



Gateway to Global e-Trade www.ktnet.com



"Go digital or die" mirrors revolutionary change in the global trade paradigm. **KTNET**, as an oasis and trailblazer for e-trade services and solutions, is responding immediately to the needs of the times. Its strengths are rooted in a vast accumulation of success-driven experience and hands-on expertise in cutting-edge digital networking and technology.



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A Guiding Star for Paperless Trade

KTNET is the No. 1 address for the Korean e-trade drive, shining brightly as the guiding star for paperless trade, seamless integration and trade competitiveness. Since its founding in 1991, **KTNET** has devoted itself to realize paperless trade and is now playing a leading role in reducing auxiliary trade expenses through digitalization of an EDI-type system and online distribution of about 300 kinds of export/import documents. KTNET is preparing a new dimension of diversified global e-trade services, including the Pan-Asian e-commerce Alliance (PAA), ASEM e-Trade Network and Northeast Asian GSCM (Global Supply Chain Management) platform. As an Internet-based e-trade promoter, KTNET is also spearheading establishment of national trade infrastructure.

Realize e-Trade Dream via Single Global Window

Today, e-transformation is the cornerstone of innovation in domestic and international business communities amid a paradigm change driven by three megatrends -- digitalization, globalization and informationization. Realizing a single global window for e-trade is a basic element of e-transformation and a goal that represents common prosperity for everyone around the world.

The establishment of a successful global e-trade network is of paramount importance to seamless trade process innovation, whose benefits are wide and deep.

Against this backdrop, KTNET is committed to the pursuit of international cooperation, collaboration and coordination to build the 21st century Silk Road. KTNET initiatives are designed to spread awareness of e-trade as a mutually beneficial proposition for all traders across the world.

We respectfully request your support and participation in this dream by providing us with feedback and advice as we move forward in our efforts to achieve a single global e-trade window.

Sincerely,



Ryu Chang Moo
KTNET CEO & President

History

1991 - 1996

Preparation Period

- + Company established
- + Law concerning promotion of trade business automation enacted (Dec. '91)
- + Designated as trade automation business firm (Nov. '92)
- + Concluded a basic agreement with Korea Customs Service for set-up and operation of an EDI-type customs-clearance automation system (Nov. '92)
- + Executed trade automation service model projects and commenced services
 - Export/import approval, L/C and export/import clearance sectors (Jan. '94)

1997 - 2000

Growth Period

- + Surpassed 10 billion won in sales (11.7 billion won) (1997)
- + Put trade automation projects into full-scale operation
 - Commercial, foreign exchange & customs clearance, logistics sector services
 - DB service related to customs clearance
- + Selected exemplary trade automation practices and reported to the President of Korea
- + Launched Internet-style EDI (eXedi) service

2001 - 2002

Transition Period

- + With its spread into every stratum of society, the Internet, a newly emerged communications platform, was adopted for use as a means of supporting commerce
- + Domestic dissemination of the Internet
 - Internet population -- about 20 million
 - Super high-speed network access -- about 7 million households
 - Number of e-marketplaces -- about 200
 - Cyber stock transactions -- 70% of total
 - Internet banking users -- 7.5 million

2003 - 2006

Take-Off Period

- + Propelled by the effects of the business strategies in the transition period, KTNET makes a substantial leap in development and growth
- + Registered a surplus in the balance of payments for six consecutive years (Dec. 2004)
- + Declared KTNET Vision 2007, 'Global e-Trade Partner' (March 2005)

Vision 2007

Global e-Trade Partner

Vision 2007

Global e-Trade Partner

-- Growing Together With Clients --

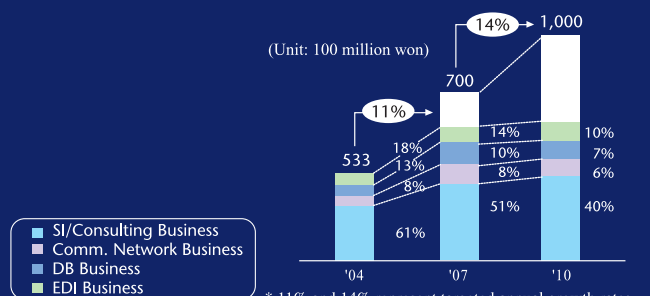
Management Goals

- Establishment of World's First-Rank e-Trade Infrastructure
- Creation of New Profit Sources through Diversification and Globalization of Services
- Provision of Services with Priority on Client Value
- Enhancement of Employees' Capabilities and Continued Promotion of Innovation

Management Plans

- Customer-Satisfaction Management
- Identification of New Services
- Realization of a Vibrant Organization
- Enhancement of Employees' Ability

Sales Targets



Gateway to Global e-Trade

'Trade Automation' means realizing paperless trade processes by converting various export/import-related administrative and commercial document formats into e-documents that computers can recognize and by exchanging e-documents.

KTNET has automated all processing procedures related to commerce, foreign exchange, customs clearance, logistics, etc. under an EDI format, established a trade automation network linking trading firms and related organizations and is providing trade automation services.

Progressing from the previous CS (Client-Server) environment, KTNET has expanded the breadth of choices enabling processing of all trade affairs via the Internet. Customers can also experience the true nature of e-trade through KTNET's recently reborn e-trade portal, Tradeworld.com.

Through KTNET's Internet services, trading firms now can process all trade transactions from identification of business partners to customs clearance, logistics, settlement of payment, etc. and further overseas transactions between nations on a 24-hour basis.





KTNET Services

- e-Tradeframe
- e-Customsframe
- e-Logisframe
- c-Tradeinfo
- Other Services

24-Hr Non-Stop Paperless Trade System

With all its partners, KTNET provides automated document processing service centering on trading firms through paperless e-document exchanges that support trade procedures related to exports and imports.

• e-Tradeframe Services

Exports	Export L/C advice, local L/C (open/advice)/tax bill sheet/firm offer, C/O (certificate of origin), export L/C negotiation, T/T (advice of receipt, export advance payment/deposit/request for drawback), export approval, etc.
Imports	Standard preliminary customs clearance report (confirmation of import conditions/clearance schedule report), opening of import L/C, T/T, import L/G, arrival notice of shipping documents, advice of import cargo discount details, etc.
Common to Both	Settlement of payment for exports and imports, tax calculations

• e-Civil Petition Service for Confirmation of Export/Import Requirements

This is an e-civil petition service provided in the form of EDI via the Internet that processes documentary transactions, recommendations, approvals, etc. occurring between traders and agencies that confirm export/import requirements. Without physically visiting the agencies, traders can conduct desired transactions through KTNET, thereby saving considerable time and expenses.

• Integrated Trade Management Solution

As an Internet-based solution, it enables traders to link it with their internal systems and to process trade transactions on a package basis due to excellent extensionability and provides greater export competitiveness by maximizing expense reduction effect through cost saving. This solution supports automation of all trade documents and also enables integrated operation with corporate ERP or legacy systems as a worldwide solution with a built-in trade-specialized process that can be utilized regardless of place.

Obtain Customs Clearance From Your Desk

For simplification of customs clearance procedures and quick distribution of customs clearance information, KTNET has automated all export and import-related customs clearance procedures jointly with Korea Customs Service (KCS) to help traders reduce required time and expenses.

• e-Customsframe Services

Export Customs Clearance	Export declaration, request for export correction/withdrawal request for temporary customs office for export, notification of unloaded cargo, notification on supplementation of export
Import Customs Clearance	Import declaration, price declaration, application for tariff reduction/exemption (installed payment), application for correction of import declaration, import tax bill calculation sheet, electronic issuance of import tax bill, information on revised tax amount, request for temporary customs office for import
Common to Both	Customs clearance/overseas supplier code application, comprehensive information on party responsible for error and inquiry into error status by responsible reason
Tariff Refund	Tariff refund application, raw materials tax payment certificate application, division certification application, settlement of application, application for confirmation of imported raw materials for export goods subject to tariff refund, basic raw materials' tax payment certificate
Requirement Confirmation	Notification on export/import approval results, allocation & concession recommendation results, inspection & quarantine results, approval/recommendation/customs clearance/inspection & quarantine results

• Free Automated Guide Service on Customs Administration Information

In line with expansion of Korea Customs Service's automated guide system for its administration, KTNET provides traders with 'Customs Administration Web Mail Service' free of charge, covering 16 export and import customs clearance-related tasks, including implementation of export shipment.



Logistics Process Innovation

To ensure efficient cargo handling and to simplify various customs declaration procedures, KTNET converted all cargo processing procedures, ranging from cargo entry by ship and airplane to offloading, bonded transportation, storage, customs clearance, etc., into electronic format.

• e-Logisframe Services

Airline	Report on port entry/exit, submission of crew/passenger list, submission of compiled cargo list, abnormality report on disembarkation
Shipping Company	Report on port entry/exit, disembarkation report, submission of compiled cargo list, correction report on export/import cargo list
Forwarder	Tender of port entry/exit information, compilation of cargo list, cargo assignment, issuance of D/O (Delivery Order)
Bonded Transportation	Tender of cargo information, submission & approval of bonded transportation, application for bonded transportation prior to port entry, correction report on bonded transportation & notification on results
Bonded Warehouse	Tender of cargo information, notification on entry/exit of bonded cargo
Bonded Store	Notification on entry/exit of bonded cargo, notification on bonded transportation of cargo for bonded store
Inspection Company	Cargo inspection
Quarantine Office	Tender of cargo information on plant & animal quarantine
Bank	Open account (O/A) settlement, L/G for import cargo
Customs Broker	Tender of port entry/exit information, import report prior to port entry of cargo, tender of cargo information

• MFCS (Manifest Consolidation System) Service

KTNET provides a service supporting shipping companies, airlines, charterers and forwarders so that they can compile MFCS (consolidated export/import cargo manifest) and submit this document to customs easily and conveniently.

• e-D/O Service for Ocean Import Cargo

To reduce the risks of counterfeit or forged documents and to enhance work efficiency, KTNET processes four kinds of transactions online - request for D/O (Delivery Order), agreement on bonded transportation, application for own transportation and agreement on D/O - required for processing of import cargo.

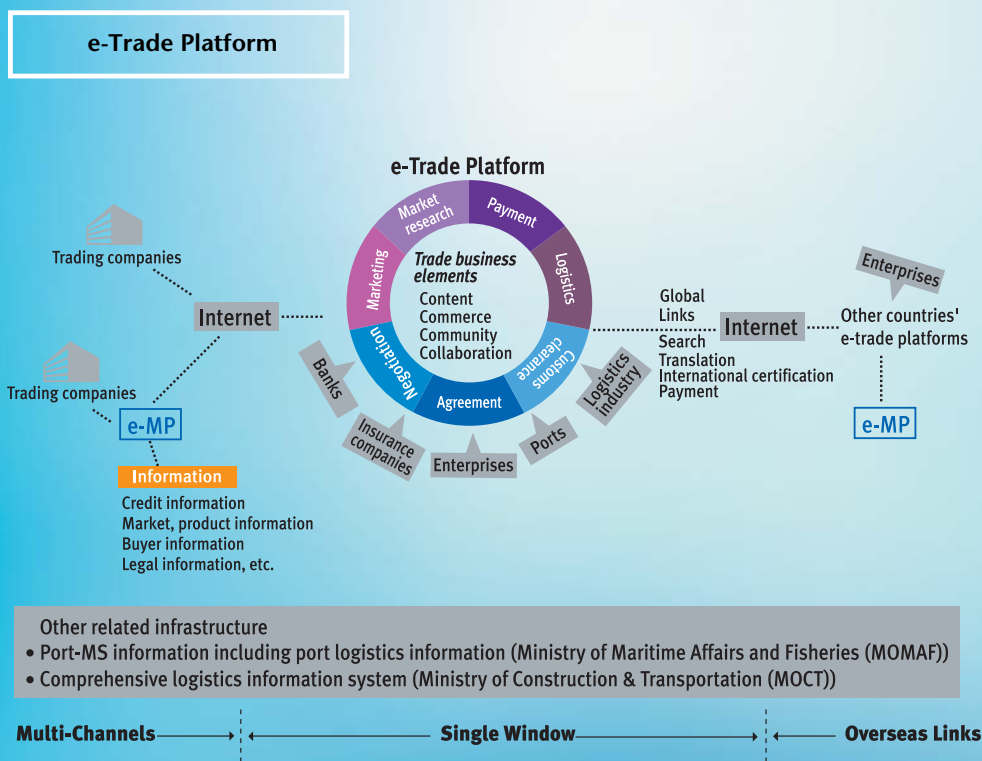
• cTradeBank

With an e-payment/settlement service of cTradeworld.com, KTNET executes payment and settlement by transaction stage on behalf of those engaging in exports and imports: traders, warehouses, customs brokers, forwarders, etc.

Digital Trade Dictionary

Through its export/import customs-clearance automation network, KTNET provides information on trade, customs clearance and logistics to meet the needs and demands of customers. The service includes:

- Trade Information: Inquiries into details of export performance results, export/import declarations, statistics on item/model names, etc.
- Customs Clearance Information: Information on customs clearance, tariff notifications, tariff refunds, preparation of declaration reports, etc.
- Logistics Information: Information on progress and arrival of import cargo, report information for transportation firms, etc.



Oasis of e-Trade

• TradeSign

KTNET provides public certification service as a recognized national certification agency to ensure information safety in export/import automation and various kinds of e-transactions. TradeSign is a unique public certification service in Korea, which has acquired mutual recognition from PAA (Pan-Asian e-commerce Alliance), assuring public confidence in e-trade and global business.

• Easynet

Since 1995, KTNET has been providing communication network service. With a wide variety of goods and services at present, KTNET is also providing a business network enabling simultaneous utilization of customs clearance, logistics, foreign exchange and commerce EDI as well as the Internet. KTNET's additional services range from web hosting, mail hosting and colocation services to total network management, including VPN service used like an exclusive line after security reinforcement of its inexpensive super high-speed Internet network.

• B2B Logistics Portal Service

KTNET is also participating in B2B logistics portal service, a logistics infrastructure establishment project started in 2000 to prevent duplicate investment of businesses for logistics informationization related to e-commerce among enterprises. KTNET also aims to provide high-efficiency logistics service, together with other logistics IT firms - Korea Express, Hyundai Express, B2Logis, Cyber Logistec, etc.



Globalization

- PAA e-Trade Network
- ASEM e-Trade Network
- Northeast Asian GSCM Platform

Overview



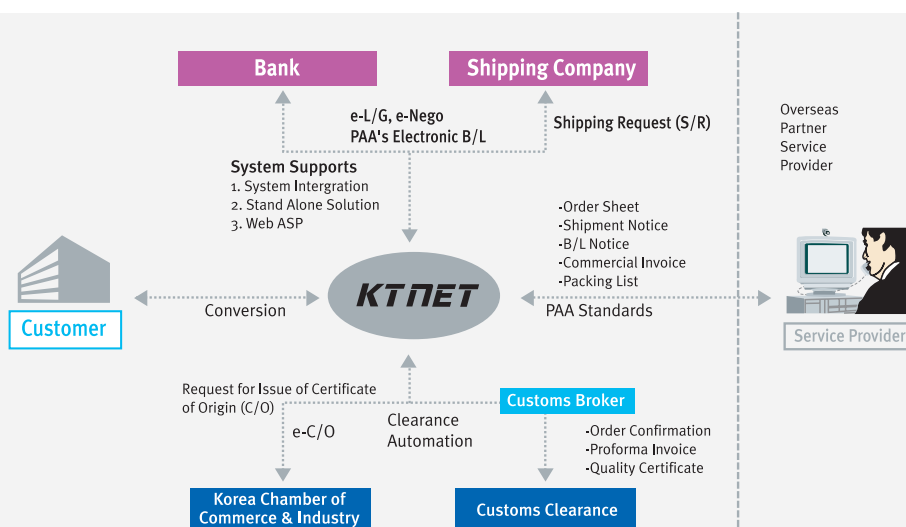
The Pan-Asian e-commerce Alliance is the first regional e-commerce alliance in Asia. Current PAA members comprise TradeLink of Hong Kong, Trade-Van of Chinese Taipei, CrimsonLogic of Singapore, KTNET of Korea, CIECC of China, TEDI of Japan, Dagang Net of Malaysia, TEDMEV of Macau and CAT Telecom of Thailand.

Launched as an Asian e-trade organization to provide paperless trade, PAA develops and supports mutually exchangeable e-documents, purchase orders, commercial invoices, packing lists, advance shipping notices, etc.

PAA also provides customs clearance information services, enabling the exchange of information on export declarations filed with the customs offices of respective countries, which can be utilized for import customs clearance or advance information at the time of import declaration.

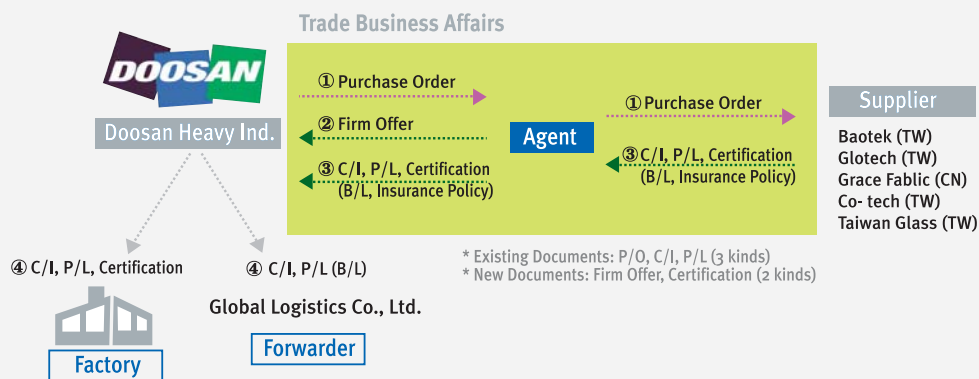
Through its portal site, PAA also provides information inquiry services on enterprises in East Asian nations to support marketing and facilitates mutual exchange of trade-related documents through access to its website with linkage to global trade automation solutions.

PAA improves communication by making available videoconference solutions to participating firms as a channel for discussions between head and branch offices as well as transacting parties.



Status

As a model enterprise in utilizing PAA's services, Doosan Heavy Industries & Construction Co., Ltd. established an actual commercial transaction system and applied it to purchase orders, commercial invoices and packing lists in trade activities with its business partners, including Bootek, Glotech, Grace Fabric, etc.



Meanwhile, the number of PAA service subscribers continues to increase both at home and abroad. The countries and names are:

• Foreign Countries (Hong Kong, Taiwan, China, Japan, Germany, France)

- Hong Kong: TAL
- Taiwan: Formosa, Tai-Yuna, Baotek, Glotek
- Japan: Mitsubishi, Sumitomo
- Germany: Siemens, INA Bearing
- France: Delphi Diesel System

• Korea

- Doosan Corp. (Electronics B/G), Bujeon Components and Hyundai Motor have launched actual business
- Hankook Cosmetics, Korea Delphi Automotive System, Hitec RCD, Inc., GM Daewoo, BG Tech, Hanaro T&S, Volvo Construction Equipment/Korea, Hyundai Samho Heavy Ind., Shinchang Electric, Ssangyong Motor, Amkor Technology, etc. are either in the process of joining or plan to participate.

Encompassing Asia & Europe

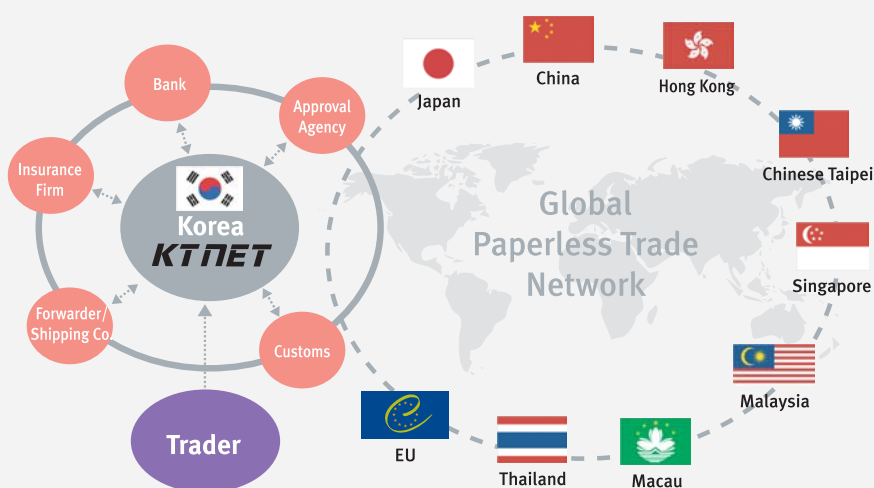
ASEM e-Trade Network Establishment Project is being promoted to stimulate trade between Korea and EU-member countries and also to implement paperless processing of existing offline trade and logistics transactions with the final goal of establishing an ASEM-oriented e-trade network encompassing Asia and Europe.

This project was designed to pursue more efficient transactions following the expansion of Korea's trade volume with the EU, which is one of the world's two major economic blocks along with the United States. The EU economy accounts for 25% of the world's GDP and 35% of the world's total trade volume at US\$4.6 trillion.

With this scale, the need emerged to improve the existing offline-oriented trade process by reducing trade-related auxiliary expenses through online transactions.

Due to the characteristics of cross-border trade, the Internet-based e-commerce environment also has necessitated global e-trade services that can cover the whole world in a single e-commerce sphere.

In addition to Hyundai Motor, the would-be participants are Volvo Construction Equipment Korea, Hyundai Samho Heavy Ind., Shinchang Electric, Ssangyong Motor, Hanaro T&S (logistics and purchasing service provider to Samsung Electronics), etc.



Integrated SCM Environment in Northeast Asia

The purpose of the Northeast Asian GSCM (Global Supply Chain Management) Platform is to establish Korea's core national SCM infrastructure utilizing the existing East Asian e-trade network to the maximum extent by linking it with regional trade, customs clearance and logistics platforms in the region through linkage and integration of second vendors and customers in Northeast Asia.

The GSCM platform project will enable individual processes and participants to conduct management activities under an integrated and uniform SCM environment and to provide a variety of cooperative business opportunities so that participants can become customers and suppliers at the same time. It also seeks efficient promotion of business by sharing required resources, hardware, manpower, etc.

The platform can also support increased competitiveness through corporate-IT-public service linkage, enhance the SCM capability of businesses that have advanced abroad, in particular, and consequently induce an e-transformation of the participants.




























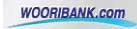

Key Customers

KTNET Service Customers Surpass 38,000

In the emerging digital economy era, KTNET use has snowballed and as of May 31, 2005, the number of regular users of the company's services exceeded 38,000. This total broke down to more than 15,000 trading companies, over 4,500 shipping/airline/logistics companies, in excess of 100 financial institutions/banks/insurance companies and more than 140 business organizations. All of the nation's major logistics companies, banks and financial institutions are currently using KTNET's services, while more than 10 medium and large-size trading companies have joined KTNET's customer list.

KTNET also has standardized approximately 310 e-document formats, which now support annual transmissions of 100 million documents.

Domestic Clients

 Samsung Electronics	 SK Corp.	 Amkor Technology
 Hyundai Motor Company	 Hyosung Corp.	 3M Korea
 LG Electronics	 Kolon	 Korea HP
 POSCO	 Daewoo Electronics	 Fuji Xerox Korea
 Doosan	 Cheil Jedang	 DuPont Korea
 Korean Air Lines (KAL)	 DHL Korea	 K.E.C. International Co., Ltd.
 Asiana Airlines	 FedEx Korea	 TNT Korea
 Korea Exchange Bank	 Shinhan Bank	 Citi Bank
 Kookmin Bank	 Woori Bank	 Hong Kong Shanghai Banking Corp.

Foreign Clients

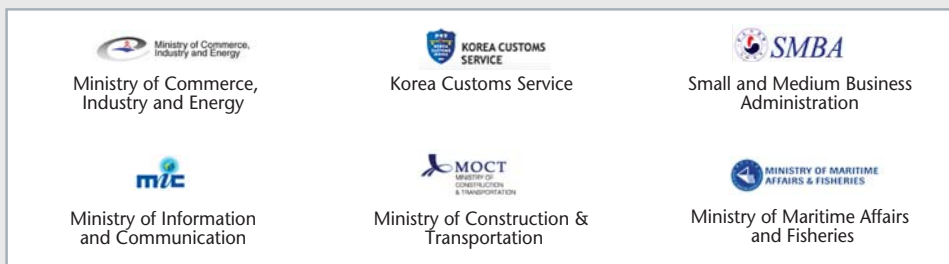


Major Partners

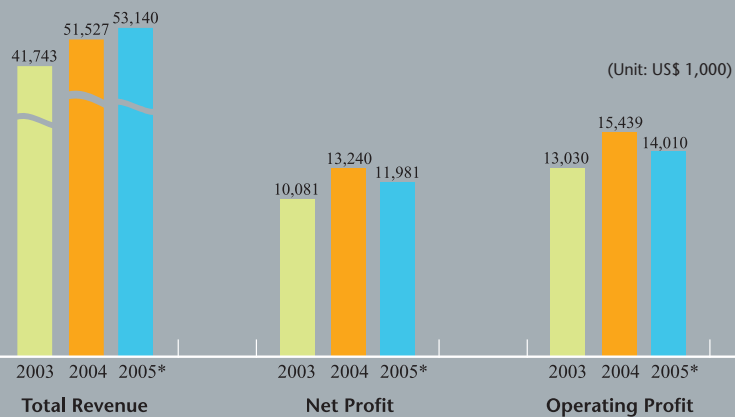
Business



Government Agencies



Financial Highlights



* Those for 2005 are target figures.

Key Financial Performance (for Recent Five Years)

(Unit: US\$ 1,000)

Category	2001	2002	2003	2004	2005 (target)
Total Revenue	31,115	37,911	41,743	51,527	53,140
Net Profit	5,579	8,338	10,081	13,240	11,981
Operating Profit	5,176	7,891	13,030	15,439	14,010
Total Capital	28,183	39,170	49,493	70,213	82,193
Total Assets	32,864	43,928	57,790	82,422	93,457

* Achieved surplus for six consecutive years (1999~2004)

Global e-Trade Partner

Korea Trade Network

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