

Improvement

Globalization

Innovation

Association of High Potential Enterprises of Korea

Sustainable growth

Employment

ahpek

A new driving force of the Korean economy, High Potential Enterprises!

As the economic growth paradigm of the world is changing, High Potential Enterprises (HPEs) are receiving more attention. High Potential Enterprises have shown steady growth through high-quality independent technology and become the new driving force for the Korean Economy. Through high economic prosperity and diversified social contributions, High Potential Enterprises will open the new future of harmonious development for Korea.

4,014

There are 4,014 High Potential Enterprises (HPE).
They take up 0.1% of the total number of enterprises in Korea.
(based on fiscal year 2016)

115 thousand

There are 115 thousand workers employed in HPEs.

They cover 5.5% of the total employment in Korea.

\$639 billion

The total revenue of USD 639 billion is created by HPE.

This is 14.5% of the total sales of Korea.

* The firms which surpass the scope of Small- & Medium-sized Enterprises (SMEs) defined by the Framework Act on Small and Medium Enterprises, but are not included in the business groups subject to the limitations on mutual investment.

The Association of High Potential Enterprises of Korea, The growth pacemaker of High Potential Enterprises

530

The 530 member companies are under AHPEK.

AHPEK is the sole economic entity that represents HPEs in Korea. (As of June 2018)

41,876
student participations in "Better Understanding HPE" lectures and consultations

13,025
student participations in the "Hope Connection Project"

10,260
HPE CEO participations in the "HPE CEO Breakfast Lectures"

1,600
HPE employee participations in the "Nurturing Core Manpower of HPE Academia"

1,196
HPE employee participations in the "Strategic Forum for Creating Distinguished and Longstanding HPE"

The Association of High Potential Enterprises of Korea (AHPEK) is the sole legal economic entity representing High Potential Enterprises of Korea. Rising above its scope as the member association, AHPEK undertakes various tasks to improve the general management environment for High Potential Enterprises and to reinforce Korea's economic competitiveness.

Relevant Systems for HPEs Improvements

Extended support for tax deductions on HPEs

R&D

Tax deduction on R&D costs for new growth technology

HPEs and large enterprises 20-30%, KOSDAQ listed HPEs 25-40%, SMEs 30-40% (until Dec. 31, 2021)

Adoption of patent deduction system

Supporting intellectual property right litigation and dispute expenses for HPEs and SMEs

Employment

Newly established employment incentive tax deduction

For each addition of a regular worker HPEs KRW 4.5 million, SMEs KRW 7-7.7 million. For each addition of a young or handicapped worker SMEs KRW 10-11 million, HPEs KRW 7 million, LEs KRW 3 million (until Dec. 31, 2021)

Special tax provision of the "Naeil Chaeum" deduction

HPEs: 30% reduction on employee income taxes, SMEs: 50% reduction on employee income taxes. Reduction amount included in deductible expenses (until Dec. 31, 2021)

Extended eligibility for the Additional Youth Employment Incentive

Extended eligibility includes HPEs as subjects for personnel expense support in cases of youth employment (until Dec. 31, 2021)

Implementation of "The Vision 2280 for HPEs"

Fostering 80 trillion won club enterprises with sales over KRW 1 trillion and 500 HPEs with export leaps by 2022, aiming for R&D budget support on a KRW 2 trillion scale

Implementation of KDB Global Challengers 200

Selecting 200 HPEs and pre-HPEs with superior technology and growth potential by 2022 to provide exclusive special funding amounting to KRW 2.5 trillion

Tackling challenges and stumbling blocks for HPEs

Improvements on 66 dichotomous laws, regulations, and systems

Amendment of the Special Act on Promoting the Growth of High Potential Enterprises and Strengthening Their Competitiveness

Expanded support for HPEs on technology protection, manpower support, overseas marketing, sales credit insurance, "Naeil Chaeum" deduction, etc.

Rationalization of tax deduction for family business succession

Allowing joint succession of HPEs with less than KRW 300 million in sales, easing conditions on maintaining core business (subdivision → categorization) Rationalization of an additional collection system for asset disposal (Total amount collection → scale-proportional collection)

Participation of startup HPEs in the competitive product market of SMEs

In the case an SME, which has participated in the procurement market for over 3 years, has grown into a high potential enterprise Allow 3 years for HPEs with less than KRW 200 million in sales

Adjustment in the range of business groups subject to the limitations on mutual investment (Large Enterprises (LEs))

Upward adjustment of asset baseline from KRW 5 trillion to KRW 10 trillion

Strengthening legal protection for HPE subcontractors

For HPEs with less than \$265 million in sales, provide subcontractor protection subject to the subcontracting payment

Expanding industrial function agents to HPEs

Industrial function agents (reservist status) are assigned to HPEs

Legal stipulation of preferential treatment for HPEs in trade insurance

Preparing the groundwork for preferential treatment for HPEs (insurance rates, insurance payment dates, etc.) in accordance with Article 8 Amendment 3 of the Act on Trade Insurance

AHPEK works to improve laws and systems that impede the sustainable growth of HPEs. By strengthening the communication channel with the government, National Assembly, interrelated organizations as well as academia and corporate experts, AHPEK searches for tangible resolutions to solve actual problems that arise at workplaces.

Improving irrational laws · systems to speed up the growth rate of HPEs

Pursuing rational improvement on legislation

Through various public-private councils including HPE Policy Meetings, Chief Technology Officer Meetings, and Chief Human Resources Officer Meetings, AHPEK pursues improvement on irrational legislation that hinders HPEs' growth.

Discovering “Stumbling Blocks” and improvement proposal

AHPEK identifies stumbling blocks that set back the management conditions of HPEs such as market outlets, taxation, finance, shared growth, location, labor, and environmental issues and urges the government through petitions on regulation improvement and policy discussions.

Actions taken towards the National Assembly and government ministries

AHPEK consistently monitors the changes in domestic and international economic conditions and the policy directions of relevant ministries on the enactment and amendment of major legislation, and searches for practical remedial measures through various communication channels such as National Assembly meetings and policy seminars with the government.



Empowering global competitiveness of High Potential Enterprises

Nurturing Core Manpower of HPE Academia

AHPEK provides HPEs and HPE candidates with specialized education for fostering vital human resources in sectors such as exports, overseas contracts, intellectual property rights, and R&D.

Expanding global network of HPEs

AHPEK establishes necessary global networks that will actually help the HPEs in building a global platform and also promotes projects to find partner enterprises and form investment pipelines.



Globalization

As global professional enterprises, the survival and growth of High Potential Enterprises in the global market begins with securing competitiveness. AHPEK strengthens the competency of human resources through education to improve HPEs' global competitiveness and effectively supports HPEs' expansion into the global market utilizing its wide-spread network of overseas government ministries and related organizations.

Supporting innovative management of HPEs

Innovation is not a choice but a necessity. Enterprises must put efforts not only into understanding the global economic conditions and realizing the values of economic coevolution by sharing refined technologies but also, fostering general understanding of the HPEs' socioeconomic status. As a reliable assistant to creating innovative management for HPEs, AHPEK will become a strong foothold through providing various projects for HPEs to takeoff into the future.



HPE CEO Breakfast Lectures

Through high-quality lectures and discussions hosted by experts in fields of politics, economics, humanities, and sociology, AHPEK provides CEOs of HPEs with keen insight for innovative management.

HPE Technology Distribution and Innovation Support

Supporting essential liaison projects on technology transfer and commercialization of HPEs and SMEs and aids in technological exchange and cooperation-based innovation through HPE CTO Meeting, etc.

Innovative Industry Movement

By utilizing the financial resources of HPEs and LEs, AHPEK strengthens technological innovation and productivity of cooperative SME subcontractors, and disseminate the economic · ethical values of enterprise cooperation and win-win partnership.

PR Support Service of HPEs

AHPEK supports publicity, online promotion, and crisis management and improves communication environments in HPEs through the HPE PR Cooperation Network.

Creating a foundation for sustainable and long-term economic development

The longstanding HPEs provided unwavering support for the steady growth of the Korean economy and they are the only hope, which will continue the history and tradition of Korea's unprecedented economic development. By discovering and fostering time-honored businesses, AHPEK establishes a long-term foundation for Korea's economic growth, supports efficient business reorganization of HPEs, and helps discover new growth engines.

Sustainable growth

Support for Family Business Succession in HPEs

Through government projects such as research services, factual surveys, and "Strategic Forum for Creating Distinguished and Longstanding HPE" that promote family succession of HPEs, AHPEK promotes social recognition of family business succession as "a transfer of entrepreneurship and accountability for long-lasting enterprises" and seeks effective policy measures.

Operating Confirmation System for Distinguished & Longstanding Enterprises

As a registration organization exclusively representing HPEs in the "The Time-honored Business Program" of the Ministry of SMEs and Startups, AHPEK provides services that support harmonious growth of distinguished & longstanding enterprises.

Empowerment support for Young CEOs of HPEs

To set the groundwork for development and longevity, AHPEK provides future HPE leaders with capability-enhancing programs to help develop and implement key growth strategies and offer management insights.

Support for M&A of HPEs

As a hub of HPE M&As, AHPEK built · operates wide-ranging, domestic and international M&A information network and offer consultations on business reorganization tailored to specific industrial demands.

Connecting enterprises with youth, creating a happy livelihood for all

Growth without employment is the end of economic development. There is no hope when youths cannot find their job career. AHPEK provides opportunities for sound HPEs to meet excellent talent, provides mutual support to both enterprises and job seekers to resolve such issues as job mismatch.



Employment

Building infrastructures to introduce talents to HPEs

AHPEK establishes the foundation for drawing in outstanding talent into HPEs through HPE recruitment fairs, campus scouts, "Better Understanding HPE" lectures, and exhibition contests promoting awareness on HPEs.

Support to expand and root simultaneous work-study system

As an exclusive support organization for the simultaneous work and study system, which aims to foster excellent working-level talents, AHPEK carries out a variety of support work to effectively expand and firmly root the simultaneous work and study system.

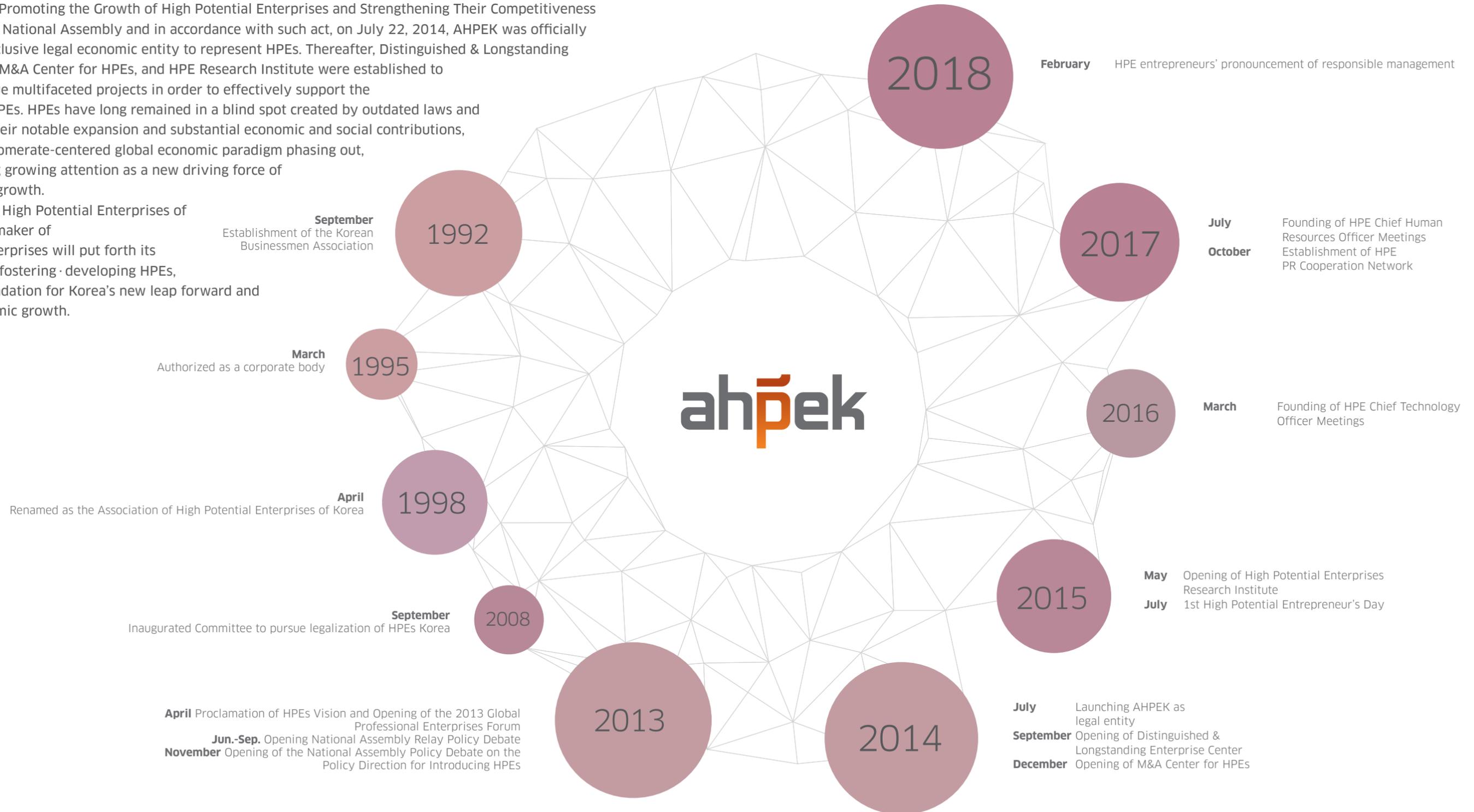
"Hope Connection Project"

AHPEK provides information on outstanding local HPEs · SMEs to excellent local talents via creating a local enterprise information system and visitation and also, operates programs to strengthen and connect employment capacity.

The History of HPEs' Advancement is newly beginning!

The Association of High Potential Enterprises of Korea (AHPEK) took its first step as the Korean Businessmen Association in 1992. Since then, AHPEK has continuously endeavored to foster · develop High Potential Enterprises (HPEs) which are the waist support of the Korean economy. At the end of 2013, the Special Act on Promoting the Growth of High Potential Enterprises and Strengthening Their Competitiveness was passed by the National Assembly and in accordance with such act, on July 22, 2014, AHPEK was officially launched as an exclusive legal economic entity to represent HPEs. Thereafter, Distinguished & Longstanding Enterprise Center, M&A Center for HPEs, and HPE Research Institute were established to aggressively pursue multifaceted projects in order to effectively support the advancement of HPEs. HPEs have long remained in a blind spot created by outdated laws and systems despite their notable expansion and substantial economic and social contributions, but with the conglomerate-centered global economic paradigm phasing out, HPEs are receiving growing attention as a new driving force of Korea's economic growth.

The Association of High Potential Enterprises of Korea as the pacemaker of High Potential Enterprises will put forth its greatest efforts in fostering · developing HPEs, which are the foundation for Korea's new leap forward and sustainable economic growth.



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