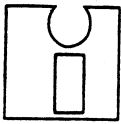


WIPO-IFIA/SEL/02/8

ORIGINAL:English

DATE:December2002



INTERNATIONAL FEDERATION OF
INVENTORS' ASSOCIATIONS



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

**WIPO-IFIA INTERNATIONAL SYMPOSIUM ON
THE COMMERCIALIZATION OF INVENTIONS
IN THE GLOBAL MARKET**

organized by
the World Intellectual Property Organization (WIPO)
and
the International Federation of Inventors' Associations (IFIA)
in cooperation with
the Korean Intellectual Property Office (KIPO)
and
the Korea Invention Promotion Association (KIPA)

Seoul, December 4 to 7, 2002

PARTNERING WITH VENTURE CAPITALISTS (VCS) AND FINANCING THE DEVELOPMENT AND
COMMERCIALIZATION OF INVENTIONS
DEVELOPMENT OF THE KOREAN VCS AND INTRODUCTION OF THE KTBNETWORK

*Document prepared by Mr. Yoon-Guk Ban, Executive Vice-President and Director,
Venture Investment Division, KTBnetwork Company Ltd., Seoul*

Contents

? . Development of the Korean VC Industry

- History of the Korean VC Industry
- Growth of the Korean VC Industry
- VC Investment Statistics

? . Introduction of KTBnetwork

- General Information / KTBnetwork's Investment Performance
- Major Factors of Evaluation / Value-up Service Infra

We Work for Your Dream

? Development of the Korean VC Industry

We Work for Your Dream

1. History of the Korean VC Industry

Origin
(~'96.6)

- Establishment of VCs - KTAC('74), KTDC ('81)
- Legislations for supporting small business start-up('86)
- Showing-up of successful high tech start-ups – Medison, Mirae, etc.

Building Foundation
('96.7 ~ '99.2)

- KOSDAQ – an exit market for high tech companies ('96.7)
- Special Act for establishing and supporting venture companies ('97)

Expansion
('99.2 ~ '00.4)

- Expansion of KOSDAQ and increase of IPO
- Rapid growth of venture capital (no. & investment amount)

Depression
('00.4~)

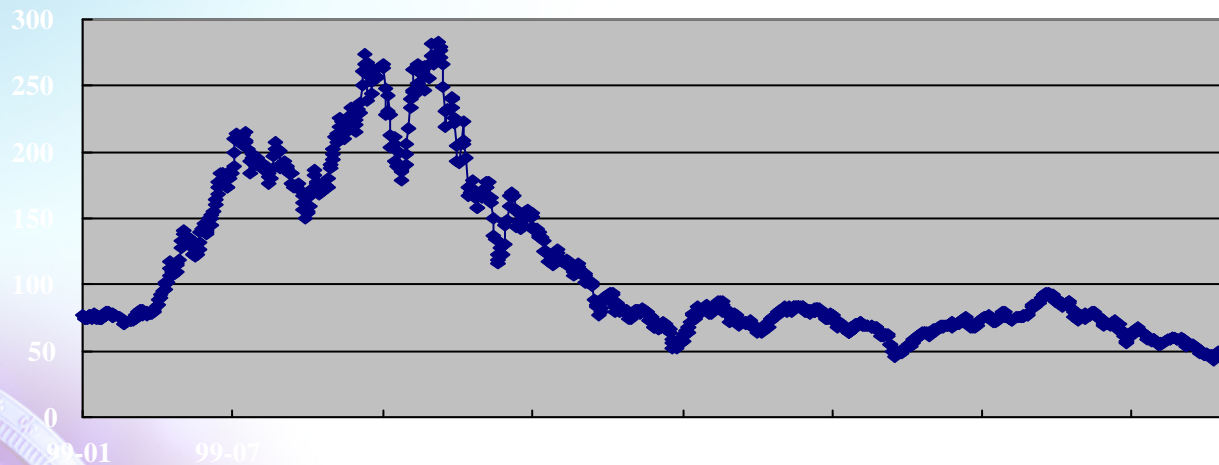
- Collapse of bubble (2000.4.17 black monday)
- Depression of IPO market and decrease in investment

? Development of the Korean VC Industry

We Work for Your Dream

2. KOSDAQ Market

< KOSDAQ Index >



- Declining since May 10, 2000 (Highest Index : 292.55)
- Depressed IPO market since bubble of IT burst
(No. of IPO : 187('00) ? 170('01) ? 131(~'02.10))

? Development of the Korean VC Industry

We Work for Your Dream

3. Growth of the Korean VCs

(Unit : KRW billions)

Classification		1998	1999	2000	2001	2002.6
Number of VCs		72	71	142	145	134
Fund Raising	No. of funds	15	82	194	90	42
	Amount	75	639	1,545	780	308
Investment (Balance)		405	1,094	3,365	4,102	4,177

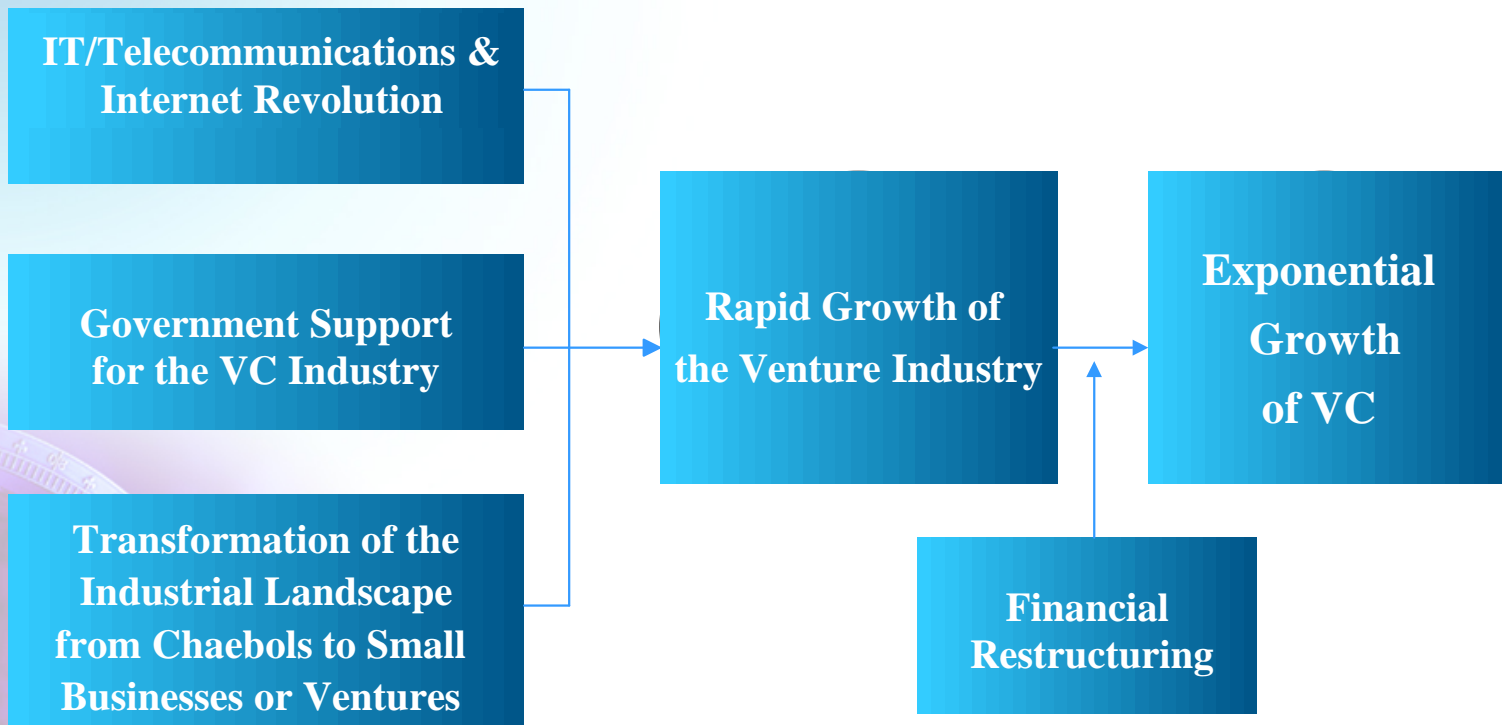
Notes: 1. Only for the VCs under the supervision of SMBA(Small & Medium Business Administration)

2. Source : Korean Venture Capital Association

? Development of the Korean VC Industry

We Work for Your Dream

4. Major Factors Impacting the Growth of VC Industry



? Development of the Korean VC Industry

We Work for Your Dream

5. VC Investment Statistics (1998~2001)

Classification	Description
Total Invest Amount	KRW 3,750 bil (3,274 Companies)
Average Amount Invested per an Investee	KRW1.2 bil
Average Share Rate per an Investee	12%
Average Payback Period	2.1 years
Average Length since establishment	2.4 years
Success of IPO	223 (Totally 587 Listed on KOSDAQ)

Notes: 1. Only for the VCs under the supervision of SMBA

2. Source : SMBA

? Development of the Korean VC Industry

We Work for Your Dream

6. VC Investment by Industry

1998~2001

Classification	No. of Investee	(%)	Amount invested(KRW bil)	(%)
Information Tech.	1,971	(60.2%)	2,437	(65.0%)
Bio Tech.	170	(5.2%)	175	(4.7%)
Environment Tech.	58	(1.8%)	58	(1.6%)
Energy and Resources	6	(0.2%)	3	(0.1%)
Other Manufacturing	585	(17.9%)	537	(14.3%)
Entertainment	122	(3.7%)	214	(5.7%)
Others	362	(11.1%)	323	(8.6%)

Notes: 1. Only for the VCs under the supervision of SMBA

2. Source : SMBA

? Development of the Korean VC Industry

We Work for Your Dream

7. VC Investment Comparison to US

2001

Classification	US	Korea
Communications	28%	20%
Electronics	4%	17%
Semiconductors	6%	10%
Software	22%	14%
Information Service	7%	8%
Biopharmaceuticals	7%	6%
Medical and Health	9%	3%
Others	17%	22%

Notes: Source : PWC, Soft Bank Research

? Introduction of KTBnetwork

We Work for Your Dream

1. General Information

- Largest VC firm for the past 21years since its establishment

History

- 1981. 5 Establishment
- 1996.11 Listed on KSE
- 1999. 3 Privatization

Financial Performance

(Unit : KRW billions)

Classification	1999	2000	2001
Operating Revenue	519	497	165
Total Assets	2,200	1,659	1,157
Stockholders' Equity	697	352	345

? Introduction of KTBnetwork

We Work for Your Dream

2. KTBnetwork's Investment Performance

Annual New Investment		(Unit : KRW billions)			
Classification	1999	2000	2001	2002.6	
Venture Investment	135	320	93	27	
Corporate Restructuring	53	186	97	51	
Total	188	506	190	78	

As of June 30, 2002		Investment Balances	2002.6
		Venture Investment	459
		Corporate Restructuring	203

? Introduction of KTBnetwork

We Work for Your Dream

2. KTBnetwork's Investment Performance

Performance

Classification	1981 ~ 2000 (for 20 years)	1986 ~ 2000 (for 15 years)	1991 ~ 2000 (for 10 years)	1996 ~ 2000 (for 5 years)
IRR	27.7%	30.1%	47.4%	69.1%
ROI	175.0 %	177.0%	194.9 %	215.8 %

IPO

Classification	'81~'98	'99	'00	'01	'02.10	Total
KSE	14	4	-	-	-	18
KOSDAQ	78	19	23	23	13	156
NASDAQ	3	4	5	-	-	12
Total	95	27	28	23	13	186

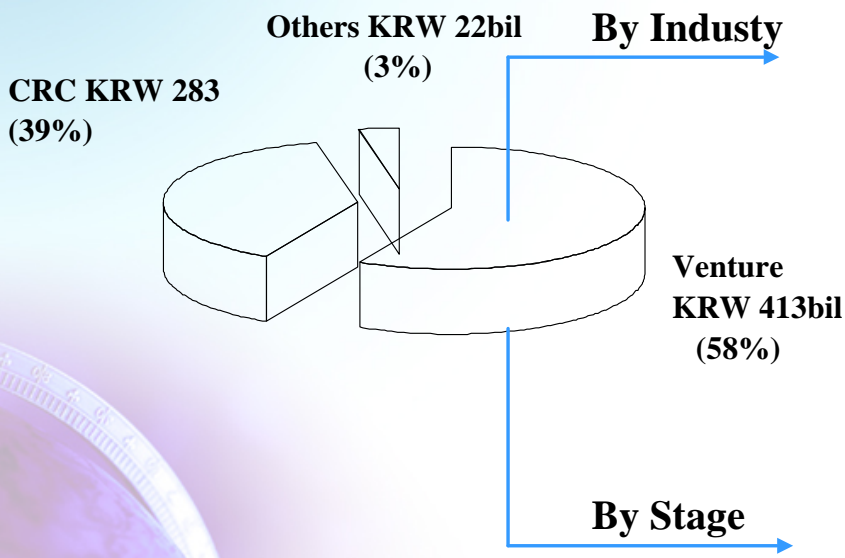
? Introduction of KTBnetwork

We Work for Your Dream

2. KTBnetwork's Investment Performance

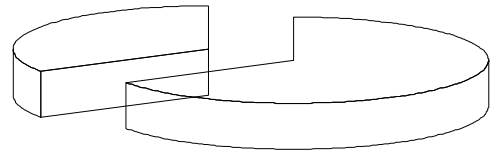
2000~2001

- Total Amount Invested : KRW 718bil



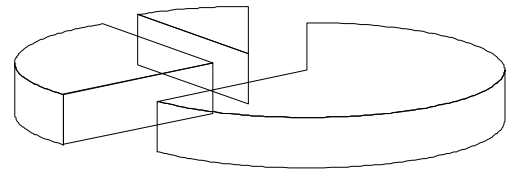
By Industry

Industry	Amount (KRW)	Percentage
Non-IT	140	34%
IT	273	66%



By Stage

Stage	Amount (KRW)	Percentage
More than 8years	37	9%
Less than 3years	264	64%



By Stage

Stage	Amount (KRW)	Percentage
3~8years	112	27%

? Introduction of KTBnetwork

We Work for Your Dream

3. KTBnetwork's Venture Portfolio by Industry

(Unit : KRW billions)

Industry	New Invest (2001)	(%)	Balance (as of 12.31, 2001)	(%)
Communications	48	(52.0%)	243	(51.8%)
Semiconductors	7	(8.0%)	27	(5.9%)
Internet	4	(4.0%)	38	(8.1%)
Machinery	3	(2.7%)	22	(4.8%)
Bio / Environment	6	(6.7%)	25	(5.4%)
Entertainment	16	(17.3%)	55	(11.7%)
Others	9	(9.3%)	59	(12.5%)

? Introduction of KTBnetwork

We Work for Your Dream

4. KTBnetwork's Venture Portfolio by Stage

(Unit : KRW billions)

Industry	New Invest (2001)	(%)	Balance (as of 12.31, 2001)	(%)
Less than 1year	26	(27.8%)	174	(37.1%)
1~3years	30	(31.8%)	125	(26.6%)
3~5years	15	(16.2%)	65	(13.8%)
5~10years	15	(16.5%)	80	(17.0%)
More than 10years	7	(7.7%)	25	(5.4%)

? Introduction of KTBnetwork

We Work for Your Dream

5. Investment Decision Process

Identification of Funding Needs

Inspection, Evaluation and Due Diligence

Valuation and Negotiation

Investment Committee

Decision Making, Signing Contract and Financing

Value up Service and EXIT

? Introduction of KTBnetwork

We Work for Your Dream

6. Major Factors of Evaluation

Profitability

- Revenue/Profit Projection, Market Size
- Competitors, Entry barrier
- Benchmarking Similar Listed Co.

Core Competitive Power

- Technical Entry Barrier
- Maintaining Competitive Advantages
- Human Resources for R&D

Others

- VC's Investment Policy
- Payback Period

Management

- Experience and Background
- Personality, Morality
- Cooperativeness with VC

? Introduction of KTBnetwork

We Work for Your Dream

7. Value-up Service Infra

? Step	Development	Start-up	Growth	Maturity
? Service	- Review of Technology and Market	- Establishment of Business Plan	- Marketing - Human Resource Services	- IPO - Value-up
? Value-up Infra	<ul style="list-style-type: none"> · KTB-i · Venture Advisory · Internet Advisory · E-Business evaluation center 	<ul style="list-style-type: none"> · Venture Investment · Law/Tax Consulting · Business Consulting 	<ul style="list-style-type: none"> · KTBnetwork · Fund Raising · Human Resources 	<ul style="list-style-type: none"> · Listing on KSE/KOSDAQ · IR / PR · Marketing/Promotion · M&A

We Work for Your Dream

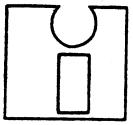
Thank you

KTB network

• 822-3466-2000

• www.ktb.co.kr

KTB network



INTERNATIONAL FEDERATION OF
INVENTORS' ASSOCIATIONS



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

WIPO-IFIA INTERNATIONAL SYMPOSIUM ON THE COMMERCIALIZATION OF INVENTIONS IN THE GLOBAL MARKET

organized by
the World Intellectual Property Organization (WIPO)
and
the International Federation of Inventors' Associations (IFIA)
in cooperation with
the Korean Intellectual Property Office (KIPO)
and
the Korea Invention Promotion Association (KIPA)

Seoul, December 4 to 7, 2002

PARTNERING WITH VENTURE CAPITALISTS (VCS) AND FINANCING THE DEVELOPMENT AND
COMMERCIALIZATION OF INVENTIONS
DEVELOPMENT OF THE KOREAN VCS AND INTRODUCTION OF THE KTB NETWORK

*Document prepared by Mr. Yoon-Guk Ban, Executive Vice-President and Director, Venture Investment Division,
KTBnetwork Company Ltd., Seoul*