

# INVESTMENT GUIDE

City of Gumi

City of Gumi, KOREA

Investment Environment Analysis and Current Status

# *Experience Investment Success in Globally Competitive Gumi!*



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## We promise you success in Gumi, a city where change creates happiness

Gumi is home to South Korea's largest IT convergence industrial complex. With 62% of its population of 430,000 being under 30s, Gumi possesses a young and skilled labor force in abundance. In terms of transportation, Gumi is well-connected to the KTX, the Gyeongbu Line Railway, the Gyeongbu Expressway, Jungbunaeryuk Expressway, Jungang Expressway, etc.

### Overview

<b>Population</b>	430,000 (170,000 households), 5,190 foreign residents
<b>Area</b>	615km <sup>2</sup>
<b>Fiscal Budget</b>	KRW 1.21 trillion
<b>Local Economy</b>	Number of companies: 3,269 (Production amount: KRW 44 trillion, Export amount: USD 25.9 billion) The employed: 100,000
<b>Business Composition</b>	Electrical and electronic products: 62.1%, Machinery: 15.5%, Petrochemistry: 12.8%, Nonmetal: 2.3%, Textiles and Clothing: 2.4%, Others: 4.9%

# INNOVATION

## Gumi National Industrial Complex

- ★ What is the Gumi National Industrial Complex?
- ★ Complexes 1 / 2 / 3 / 4 / Expanded Complexes
- ★ Complex 5 (Gumi High-Tech Valley)

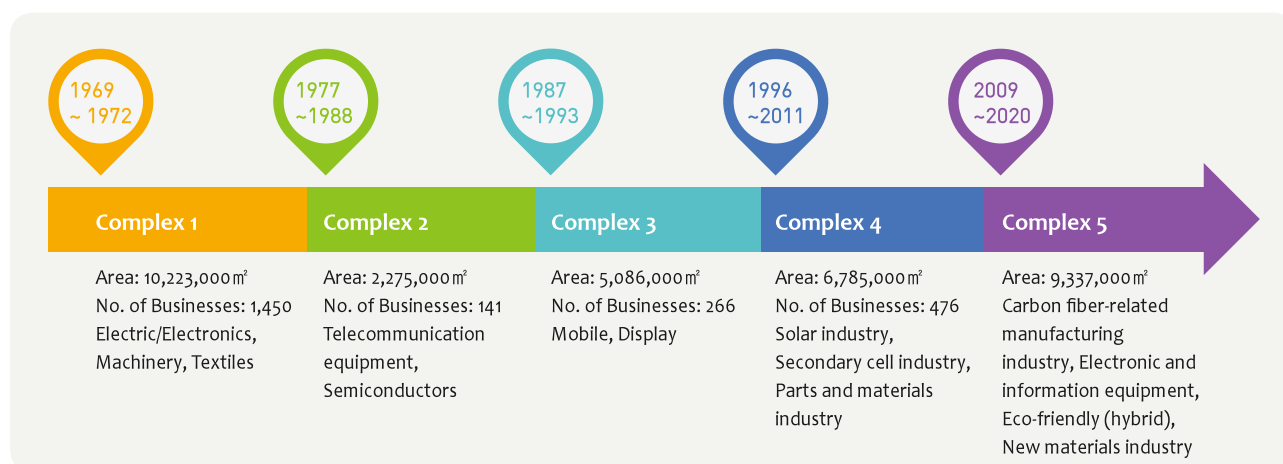
*Gumi National Industrial Complex! Reinventing itself as  
the center of Industry & Economy*





## What is the Gumi National Industrial Complex?

The Gumi National Industrial Complex was established with the goal of fostering the electronics and textile industries, and the focus has currently shifted to IT and new materials. Construction of Complexes 1 to 4 has been completed while Complex 5 is in the process of being developed.



### — Infrastructure

**Water Supply** | The Nakdonggang River flowing through the center of the Gumi National Industrial Complex provides high-quality water  
(Industrial Water: Supply Capacity 340,000㎥/day, KRW 361/ton)

**Sewage and Wastewater** | A wastewater treatment plant within the Complex takes care of all of its wastewater  
Capacity: 330,000㎥/ day, Throughput: 309,000㎥/ day, Retarding basin: 218,000㎥

**Electricity** | Supply Route: Uljin Nuclear Power Plant ㎥ Complex substations (4) ㎥ Tenant companies  
Supply Capacity: Voltage 154㎥ (Capacity 1,200MW/h), Voltage 22.9㎥ (Capacity 840MW/h)

**Telecommunications** | 77,600 lines

**Industrial Waste** | Industrial waste management company and waste management facility in Complex 4

**Energy Supply** | Combined Heat and Power Plant: Supply Capacity - Steam, 850 tons/h, Electricity - 97,100 kw/h  
City Gas: Supply Capacity - 700,000㎥/day (SK E&S Co., Ltd.)  
Industrial Gas: Supply capacity - 340 tons/day (2 companies, including Air Products and Chemicals, Inc.)

### — Transportation

**Roads** | Expressways: Gyeongbu Expressway's Gumi and South Gumi Interchanges (1 km)  
(Distance to Seoul 257 km, Busan 180 km, Daegu 33 km)  
Jungbu Expressway's Seonsan Interchange (1 km)  
Jungang Expressway's Gasan Interchange (7 km)

**Railways** | Gyeongbu Line's Gumi Station (3.5 km), KTX's Gimcheon (Gumi) Station (19.9 km)  
Distance to Seoul 227 km (1 hour, 25 minutes), Busan 167 km (1 hour, 15 minutes), Daegu 33 km (30 minutes)

**Airports** | Daegu International Airport (40 km) with flights to Incheon (14 / week) and to Jeju (77 / week)  
Gimhae International Airport (148 km), Incheon International Airport (280 Km)

**Ports** | Busan Port (150 km) - Berth capacity: 169 vessels, Cargo loading/unloading capability: 91 million tons per year  
Pohang Youngil Bay Port (120 km) - Cargo loading/unloading capability: 12 million tons, Berth capacity: 15 berths

### Tenant Companies

There are 2,343 companies in the Gumi National Industrial Complex, and 40 of them, including AGC and Toray, are foreign-invested companies from seven nations.

Green energy and new growth engine industry companies have come to Complex 4 of the Gumi National Industrial Complex to truly make it a production hub for advancing into Asian markets.

**Companies**  
2,343

**Workforce**  
90,108

**Production amount**  
KRW 44 trillion

**Export amount**  
USD 25.9 billion

### Industrial Conditions

The Gumi National Industrial Complex was originally focused on producing textiles and home appliances before mobile phone manufacturers such as Samsung Electronics came in, and from then on it has mainly fostered the semiconductor and digital industries.

Currently, about 2,000 businesses including conglomerates such as Samsung Electronics and LG Display have set up a perfect cooperation system.

In addition, 28 universities around Gumi produce about 110,000 graduates annually, thus making it possible to hire skilled manpower at any given time.

In particular, the nuclear power plant in Uljin is a stable source of electricity, the area is relatively even compared with surrounding areas, and the Nakdong River flowing through the Complex provides more than 330,000 tons of water a day.



# 1/2/3/4 Expanded Complexes



## Complex 1

Complex 1, with a total area of 10,223,000㎡, was completed in 1972 and is home to the textile industry and electronics industry companies. In the electronics complex, super-precision, technology-intensive electronic equipment parts-related businesses have been systematically integrated and positioned accordingly, and the textile industry complex has been gradually switching over to the electronic equipment and machinery industries



## Complex 2

Complex 2, with a total area of 2,275,000㎡, was completed in 1983 and is mainly home to the semiconductor industry and electronics industry companies. The computer industry, industrial electronics industry, small- and medium-sized electronics parts industry, and machinery equipment industry have been assigned to facilitate systematic integration with the existing plants.



## Complex 3

Complex 3, with a total area of 5,086,000㎡, was completed in 1993 and is home to advanced electronics industry companies. Businesses have been assigned here to induce systematic integration and specialization with the plants in Complexes 1 and 2 and belong mainly to the semiconductor, mobile and display industries.



## Complex 4

**Location :** Okgye-dong and Sandong-myeon in Gumi

**Area :** 6,785,000㎡(Industrial land 3,325,000㎡)

**Expenditure :** KRW 690.5 billion

**Construction Period :** 1996-2015

**Target Industries :** 16 industries including electronics, computer, semiconductor, automobile, etc.

## ※ Foreign Investment Zone

**Location :** Within Gumi 4 complex (individual type, complex type, material component type)

**Area :** 1,748,000㎡

**Construction Period :** 50 years (10-year renewal contract)

**Target Industries :** Electronics parts, Computer, Media, Electrical Equipment, Medical, etc.

## Expanded Complex

**Location :** Sandong-myeon (Sindang-ri and Indeok-ri) and Okgye-dong in Gumi

**Area :** 2,457,000㎡ (Industrial land 212)

**Expenditure :** KRW 814 billion

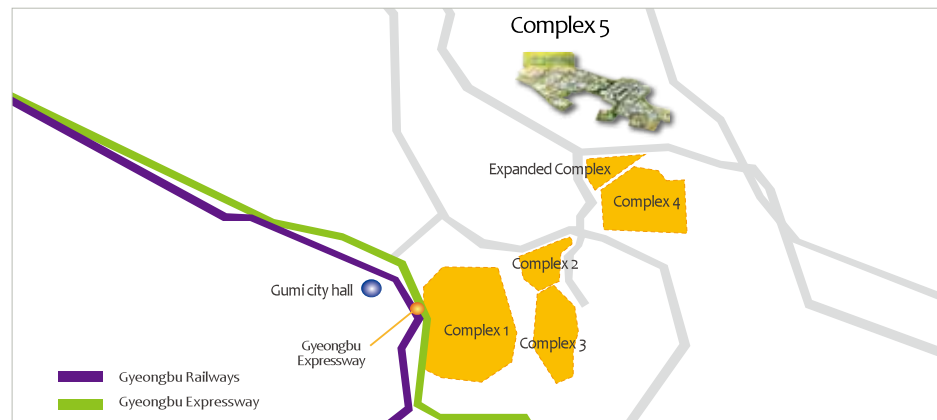
**Construction Period :** 2008-2017

**Target Industries :** Residential, cultural, commercial, educational, R&D, etc.

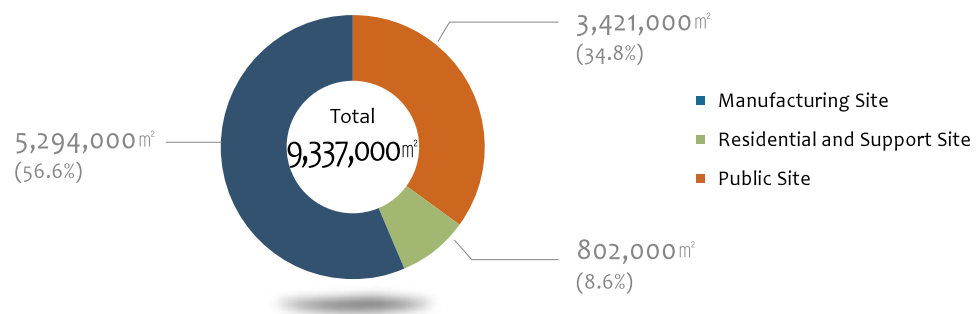
## Complex 5 (Gumi High-Tech Valley)

### — Status of Complex

- **Location** : Haepyeong-myeon and Sandong-myeon, in Gumi
- **Area** : 9,337,000m<sup>2</sup>
- **Construction Period** : 2009-2020
- **Expenditure** : KRW 1,932.7 billion
- **Target** : Electronics / Information equipment, Megatronics, New materials, Eco-friendly (hybrid), Carbon fiber-related manufacturing industry



### — Current Status



### — Progress to Date

Aug. 21, 2008	K-water project designation
Sep. 30, 2009	Approval and announcement of preparation industrial complex plan (Ministry of Land, Transport and Maritime Affairs)
June 10, 2010	Foundation and final design of industrial complex
Dec. 27, 2010	Beginning of land expropriation
Apr. 30, 2012	Groundbreaking for industrial complex
Dec. 16, 2014	Toray Advanced Materials Korea signed an Occupancy Agreement in the Gumi Foreign Investment Zone
Jul. 26, 2017	Notification of change in industrial complex plan (Ministry of Land, Transport and Maritime Affairs) * Expansion of target industries : 7 → 16 (Section 3, addition of nine carbon fiber-related manufacturing industries)
May. 07, 2019	Notification of partial revision of the basic plan for industrial complex management (Ministry of Commerce, Industry and Energy) * Section 3 industry expansion : 7 → 16 carbon fiber manufacturing industry (98 additional classification criteria)



## Expected Outcome

### Population Increase

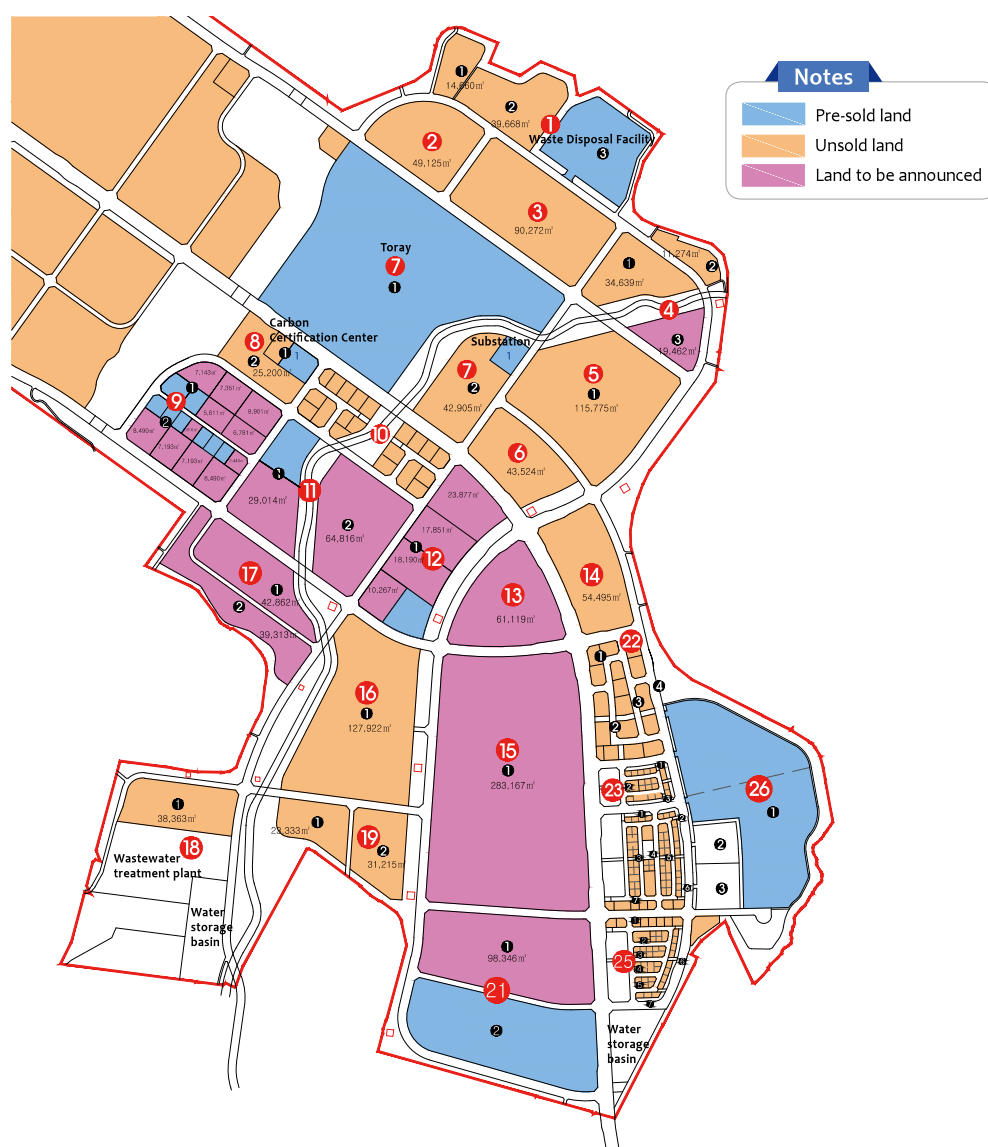
The construction of Complex 5 is expected to bring an influx of 122,000 people, bringing Gumi's total population to over 500,000 after the completion of phase 2.

### Export Increase

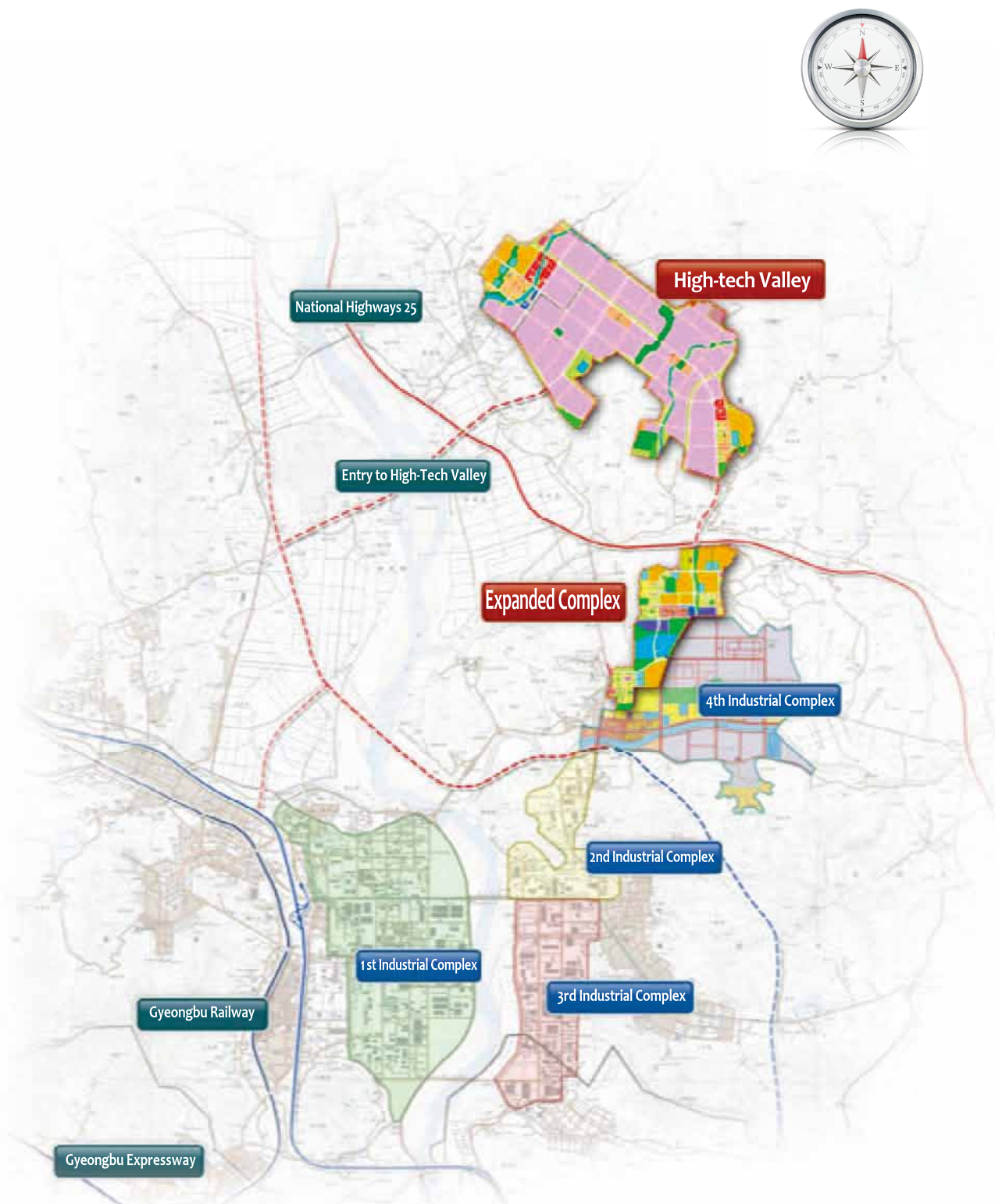
With exports originating from Gumi currently at USD 25.9 billion, the completion of Complex 5 is expected to increase this total to USD 50 billion by the year 2020.

### Clustering

Building a cluster by linking the main industries of Complexes 1 to 4, such as display, mobile, parts materials and textiles, and the industries of Complex 5, such as carbon fiber-related manufacturing, electronics / information equipment, megatronics, new materials, eco-friendly (hybrid), is expected to lay the foundation for a new growth engine



## The Map of Gumi National Industrial Complex



# BUSINESS

## Investment Environment of Gumi National Complex

- ★ Land Lease and Construction Costs
- ★ Labor Costs and Labor Unions
- ★ Utility Costs

*An excellent business environment  
awaits you at the globally competitive  
Gumi National Industrial Complex!*



## Land Lease and Construction Costs

### Examples of Complex Site Sale

Name of Transferor	Area(m <sup>2</sup> )		Sales Price (KRW 1 million)		
	Total Site	Building Area	Land	Building	Total
Company A	12,789.4	7,626.58	3,837	1,263	5,100
Company B	6,469	3,332.51	2,000	770	2,770
Company C	10,188.6	9,597.92	2,475	525	3,000

※ Land price/m<sup>2</sup> : Company A: KRW 300,023, Company B: KRW 309,166, Company C: KRW 242,932

※ Source : Korea Industrial Complex Corporation

### Examples of Complex Site on Lease

Name of Transferor	Area(m <sup>2</sup> )		Rent/Month (KRW 1 million)		
	Total Site	Building Area	Lease Classification	Building	Monthly rent
Company D	6,395.2	4,350	Partial renter	661.16	2.58
Company E	1,951	1,155	Partial renter	330	2

※ Land lease costs (including building)/m<sup>2</sup> : Company D : KRW 400; Company E : KRW 1,025

### Construction Costs (estimate based on sandwich panel construction)

- Construction Costs : Construction, electricity, installation : About KRW 500,000/m<sup>2</sup> (however, flooring work cost may differ depending on the state of the ground)
- Design Cost : KRW 20,000-30,000/m<sup>2</sup> (est.)
- Construction Design : 1-2 weeks (based on 3,000m<sup>2</sup>)
- Construction Period : 4-5 weeks (based on 3,000m<sup>2</sup>)

## Labor Cost and Labor Unions

### Wages by Industry

(Unit: KRW/month)

Business \ Number of employees	5~9	10~29	30~99	100~299	Over 300
Manufacturing	2,387,041	2,437,119	2,524,240	2,762,181	3,271,987
Electricity, Gas, Water	4,131,628	3,964,510	4,351,303	3,971,854	4,946,056
Construction	1,719,474	2,252,354	2,493,918	4,286,519	-
Wholesale/Retail	2,419,414	2,881,543	1,844,754	1,604,656	-
Food and Accommodations	1,570,588	2,075,141	1,780,085	1,936,891	-
Transportation	3,362,746	2,952,583	2,478,058	2,764,717	2,875,252
Finance/Insurance	2,946,717	2,972,250	3,772,885	-	-

### Labor Unions

Number of Companies with Labor Unions in Gumi Area: 88 companies, 33,376 union members

Classification	Number of companies	Number of members
Metal	24	23,520
Fiber	10	3,803
Chemistry	14	1,910
Taxi	8	706
Other	32	3,437



# Utility Costs

## Electricity Costs

Electricity for Industrial Purposes : Contract demand of 300 kW or more

Classification		Basic Cost (KRW/kW)	Electricity Costs (KRW/kWh)			
			Time Slot	Summer (Jul-Aug)	Spring/Autumn (Mar-Jun, Sep-Oct)	Winter (Nov-Feb)
High voltage A	Option I	7,220	Light load	61.6	61.6	68.6
			Middle load	114.5	84.1	114.7
			Maximum load	196.6	114.8	172.2
	Option II	8,320	Light load	56.1	56.1	63.1
			Middle load	109.0	78.6	109.2
			Maximum load	191.1	109.3	166.7
	Option III	9,810	Light load	55.2	55.2	62.5
			Middle load	108.4	77.3	108.6
			Maximum load	178.7	101.0	155.5
High voltage B	Option I	6,630	Light load	60.0	60.0	67.0
			Middle load	112.3	82.3	112.3
			Maximum load	193.5	112.6	168.5
	Option II	7,380	Light load	56.2	56.2	63.2
			Middle load	108.5	78.5	108.5
			Maximum load	189.7	108.8	164.7
	Option III	8,190	Light load	54.5	54.5	61.6
			Middle load	106.8	76.9	106.8
			Maximum load	188.1	107.2	163.0

※ Voltage: 110V-380V, High Voltage A: 3.3-66 kV, High Voltage B: 154 kV

## Industrial-Use Water Supply and Drainage Costs

(Unit: KRW)

Water Supply and Drainage Costs and Tariffs		
By Type	Water Supply	Drainage
Contracted per m <sup>3</sup>	410	480
Excess per m <sup>3</sup>	540	480

※ Water Usage Allotment Fee: KRW 170 per m<sup>3</sup>; levied regardless of business type

## Environment-related Approvals and Regulations

<b>Tenant Type</b>	All manufacturing industries under the Korean Standard Industrial Classification (based on middle-scale classification)
<b>Tenant Requirements</b>	As prescribed in Article 6 of the Enforcement Decree of the Industrial Cluster Development and Factory Establishment Act (Special restrictions may apply in the case of environmental pollution, water usage, etc.)

# SUCCESS

## Investment Promotion Target Sectors

- ★ IT Convergence Industry
- ★ New and Renewable Energy Industry

*Experience investment success  
in the most competitive city of the future, Gumi!*



## IT Convergence Industry



The IT industry in the Gumi National Industrial Complex, such as displays, semiconductor materials, etc. has combined its technology with the local infrastructure to transform itself into a key strategic base of the IT convergence industry.

Currently, new business markets are being developed in health, energy, automobile parts, etc. through convergence with ICT, thanks to Gumi's integrated IT industry.

The Gumi Industrial Complex has gone through a structural upgrade to form an integrated complex featuring the electronic medical equipment, 3D display, green energy and IT convergence materials industries, and as a result, relevant companies have been moving into the Complex.

In the Foreign Investment Zone, many global enterprises in possession of world-class technology in the automotive parts and energy fields are in operation.

To boost its R&D competence, the Gumi Industrial Complex has attracted various national projects such as the Mobile Convergence Technology Center, Biomedical IT Tech Research Center, 3D Display Components Support Center, etc. and is focused on building a creative industrial ecosystem.

In addition, Gumi National Complex 5 will be built on a 9.3km<sup>2</sup> area around Sandong and Haepyeong. The plan is to develop it as a globally competitive center for the knowledge industry complex with water treatment, carbon fiber, new and renewable energy and advanced IT convergence industries, and set the foundation for R&D cooperation, etc.

## New and Renewable Energy Industry

Following continuous investment in new and renewable energy-related businesses in the Gumi Industrial Complex, Gumi is becoming a Mecca for the new and renewable energy industry.

In Complex 4, Toray BSF Korea Ltd. is now in operation for the production of secondary cell separators, while LG Electronics is producing solar cells.

In addition, PCT (Power Carbon Technology) is now manufacturing high-performance carbon materials for supercapacitors, which have been in the spotlight as a next-generation growth engine industry.

The advanced carbon materials are produced using the alkali activation method and are expected to have a KRW 220 billion import substitution effect. Moreover, with demand from secondary cell industries expected to rise, it is hoped that exports to developed countries will increase.

Also, high technology companies both at home and abroad have been choosing Gumi as the best place to invest for the new and renewable energy industry, and consequently this industry is fast becoming the new central axis of the Gumi Industrial Complex.

Gumi is the first city in South Korea to declare its intention to become a zero-carbon city. It plans to build the Expanded Complex and Complex 5 as eco-friendly industrial complexes where high tech industries co-exist with an eco-friendly environment.

### New and Renewable Energy Companies

Name of Company	Business
LG Electronics	Solar cell, solar module
SK Siltron	Ingot, wafer for solar cell
Toray BSF	Lithium ion battery separator
PCT	Carbon materials for secondary cell
POSCO CHEMICAL	Anode materials for secondary cell
AVACO	Solar cell sputter
AVATEC	Solar cell panel



# INVESTMENT

## Foreign Investment Support System and Support Cases

- ★ Current Status of Foreign-Invested Companies
- ★ Foreign Investment Support System
- ★ Foreign-Invested Company Support Cases
- ★ Investment Incentives for Domestic Companies
- ★ Tax Support for Domestic Companies

***Invest in Gumi!***

***We offer various incentives***





## Current Status of Foreign-invested Companies

There are 40 companies from seven nations that have invested a total of USD 3 billion in the Gumi National Industrial Complex. The biggest investing countries are Japan with USD 2.37 billion and the USA with USD 480 million.

### Foreign-invested Companies in Gumi

Company	Investor	Investment Amt. (1,000 US\$)	Total Employees	Main Products
<div>  <b>Japan</b> </div> <div> <b>No. of Companies: 22 / Investment Amt: USD 2,371,073,000 / Total Employees: 6,921</b> </div>				
Toray AMK INC.	Toray	550,707	1,731	Carbon fiber, IT advanced materials
LG Unicharm Co., Ltd.	Unicharm	18,871	127	Personal hygiene paper products
Korea Nitta Moore Co., Ltd.	Nitta Moore	9,221	162	Pipelines
Pacific Metals Co., Ltd.	Hitachi Metals	36,479	200	Alnico magnets
NPK Co., Ltd.	Nippon Pigment	10,626	135	Plastic compound
TSP Co., Ltd.	Maleva	Maleva	126	Lead frames
Top wintech Co., Ltd.	Tocalo	38	95	Semiconductor equipment cleaning
Pyunghwa Oil Seal Ind.Co., Ltd.	NOK	11,899	306	Oil seal for automobiles
Korea Optical Hightech Co., Ltd.	Nitto	42,610	599	LCD polarizer
Korea Star Tech Co., Ltd.	Kanemizu	656	100	LCD equipment
AGC Fine Techno Korea Co., Ltd. AGC	AGC	955,050	877	LCD glass
LB Lusem Co., Ltd.	Lapis Semiconductor	8,341	384	Driver IC
NEG Co., Ltd.	NEG	4,070	287	LCD glass
Toray BSF Korea Ltd.	Toray BSF	689,118	445	Secondary battery separator film
Kolon Industries INC.	Toray	10,718	1,031	Film, Tire cord
Sanko Korea Co., Ltd.	Sanko Metal	1,746	74	Ribbon for solar cell
Shinhwa Precision Co., Ltd.	Nittan Valve	3,420	44	Metal cutting parts
Shinhwa Takahashi Press Co., Ltd.	Takahashi Techno	2,152	21	Metal pressing parts
Woojin E&P Co., Ltd.	Nippon Network	880	15	Electrical Equipment
Luminus Korea INC.	Luminus	10,000	134	Lamp heat sink
Ishizaki Korea Co., Ltd.	Ishizaki	1,637	28	Secondary cell can
Amano Korea Co., Ltd.	Amano	100	8	Parking system

Company	Investor	Investment Amt. (1,000 US\$)	Total Employees	Main Products
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### United States of America

No. of Companies: 11 / Investment Amt: USD 479,135,000 / Total Employees: 1,709

Samsung Corning Advanced Glass Co., Ltd.	Corning	196,798	341	LCD glass
Johnson Controls Delkor Battery Corporation	Johnson Controls	126,870	483	Battery for vehicles purposes
Dow Chemical Korea Ltd.	Dow Chemical	9,000	29	Epoxy resins
Coorstek Korea Ltd.	Coorstek	25,079	123	Ceramics for semiconductors
Magna Chip Co., Ltd.	Avenue Capital	85,000	606	Semiconductor demagnetizers
SD FLEX Co., Ltd.	DUPONT	9,189	33	Various electronics parts (FPC)
Air Products Korea Co., Ltd.	Air Products	20,659	20	Oxygen, nitrogen, argon
Hoimyung Solenis Ltd.	Solenis	417	15	Chemicals, water treatment
SEYOUNG TECH Co., Ltd.	DMG	900	4	Small-size wind-powered generator
Musco Korea Ltd.	Musco	5,129	44	LED System Lights
NDD Co., Ltd.	FTI	94	11	Diagnostic medical equipment



### Germany

No. of Companies: 2 / Investment Amt: USD 24,351,000 / Total Employees: 156

ZFLK Co., Ltd.	ZF	5,633	62	Aluminum control arms
Elring Klinger Korea Co., Ltd.	Elring Klinger	18,718	94	Automobile parts, engine gasket



### China

No. of Companies: 2 / Investment Amt: USD 106,670,000 / Total Employees: 120

ORION Co., Ltd.	STERROPE	3,370	76	PDP panels
Power Carbon Technology Co., Ltd. Shandong Haike	Shandong Haike	103,300	49	Carbon material



### France

No. of Companies: 1 / Investment Amt: USD 3,906,000 / Total Employees: 43

CLESTRA HAUSERMAN Ltd.	C L E S T R A HAUSERMAN	3,906	43	Prefabricated iron partitions
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### Netherlands

No. of Companies: 1 / Investment Amt: USD 5,117,000 / Total Employees: 39

Hunter Douglas Korea Co., Ltd.	Hunter Douglas	5,117	39	Blinds
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### Slovenia

No. of Companies: 1 / Investment Amt: USD 3,722,000 / Total Employees: 80

Kolektor Sinyoung Co., Ltd.	Kolektor	3,722	80	Commutator
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# Foreign Investment Support System

For foreign investments that meet certain criteria, a wide variety of investment incentives are provided by both the central and local governments in the form of tax exemptions, location support, cash grants, etc.

## Site Location Support

Foreign investment zones are designated to attract foreign investments. Businesses that locate in such zones shall be provided with incentives. The zones are largely divided into two types: complex and stand-alone.

### Complex type

Complex type foreign investment zones refer to sections of national or general local industrial complexes that have been pre-designated for lease or sale, for the purpose of attracting small- and medium-sized foreign-invested companies. In practice, these are used for lease-only sites.

### Stand-alone type

Stand-alone type foreign investment zones are designated in units of individual place of business of foreign-invested companies that have been comprehensively established as the investor requests in regard to region, timing, incentives, etc., for the purpose of attracting large-scale investments.

For foreign investments that meet certain requirements, the central government and the local government shall provide cash grants for the funds required to build new factories, etc. In doing so, various aspects will be considered regarding the foreign investment, such as whether or not they come with high technologies, the effects of the investment's technology transfer, the number of jobs created, redundancy with internal investments, appropriateness of location, etc.

※ Supportable within budget range

## Cash Grants

### Investment Incentives

#### Site Location Assistance

- The land is provided for 50 years. (The contract is renewed every 10 years.)
- Exemption

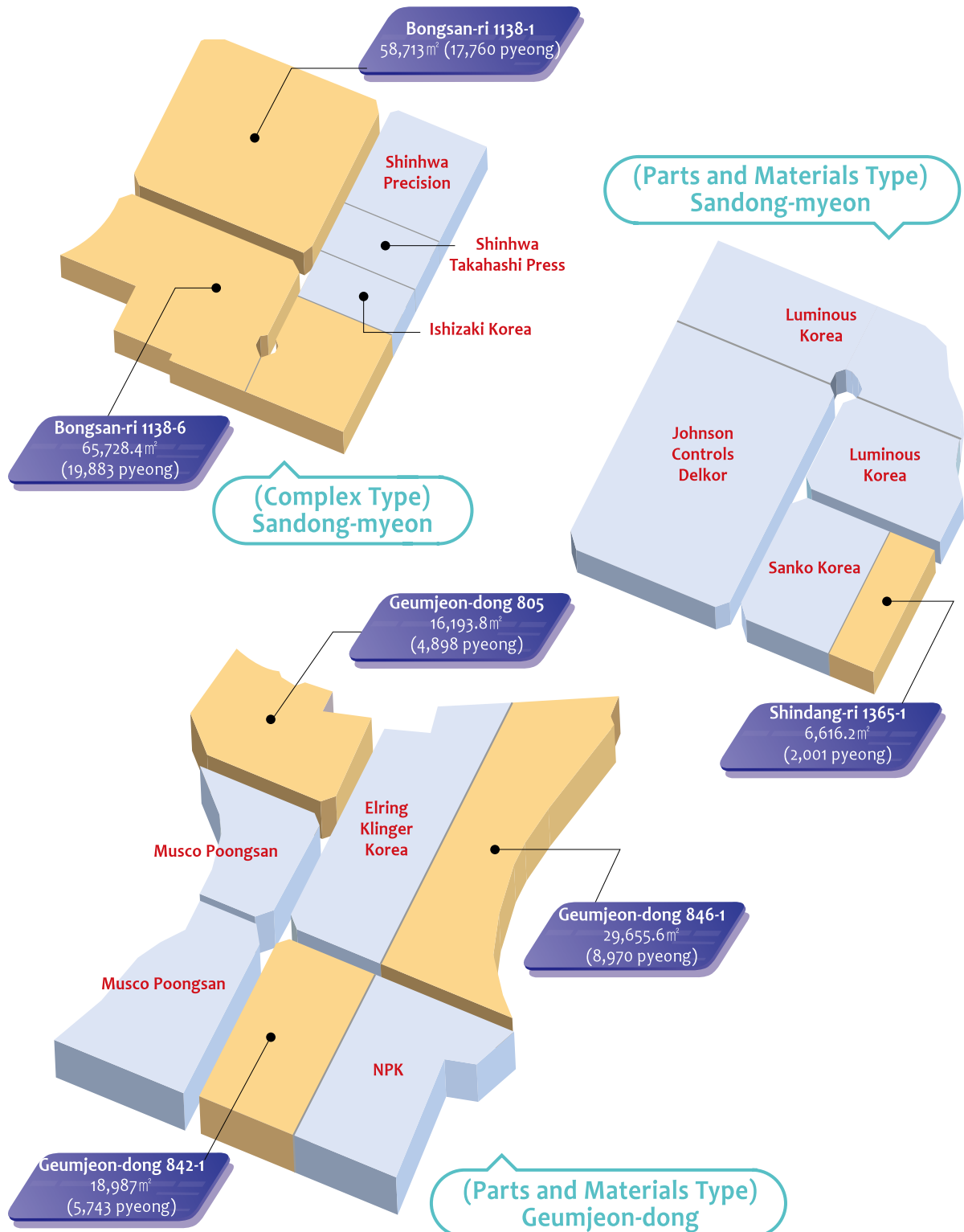
Exemption	Target Companies
100%	<ul style="list-style-type: none"> <li>■ Operating in stand-alone type foreign investment zone</li> <li>■ High technology businesses investing more than USD 1 million</li> <li>■ Parts and Materials Manufacturers investing more than USD 5 million (Parts and Materials Type of Foreign Investment Zone)</li> <li>■ Manufacturers investing more than USD 2.5 million with 200 or more full-time employees</li> </ul>
90%	<ul style="list-style-type: none"> <li>■ Manufacturers investing more than USD 2.5 million with 150 to 200 full-time employees</li> </ul>
75%	<ul style="list-style-type: none"> <li>■ Manufacturers investing more than USD 5 million</li> <li>■ Manufacturers investing more than USD 2.5 million with 70 to 150 full-time employees</li> </ul>

#### Tax Support

Classification	Introduction of Capital Goods			Acquisition Tax	Property Tax	Notes
	Tariff	Individual Consumption Tax	Value-Added Tax			
New Growth Industrial Technology		100% for 5 years		100% for 15 years	100% for 15 years	Investing USD 2 million or more
Stand-alone type Foreign Investment Zone		100% for 5 years		100% for 15 years	100% for 15 years	Investing USD 30 million or more
Complex type Foreign Investment Zone	100% for 5 years			100% for 15 years	100% for 15 years	Investing USD 10 million or more

# Foreign-Invested Company Zone

## Gumi Foreign Investment Zone





## Foreign-Invested Company Support Cases

### Site Location Support Cases

The following foreign companies in the Complex 4 of the Gumi National Industrial Complex have set up operation in the Foreign Investment Zone and received land for their factory sites free of charge. Thus, they saved on initial capital that would have been spent on purchasing land for the factory.

In addition, in the case of companies that would have chosen to lease a factory site instead of purchasing one, they saved on the original security deposit and are now effectively saving on their monthly rental costs.

Company Name	Area(㎡)	Sales Price	(Unit: 1,000 USD)	
			Rental Price	
			Deposit Security	Monthly Rent
Korea Optical Hightech Co., Ltd	42,780	15,781	557	2
ZFLK Co., Ltd.	28,000	10,329	365	1
Lusem Co., Ltd.	25,370	9,359	330	1
CoorsTek Korea Ltd.	16,529	6,097	215	1
Asahi Glass Fine Techno Korea Co., Ltd.	329,618	121,593	4,294	17
Power Carbon Technology Co., Ltd.	74,580	27,512	972	4
Toray BSF Korea Ltd.	229,022	84,484	2,983	12
		The amount of money saved if the company chose to purchase the lot	The amount of money if the company chose to rent the lot	



# Investment Incentives for Domestic Companies

## Subsidies for local investment promotion

Classification	New and expansion companies			Metropolitan relocation business		
<b>Support conditions</b>	<ul style="list-style-type: none"> <li>- Domestic business operation for not less than 3 years</li> <li>- At least 10 regular employees in existing workplace</li> <li>- At least 10 % new employment of the existing employees in the investment business</li> <li>- SMEs with KRW 1 billion or more in new investments or large corporations with KRW 30 billion or more</li> </ul>			<ul style="list-style-type: none"> <li>- Operation for 3 years or more in metropolitan area</li> <li>- At least 30 regular employees</li> <li>- Transferring all or each of head office, factory, research institute</li> <li>- Investment amount of KRW 1 billion (large corporation KRW 30 billion) or more</li> </ul>		
<b>Support contents</b>	Large company	Midsize company	Small company	Large company	Midsize company	Small company
<b>Location support</b>	-	-	-	-	Within 10%	Within 30%
<b>Facility investment</b>	Within 8%	Within 11%	Within 14%	Within 8%	Within 11%	Within 14%

## Support pursuant to Gumi City Ordinance

### Companies investing KRW 2 billion or more and 20 or more new employees

- Business accompanying high technology and industry supporting service businesses
- Businesses considered necessary for support by the mayor after deliberation by the committee
  - Specialized industries, Economic cooperation industries, Local target industries
  - SOC business, Medical / bio industry, Water treatment industry, Carbon fiber industry
  - A business with 100 or more new employees and a high employment inducement effect

### Subsidies by type

Classification	Support Target	Support Range
<b>Location subsidies etc. Cash subsidies (Article 21)</b>	<ul style="list-style-type: none"> <li>- Factory facilities or laboratory facilities</li> <li>• Land subsidies including land purchase cost and rent</li> <li>• Facility subsidies including building costs and infrastructure costs</li> </ul>	<ul style="list-style-type: none"> <li>- Within 20% of the investment</li> <li>- KRW 5 billion limit per company</li> </ul>
<b>Relocation subsidies (Article 22)</b>	<ul style="list-style-type: none"> <li>- A company located in another municipality transfers the head office or factory to the premises.</li> <li>• Head office relocation: More than 20 regular employees</li> <li>• Factory relocation: Companies with investment of over KRW 2 billion</li> </ul>	<ul style="list-style-type: none"> <li>- Head office relocation               <ul style="list-style-type: none"> <li>• KRW 500,000 per person, up to KRW 500 million</li> </ul> </li> <li>- Factory relocation               <ul style="list-style-type: none"> <li>• Investment amount within 20% range</li> <li>• KRW 5 billion limit</li> <li>• Land purchase, factory construction, facility installation</li> </ul> </li> </ul>
<b>Existing companies Investment subsidies (Article 23-2)</b>	<ul style="list-style-type: none"> <li>- A company in the manufacturing industry for not less than three years, At least 20 regular employees and investment of not less than KRW 30 billion, Employ 50 new employees or more</li> </ul>	<ul style="list-style-type: none"> <li>- Within 20% of investment</li> <li>- KRW 5 billion limit</li> <li>- Land purchase, factory construction, facility installation</li> </ul>

※ Payable within the budget

### Special support for large-scale investment companies, etc., (Article 26)

- Large-scale Investment Companies: supportable up to KRW 10 billion within budget
  - Target : Companies with investment of not less than KRW 100 billion or at least 500 regular employees

### Small and medium enterprise support (Article 10, Article 15)

- Working capital : General KRW 300 million, preferential KRW 500 million
- Facility fund : General KRW 500 million, preferential KRW 700 million won

# Tax Support for Domestic Companies

## National tax

### ■ Corporation transferring factory and headquarters outside the metropolitan area (Article 63-2 of the Restriction of Special Taxation Act)

#### Reduction subject

- A corporation continuing its operation in the metropolitan area overpopulation control zone for not less than three years with factory facilities, and or a corporation with headquarters for not less than three years, and:
- Transfer all of the factory facilities or head office out of the metropolitan area

**Reduction scope :** 100% exemption of corporate tax for 5 years, 50% reduction for 2 years thereafter

**Application deadline :** December 31, 2020

## Local tax

### ■ Industrial complex (national industrial complex) resident company (Article 78 (4) of the Restriction of Special Local Taxation Act)

#### Reduction subject

- Real estate acquired by a person who intends to build or expand industrial buildings
- Real estate acquired by repairing industrial buildings, etc.

#### Reduction range

- Acquisition tax
  - Land : When acquiring land without building
  - Building : A. In the case of new construction or enlargement of buildings (only for area increase) ⇒ 75% reduction of acquisition tax
  - B. When repairing existing buildings ⇒ 40% reduction of acquisition tax
- Property tax : 75% reduction for 5 years

**Application deadline :** December 31, 2019

### ■ Tax reduction for the transfer of factories to the province (Article 80 of the Restriction of Special Local Taxation Act)

**Reduction subject :** Real estate acquired in order to continue the business by closing the factory in the metropolis (overpopulation control zone) and transferring to a location outside the metropolitan area

**Reduction range :**

- Acquisition tax 100% exemption
- 100% exemption from property tax for 5 years, 50% reduction for 3 years thereafter

**Application deadline :** December 31, 2021





# ENVIRONMENT

## Gumi City's Support for Business Activities

- ★ Industry and Cluster
- ★ Support for R&D
- ★ Education and Workforce Supply
- ★ Employment Environment
- ★ Residential Environment

*Design a **new future** in  
the business-friendly city, **Gumi!***





# Industry and Cluster

## — Current Industrial Status

The Gumi National Industrial Complex was established as part of the Korean government's policy in the early 1970s to boost the export business, making Gumi the home of the country's largest inland high-tech export industry complex.

Located in Gumi at present are Complexes 1 to 4 (24.4km<sup>2</sup>), the Goa / Haepyeong / Sandong agro-industrial complexes, as well as small-scale stand-alone type factories. In total, there are 3,269 companies doing business in Gumi with a workforce of approximately 100,000.

The region's major products include smartphones, secondary cells, automotive parts, optics, semiconductors, solar cells, etc., and Gumi exported a total of US\$ 25.9 billion, or 3.7 percent of total national exports.

Also, the city is pursuing large-scale projects to prepare for the future, such as developing the Gumi Electronic Information Technology Complex to make the jump from a production center to an R&D center.

## — Establishment of Cluster

### Project Objective

To establish an advanced industrial ecosystem by expanding comprehensive business support such as high technology and researchers in the Gumi National Industrial Complex

### Project Details

- **Kumoh Techno Valley :** To attract big national projects such as mobile, IT-medicine convergence, 3D convergence industry, etc.
- **R&D Support :** To host various R&D institutions and develop expert manpower with industry-academia collaboration
- **Business Support : Institutions** Expert institutions to support business activities such as finance, management, HR, etc



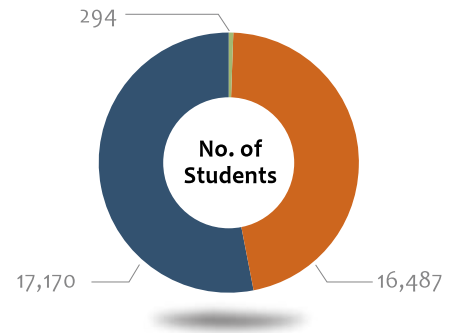
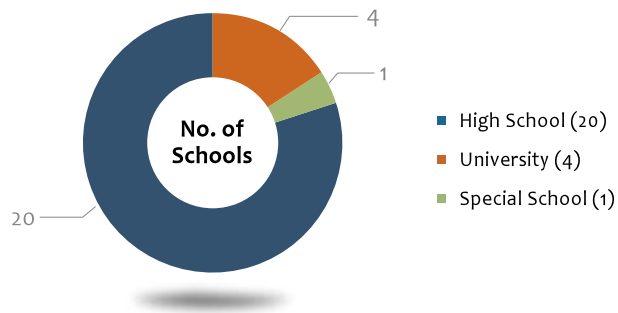
## Support for R&D



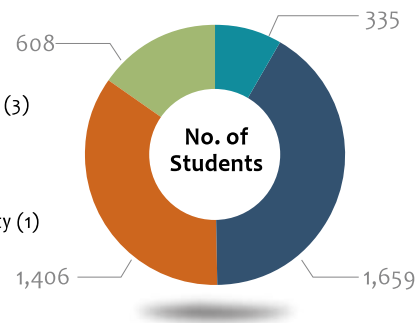
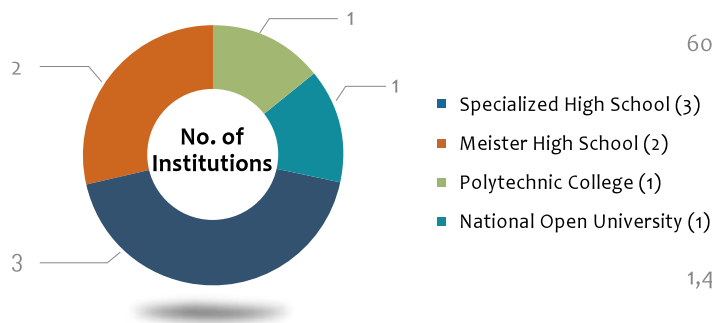
- **Gumi Electronics and Information Technology Research Institute(GERI)**  
Technology development and equipment support for small and medium-sized enterprises, support for industry-academia research cooperation, assistance for tests, analyses, evaluations, and certification  
→ A total of KRW 20.1 billion spent on support for procuring/installing approximately 200 types of equipment as well as support for entrepreneurship and startup incubation
- **Knowledge Industry Center**  
Support for Korea's leading high-tech specialized medical device production complex, and research equipment and facility-based manufacturing environment.  
Support for affordable flatted factory rental, certification for electronic medical field license, medical equipment industry R&D and equipment, and international cooperation.
- **Establishment of Mobile Convergence Technology Center**  
Completed in 2014, it supports mobile convergence technology standardization and international certification (largest mobile testing support center in Korea)
- **Biomedical IT Tech Research Center**  
A lab to provide companies manufacturing parts and materials for electronic medical devices-one of the nation's five strategic sectors-with R&D support  
Support for product R&D processes and test analysis/accreditation/evaluation; joint research with companies
- **3D Display Components Support Center**  
Supports 3D display component/material industry to secure high value-added fundamental technologies
- **Nationalizing Display Core Components Center**  
Supports accreditation, localization technologies and equipment utilization
- **General Business Support Center**  
Provides consultation on technology, management, etc. for small and medium-sized enterprises
- **Techno-Business Support Center**  
Operates 28 rooms in the Venture Zone; provides support for R&D, management consultation; supports entrepreneurship and startup incubation
- **Boosting R&D Competence for Small and Medium-sized Enterprises and Venture Businesses**  
Support technology development for core parts and materials; runs industry-academia cooperation projects (with five universities including the Kumoh National Institute of Technology; 11 projects in total)
- **Gyeongbuk Creative and Innovation Center**  
Supports local characteristic-based creative economy projects and fosters business growth for SMEs, etc.
- **Gumi Trade and Cooperation Office in Germany**(located in Wolfsburg)
  - Matters concerning economic cooperation such as business support, investment attraction, etc.
  - Creates overseas jobs for young people and promotes joint research and cooperative projects for future industries

## Education and Workforce Supply

### Educational Institutions

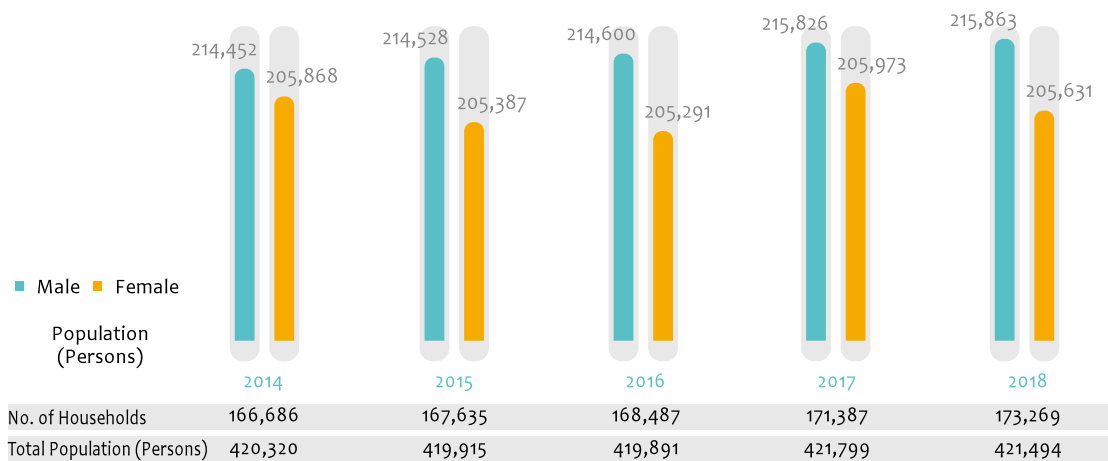


### Workforce Training Institutions



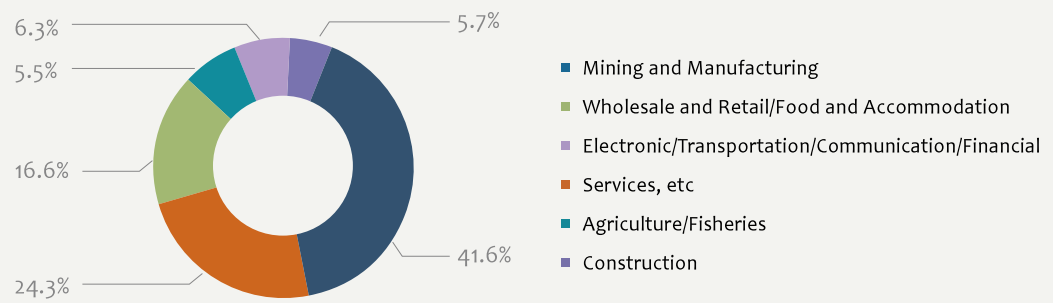
### Recent Population Change Trends

Of Gumi's total population, 80 percent are workers from out of town, the average age is low compared with other cities, and the population is constantly growing.

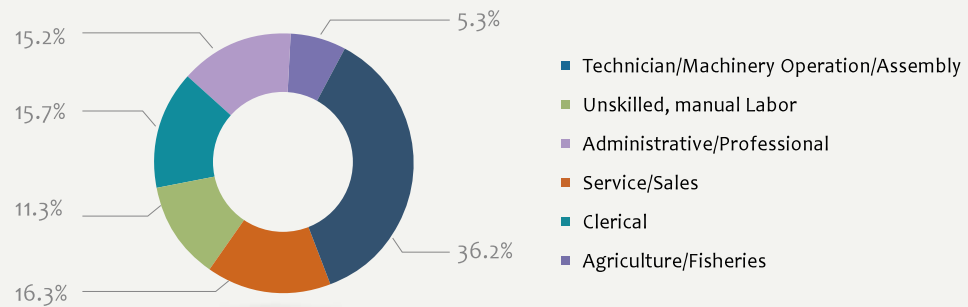


## Employment Environment

### Employment by Industry



### Employment by Occupation





# Residential Environment

## Medical Facilities

Total	General Hospital	Hospital	Clinic	Convalescent Hospital	Dental Hospital	Dental Clinic	Oriental Medicine Hospital	Oriental Medicine Clinic	Notes
423	3	8	210	7	5	100	1	89	

## Housing Costs (Apartment)

- Area for exclusive use (66㎡-99㎡) : KRW 100 million-200 million (lease deposit)
- Area for exclusive use (99㎡-132㎡) : KRW 150 million-250 million (lease deposit)

## Housing Supply Rate

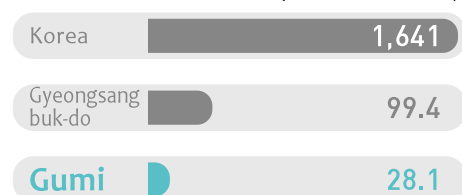
- 115% : Total 180,469 units (Detached Houses: 81,448 units; Apartments: 88,502 units; Other: 10,519 units)

## Amenities

- Large Stores : Dong-ah Department Store, Lotte Mart, E-Mart, Homeplus, etc.
- Hotels : 8 tourist hotels, motels, etc. (Total: 333)
- 2 golf courses, 124 golf driving ranges, 1 horse riding course, 4 swimming pools, 4 tennis courts

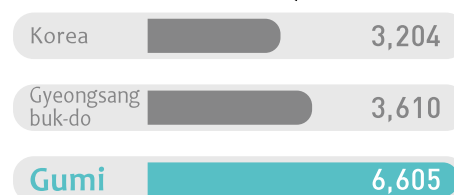
## Gross Regional Domestic Product (GRDP)

(Unit: KRW 1 trillion)



## Per Capita GRDP

(Unit: KRW 10,000)





## Gumi Information Map

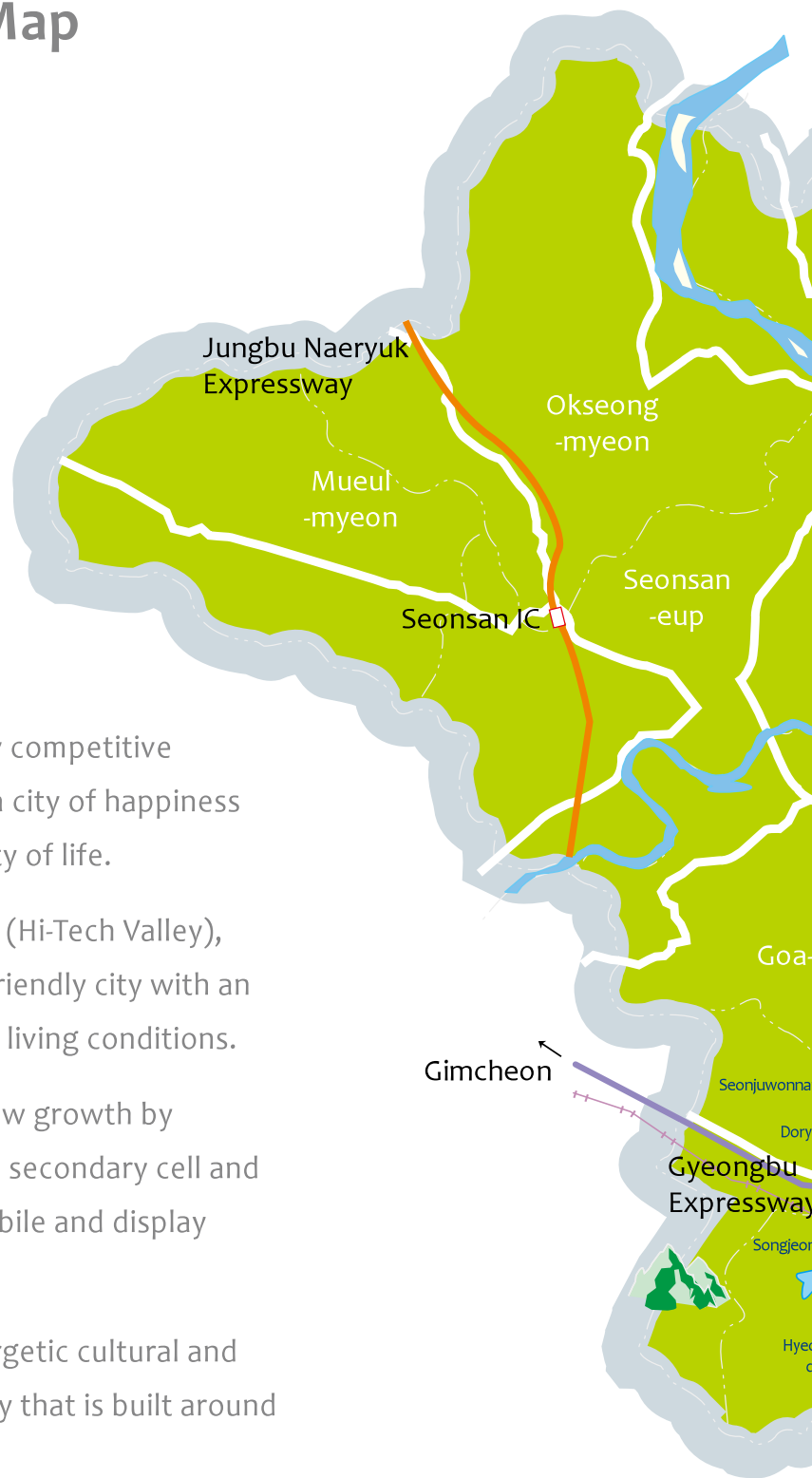
Gumi is aiming to become a globally competitive business city and at the same time a city of happiness and change with an improved quality of life.

With the construction of Complex 5 (Hi-Tech Valley), Gumi is building the best business-friendly city with an expanded living base and enhanced living conditions.

Gumi is laying the foundation for new growth by hosting such industries as solar cell, secondary cell and materials while centered on the mobile and display industries.

Gumi is redesigning itself as an energetic cultural and sports city as well as a waterside city that is built around the beautiful Nakdonggang River.

Join us on the road to new growth in Gumi!





*Positive Innovation, Vibrant Gumi*

*Experience a happy change together with Gumi!*





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