial cluster.

Key Rationale
- Closely located to the Metropolitan area, it provides convenient geological and traffic conditions. Easy access to abundant workforce. Convenient logistics and active industrial activities with the Seohaean Expressway and the Asan Port are nearby.
- World-class corporations with advanced technologies are concentrated here. There is a facilitated move-in of electronic, computer, and telecommunications device companies, and the resultant ease of collaboration and industrial convergence among the resident companies.

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>ICT-related products, subject matter, mechanical equipment, etc. manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Lease</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Foreign investment zone within general industrial complex</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>Type of Business: Compounds and chemical products, rubber products and plastic products, metalworking products (except machinery and furniture), electrical equipment, other machinery and equipment, cars and trailers</td>
</tr>
</tbody>
</table>

Location Overview

Target Area
- Total Area: 368,977 m²
- Available Area: 220,473 m²
Case References

**Bichel (Korea-Russia Joint Venture)**

- Gyeonggi-do’s SME JMC Co.,Ltd and Russia’s small but strong technology company ‘Bichel’ signed a technical cooperation investment agreement of 2.75 million USD in size.
- CQ Fiber, a joint venture established in Hwaseong-si, Gyeonggi-do by JMC Co.,Ltd and Bichel is going to produce advanced metal materials, such as metal glass wire that is applicable to various fields such as IT, BT, electric vehicles, and medical devices.
- Metal glass wire technology whose source technology was commercialized by JMC Co.,Ltd is what Japan and Germany failed to develop. This means the future of the company is bright and it has a competitiveness to enter the global market. A new market worth of 1.7 billion USD is expected to be created in the future.
- Through this joint venture, JMC Co.,Ltd imported advanced technologies from Russia, which allowed it to produce a variety of high-tech products ranging from the next generation information and communication parts to biotechnology to medical devices. Even before the official launch of the business, it is flooded with inquiries for products and requests for placing orders.
- Bichel decided to establish a joint venture because it wants to broaden its business area as well as production infrastructure so that it can make the best use of its excellent source technology. It concluded that by combining its high added value technology with the Korean company’s excellent staff and production technologies, it will be able to become a competitive total solution company for advanced materials.

**Business Considerations**

**Market Perspective**
World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected to grow by 408.6 billion USD by 2019. The government is expanding the global cooperation infrastructure to promote the ICT industry.

**Business Suggestion**
The government is fostering a knowledge-based industry through various measures such as IT and strategic logistics cluster formation project. R&D and product manufacturing activities facilitated by the concentrated ICT industrial clusters.

**Main Costs**
- Term: (maximum) 50 years
- Rent: 3,636 ㎡/year
- Average wage: 2,600 USD/month (Gyeonggi-do’s average wage per capita)

**Accessibility & Settlement**

**Transportation**
- **Airport:** Incheon International Airport 100km, Gimpo International Airport 102km
- **Railroad:** Gyeongbu Line Osan Station 30km
- **Road:** Seohaean Expressway(Balan IC 4km), National highway route 82 or Local road route 332 are 0.1km away
- **Port:** Incheon port 80km, Pyeongtaek (Asan) port 12km: Cargo handling capacity 2,450 tons, cargo berthing capacity 21berths

**Living Conditions**
- **Education:** 4 universities, 4 colleges / 19 high schools and 2 vocational high schools / 29 middle schools & 72 elementary schools
- **Medical Facilities:** 2 general hospitals, 8 hospitals, 10 sanatoriums, 212 clinics, 141 dental clinics, 94 oriental clinics
- **Others:** 15 tourist hotels, 3 concert halls, 3 indoor stadiums, 2 stadiums
Business Cluster

Major Corporations in the region
• International: Faurecia Exhaust Control System Korea, Denso Korea Automotive Co., Ltd, Sumitomo Seika Chemicals Co., Ltd, Korea ATMI Co., Ltd

Potential Customers
• Chemicals and chemical products manufacturing (except medicines), rubber and plastic products manufacturing, metalworking products manufacturing (except machinery and furniture), electrical equipment manufacturing, machinery and equipment manufacturing, car and trailer manufacturing

Related Organization
• Gyeonggi-do www.gg.go.kr
• Hwaseong-si www.hscity.net
• Gyeonggi-do’s investment promotion http://invest.gg.go.kr/
• Industry-university integrated information network www.e-cluster.net

Infrastructure

Utilities
• Water supply: Industrial water 1,889㎥/day, living water 334㎥/day
• Waste Water Treatment: 840ton/day, processed in association with Jangan’s Advanced Wastewater Treatment Plant Number 1
• Electricity: 126,897MWh/year, Supply channel: Eastern substation to be installed within the complex
• Waste: Self-treatment in the waste disposal plant (landfill) within the complex
• Communications: KT Balan Office supplies 816 circuits
• Energy Plan: Samchully supplies LNG

Environment & Regulation
• Manufacturing business other than tenant industries

Labor & Material

Labor Condition
• Regional population:

<table>
<thead>
<tr>
<th>Items</th>
<th>Total Population</th>
<th>Available labor force</th>
<th>Bachelor’s</th>
<th>Master’s</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gyeonggi-do</td>
<td>12,357,830</td>
<td>7,799,381</td>
<td>1,718,439</td>
<td>231,448</td>
<td>41,028</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>63.1</td>
<td>13.9</td>
<td>1.8</td>
<td>0.3</td>
</tr>
<tr>
<td>Hwaseong-si</td>
<td>540,862</td>
<td>330,156</td>
<td>67,718</td>
<td>9,989</td>
<td>1,721</td>
</tr>
<tr>
<td>ratio</td>
<td>-</td>
<td>61.0</td>
<td>12.5</td>
<td>1.8</td>
<td>0.3</td>
</tr>
</tbody>
</table>

- Gyeonggi-do’s economically active population: 6,597,000 persons
- Average wage: 2,660 USD/month (the average per-capita wage of Gyeonggi-do Province in 2015)

Core Resource Supply Environment
• Highly prestigious educational institutions with excellent undergraduate science and engineering departments, such as the science & engineering campus of Sungkyunkwan University, Ajou University, Kyunghee University’s Global Campus are situated, facilitating the procurement of good quality human resources
• 15 national industrial parks and 392 general industrial complexes of the metropolitan area and central region are located in the vicinity, facilitating the procurement and transportation of raw materials

Government Support

Acquisition tax is fully exempted for acquisition made over the past 2 years
Property tax is reduced 50% for 5 years (in the case of first acquisition, within 5 years)

Gyeonggi-do Small & Medium Business Support Fund [Info: SME Support Center 031) 259-6178;
• Support projects: Automation, informatization, technology development, business transition, large enterprise’s business transfer to SMEs, business start-up, small business development, promising new industry
• Eligibility: A company that registered a factory in operation whose manufacturing business accounts for at least 30% of its sales. A person engaged in the promising new industry
• Terms and Conditions: 410,000 to 830,000 USD per business, annual interest rate 4.45% to 5.7%
• Loan period: Lump-sum repayment, or 5-year installment repayment with one-year grace period
7. Jeju Science Park

Investment Highlights

Location Description
It is a cutting-edge science and technology cluster where Korea’s leading IT and BT institutions as well as industries, universities, and research centers are concentrated. The best place for ICT companies to collaborate with academia for R&D projects and to more effectively produce goods and services.

Key Rationale
- Pristine natural environment, comfortable study environment, and university-industry-research innovation research park
- It has domestic & foreign cooperative networks, and operates active business support program
- It has complete industrial and tourism infrastructure such as airport, ports, and roads

Location Requirements

Recommended Business Sector
ICT-related manufacturing, services and research and development

Type
Sale in lots

Land Zoning
National Industrial Complex

Investment Condition
Incentive: New corporation is exempted 100% from corporate income tax for 3 years, further 50% reduction for 2 years

Location Overview

Target Area
- Total Area: 1,098,878 m²
- Available Area: 344,3478 m²

Related Companies
- Major companies: Kakao, ESTSoft, JR Amusement, Jeju Semiconductor, Ems SMC, PNI System, MDA Information Technology
- Broadcast and wireless communications equipment manufacturing: Kakao, ESTSoft, JR Amusement, Ems SMC, PNI System, MDA Information Technology, On Corporation, Mondial Electronics
- Semiconductor and display: TWT, Jeju Semiconductor, Joyectronics Inc., etc.
- Electrotechnical components manufacturing: Daeyoung Engineering, Jeju Electric Vehicle Service, etc.
- Other parts: Webowlus, Jeju, Haereum Engineering, etc.
Case References

BBTREE Co.,Ltd

BBTree Company Overview

- Inmaginator, located in the Cayman Islands, invested in BBTree in 2014. BBTree is registered as a foreign-invested enterprise through the Korea Trade-Investment Promotion Agency (KOTRA)
- Investment amount: 200,000 USD
- BBTree Product: Stock contents, PC and mobile software development, visual design and video production

- BBTree Co., Ltd is an indigenous local IT company in the Jeju Island established in November 2012, and its one of major product families, the Stock contents service, is one of the future strategic industries recognized by Microsoft, of which global market amounts to 250 million USD in scale.
- The biggest reason for the investment decision of Inmaginator is the technology, competence, and the manager's commitment to BBTree's success
- BBTree won ASPA Award at the annual meeting of the 19th Asian Science Park Association held in Kawasaki, Japan in 2015, and continued a positive momentum, recording an annual growth of 130%

Business Considerations

Market Perspective

ICT production: 385.83 billion USD
ICT Export: 172.7 billion USD / import: 88.1 billion USD (2014 estimate)

Business Suggestion

Platform-based brokerage business of intermediating or connecting inter-dependent groups like multi-side platform model

Main Costs

Sale prices: 90 USD/m²
Wage: 2,000 USD/month (Jeju Island's average wage per capita)

Financial Benchmark

Kakao has a steady rise in sales and operating profits in 2014 compared to 2012
Operating profit: 84.8 million USD (2012) → 147 million USD (2014)

Accessibility & Settlement

Transportation

- Airport: Jeju International Airport (within 12km radius, within 25 minutes)
- Road: adjacent to Local Road line no. 1131, 1136, through the improvement of local detour road and the entry and exit roads for industrial complex, traffic conditions are enhanced
- Port: Jeju port (within 10km radius, Jeju logistics center, it serves as a tourism support port) Within 10 km radius, there are airport, ports, administrative agencies.

Living Conditions

- Education: Within 2km radius, there are Jeju National University, Jeju International University, Jeju College of Technology / Yeongju high school
- Medical Facilities: Jeju National University Hospital
- Others: the best place to build industry-university-research cluster in the vicinity of Jeju High-tech Industry Development Institute and others
Business Cluster

Major Corporations in the region
- **Korean**: Daum Kakao Co., Ltd, ESTsoft, On Corporation, etc.
- **International**: INMAGINATOR (Bb Tree attracted foreign investment).

Potential Customers
- IT, BT related high-tech industries and related public, private research institutes

Related Organization
- **Domestic**: Patent Office, Korea Industrial Complex Corporation, KT Jeju Headquarters, Jeju National University, Soongsil University, Jeju College of Technology, Korea Development Bank and other financial institutions
- **Overseas**: Germany’s Ulm Science Park, Singapore Science Park, England Wales Technium, Taiwan Southern Science Park, Taiwan Central Science Park, World Science Park Association, Asian Science Park Association, World Business Incubation Association, etc.

Infrastructure

Utilities
- Water: 2,953 m³/day
- Wastewater: 2,374 m³/day
- Power: Supply channel (East Jeju S/S 2.5 lines withdraw, Cheomdan D/L 1 circuit, Ara D/L 1 circuit, Seongpan D/L 0.5 circuit supply) Supply Plan (80,121 Mwh/year)
- Communications: 12,472 circuits

Environment & Regulation
- Occupancy limit
  - Simple manufacturing or processing businesses that just cut, peel, pickle with salt, ripen, or heat the raw material to the extent that the original shape is recognizable
  - Businesses whose manufacturing process can disrupt the business of adjacent companies or pollutes the surrounding environment by releasing water and air contaminants such as a foul-smelling toxic substance, and etc.
  - Businesses that consume a large quantity of water and other businesses categorized in inadequate industries
  - Grain pounding, grain milling, cotton and thread dyeing processing, textiles & knitted fabrics dyeing processing

Labor & Material

Labor Condition
- Regional population:

<table>
<thead>
<tr>
<th>Items</th>
<th>Total Population</th>
<th>Available labor force</th>
<th>Bachelor’s</th>
<th>Master’s</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeju Special Self-Governing Province</td>
<td>Population 607,346</td>
<td>355,833</td>
<td>60,913</td>
<td>6,607</td>
<td>1,369</td>
</tr>
<tr>
<td></td>
<td>ratio</td>
<td></td>
<td>58.5</td>
<td>10.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Jeju-si</td>
<td>Population 448,834</td>
<td>288,249</td>
<td>50,064</td>
<td>5,709</td>
<td>1,252</td>
</tr>
<tr>
<td></td>
<td>ratio</td>
<td></td>
<td>59.3</td>
<td>11.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

- Jeju’s economically active population: 351,000 people
- Average wage: 2,000 USD/month (Jeju Island’s average wage per capita)

Core Resource Supply Environment
- Just within 2km radius, there are Jeju National University, Jeju International University, etc. located, training and providing such excellent talents, and it is the best place to build an industry-university-research cluster

Government Support
- Corporate tax is exempted 100% for five years for foreign-invested enterprises, is reduced 50% for next 2 years
- For import of research and development goods, tariff is exempted 100% for science park tenants, and acquisition tax is reduced by 50%
- Property taxes is exempted 100% for 15 years for foreign-invested companies
- For midsize or smaller companies relocated from the metropolitan area, land purchase price (20-40%), capital investment cost (9-22%) are supported
- For newly built or enlarged enterprises, capital investment costs are supported for 9 to 22%
- For companies located from outside the metropolitan area, location subsidies, capital investment subsidies, employment subsidies, education and training subsidies are provided to those eligible for support
- Companies that returned to Korea, local businesses located in the Gaeseong Industrial Complex, information and communications industry and telemarketing services receive support, and special grants for promoting the relocation of export companies (※ Limited to companies eligible for support)
8. Poseung Industrial Complex

Investment Highlights

Location Description
As a transportation hub, located next to the Pyeongtaek Port, and a logistics and industrial center equipped with abundant infrastructure such as railways and harbors, it is proposed as the best R&D and manufacturing base for world’s best ICT companies that wish to enter the Northeast Asian market and have more vibrant exchanges with China.

Key Rationale
- The Pyeongtaek port development plan will provide support to facilitate import of raw materials and export of finished goods so that the national industrial complex will be revitalized. The establishment of the port logistical cluster connecting the pier, the port hinterland, and the industrial park will facilitate exchanges with China.
- As a center of IT and high-tech industry, it is a stronghold of knowledge-based high-tech industrial clusters and value-added logistics

Location Requirements

Recommended Business Sector
- ICT-related components, machinery manufacturing and research and development

Type
- Sale in lots or Rent

Land Zoning
- National Industrial Complex

Investment Condition
- Automotive parts, logistics park, complex with rent exclusive for foreigners

Location Overview

Target Area
- Total Area: 95,773 m²
- Available Area: 62,250 m²

Related Companies (30)
- Major companies: Elsonics, IMT, LMS, Dongyang ENP
- Broadcast and wireless communication equipment manufacturing: Elsonics, CUTECH, Interlan Technologies, Oxcom and 6 others
- Semiconductor and display: LMS, Korea Goyo Thermo Systems and 3 others
- Electric/electronic components manufacturing: IMT, YMK, Dongwon Electric, Donghuyun Electronic and 5 others
- Other parts: Solgo Biomedical, Duckil Industry Etc.
Market Perspective

The World ICT market is 3.7 trillion USD in scale (year of 2014), and it increased 0.9% from the year earlier, and is expected to grow by 408.6 billion USD by 2019. The government is expanding the global cooperation infrastructure to promote the ICT industry.

Business Suggestion

It is possible to build a cluster of convergence industries in association with neighboring IT and high-tech industry and port logistics industry, and easy to expand into the Southeast Asian market in the future.

Main Costs

Term: (maximum) 50 years
Rent: 1 USD/m²/year
Wage: 2,600 USD/month (Gyeonggi-do’s average wage per capita)

Accessibility & Settlement

Transportation

- Airport: Incheon International Airport 63km, Gimpo International Airport 86km, Cheongju Airport 104km
- Railroad: KTX Cheonan-Asan Station 30km, Gyeongbu Pyeongtaek Station(27km)
- Road: Seohaean Expressway (3km from Seopyeongtaek IC), Pyeongtaek-Eumseong Expressway (9km from Cheongbuk IC), adjacent to national road route no. 38
- Port: Pyeongtaek (Cargo handling capacity 24.5 million tons, cargo berthing capacity 97 berths (expected) 28km

Living Conditions

- Education: 1 universities / 16 high schools, 4 vocational schools / 24 middle schools, 52 elementary schools
- Medical Facilities: 3 general hospitals, 224 hospitals, 112 dental clinics, 94 oriental hospitals, 2 public health centers, 1 midwifery service center, 3 sanatoriums
- Others: 14 tourist hotels, 5 public libraries, 11 concert halls, 1 exhibition facility, 13 local cultural welfare facilities

Case References

San Jose State University

- California San Jose State University is a prestigious university with a legacy of 115 years, and maintains internship and academic-industry partnership with 8000 companies within the Silicon Valley, recording the best employment rate in the United States
- In San Jose City where California San Jose State University is located, the headquarters of Intel, Google, Apple and other major information technology (IT) companies are located, invigorating academic-industry cooperation projects
- The Yellow Sea Free Economic Zone Authority and one of 23 campuses of the University of California (CSU), the San Jose State University (SJSU) signed the Memorandum of Understanding (MOU) for the invitation of the branch school
- Animation New Media Arts Department of the San Jose University of Art and Design School, whose branch the Yellow Sea Free Economic Zone is trying to attract, is an elite school that recently ranked no.2 in the US thanks to the full support from PIXAR
- Therefore, in the Yellow Sea Free Economic Zone to be created by 2025, the branch school of the California State University of USA is expected to be established
Business Cluster

Major Corporations in the region
- **Korean**: Samwoo Co., Ltd, F&G, Seongchang Logistics
- **International**: Zhanjiagang Haomin, Deutsche Motors

Potential Customers
- Automotive parts, logistics, electronic, chemical manufacturing companies and related organizations

Related Organization
- Gyeonggi-do www.gg.go.kr
- Pyeongtaek-si www.pyeongtaek.go.kr
- Yellow Sea Free Economic Zone yesfez.gg.go.kr
- Industry-university integrated information network www.e-cluster.net

Infrastructure

Utilities
- Water supply: 277 m³/day (Industrial water 180 m³/day, living water 97 m³/day)
- Waste Water Treatment: 5,800 tons/day, Sewage Treatment Plant in Poseung National Industrial Complex
- Electricity: 154 kV, supply channel: Substation planned to be established in the Complex
- Communications: 24,200 circuits, Supply scheduled from the Anjung Telephone Office
- Energy Supply: Urban gas supply scheduled from Samchully Co., Ltd

Environment & Regulation
- Manufacturing business other than tenant industries

Labor & Material

<table>
<thead>
<tr>
<th>Labor Condition</th>
<th>Regional population:</th>
<th>(Unit: persons, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>Total Population</td>
<td>Available labor force</td>
</tr>
<tr>
<td>Gyeonggi-do</td>
<td>11,196,053</td>
<td>7,379,687</td>
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<tr>
<td>Ratio</td>
<td>-</td>
<td>65.9</td>
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<tr>
<td>Pyeongtaek-si</td>
<td>381,731</td>
<td>254,521</td>
</tr>
<tr>
<td>Ratio</td>
<td>-</td>
<td>66.7</td>
</tr>
</tbody>
</table>

- Gyeonggi-do's economically active population: 6,597,000 persons
- Average wage: 2,660 USD/month (the average per-capita wage of Gyeonggi-do Province in 2015)

Core Resource Supply Environment
- High-quality excellent workforce is distributed not only in Gyeonggi Province where industrial complexes are located, but also in the metropolitan area, Chungcheong Province, and Daejeon Metropolitan City that are its hinterland, where a number of human resources engaged in semiconductor and science, engineering are distributed
- Through a number of research facilities and R&D organizations located with the Province, various industrial clusters can be created

Government Support

<Tax support>
- Acquisition tax is fully exempted for acquisition made over the last 2 years
- Property tax is reduced 50% for 5 years (in the case of first acquisition, within 5 years)

<Gyeonggi-do Small & Medium Business Support Fund>
- Support projects: Automation, informatization, technology development, business transition, large enterprise’s business transfer to SME, business start-up, small business development, promising new industry
- Eligibility: A company that registered a factory whose manufacturing business accounts for at least 30% of its sale. A person engaged in the promising new industry
- Terms and Conditions: 410,000 to 830,000 USD per business, annual interest rate 4.45% to 5.7%
- Loan period: Lump-sum repayment and 5-year installment repayment with one-year grace period
  (Info: SME Support Center 031) 259-6178