

MATJHABENG MUNICIPALITY

ANNEXURES

of the

**SPECIAL MAYORAL COMMITTEE
MEETING**

Convened

for

TUESDAY, 30 OCTOBER 2018

at

10:00

**EXECUTIVE MAYOR'S BOARDROOM, 4TH
FLOOR, CIVIC CENTRE, WELKOM**

Business Plan for:

Smart City with

Afro-Asia Industrial Complex:

Fully Integrated Development Program

in Matjhabeng Local Municipality

Presented to:

Matjhabeng Local Municipality

Presented by:

Korean Solar Power Consortium SA Ltd

1 Purpose

The purpose of this project are: 1) to make the Matjhabeng Local Municipality (Matjhabeng) as the Centre for the knowledge based economy in SA and a whole Africa. In his recent State of the Nation address, His Excellency President Cyril Ramaphosa noted that South Africa's future prosperity as a nation depends on its ability to take full advantage of rapid technological change- "We urgently need to develop our capabilities in the areas of Science, Technology and Innovation." (Quoted)

Through such technology and knowledge based economy, Matjhabeng reduces the gap between the rich/urban and the poor/rural.

This Business Plan provides Matjhabeng with a summary of the Projects that are being proposed for socio-economic development in Matjhabeng.

2 Synopsis

There are three main projects initiated by KSPC - a private initiative by the Korean company:

- 1) Innovation Hub/Techno Park under the theme of Afro-Asia Industrial Complex;
- 2) Social Mix Township Development;
- 3) Theme Property Development

Main Theme of Development: Afro-Asia Industrial Complex

Asian investors are by far the largest investor groups in South Africa.

But they want to conduct business in the areas where they feel comfortable and also enjoy their food and culture. There is no "Industrial Complex" or "Economic Zone" designed to host Incoming Asian investors in South Africa and a whole Africa. This Project is designed to developing Matjhabeng as Industrial & Commercial Base and Research & Development Hub of Asian companies for entering African continent as well as European and North American Markets.

- 1) **Innovation Hub/Techno-Park:** Korea has one of the best models for Innovation Hub/Techno-Park and the initiative was created through partnership with the Korean/Asia High-tech and knowledge based companies in the areas of Information and Communication Technology, Clean Energy, Automotive, Aviation and Environment (such as waste management, wastewater treatment, Re-cycle etc).
- 2) **Social Mix Township Development:** South Africa is one of the most unequal countries in the world in terms of economic distribution. Social Mix Township Development is designed to develop the township where High income, Middle income (Gap Housing) and Low income (Breaking New Ground- formerly RDP)- living in the same location and children of theirs going to the same school. South Africa infrastructure and education are still similar to the ones under apartheid - rich live in rich area among themselves while poor still live in poor area without electricity and water, children of rich going to expensive private school while poor going to schools with no power and water and 1 teacher in poor area teach 6-7 courses.

KSPC develop **SOCIAL MIX TOWNSHIP** where all level of people regardless of color, income level live in the same area and making them generate their own revenues through which Matjhabeng eliminates vicious circle of poverty. This Social Mix and Integrated Township Development Project can only be done with development of industry and business in the area – Innovation Hub/Techno-Park under the theme of Afro-Asia Industrial Complex- as where there is money/revenue- new industries are established and manufacturing plants operate through which the residents can get jobs, and make town where people regardless race and color and income level will come and live together. This SOCIAL MIX TOWSHIP DEVELOPMENT is best Housing development model in SA.

- Estimated job creation through Industrial Complex would be 10,000 and Young locals/residents in Matjhabeng be participating in the projects and get paid.
- Social Mix Housing be built to accommodate such workers composed of:
- 1 000 (BNG- Breaking New Ground (formerly RDP)- mainly for those who work for the employees of the companies, or currently qualified beneficiaries for BNG)- Target Zero BNG to at least all resident of Matjhabeng qualified for Gap Housing (Monthly Income of R 3 500 or more) ;
- 7 000-8 000 (Gap Housing) – the employees working for the companies will get paid to be qualified for Gap Housing, and
- 2 000 for Higher income bracket (mainly for those incoming investors and their families, as well as directors of the companies or anyone doing business around the Industrial area)

3) Theme Property Development includes but not limited to: Expansion of existing airport and aerospace industry development, Revamp Phakisa Freeway and automotive industry development, and construction of Disneyland for Children Amusement Park.

Matjhabeng has already basic infrastructure established for expansion of airport and it also has built Phakisa Freeway for car race. KSPC brings a new paradigm of theme property development by fully utilizing the existing facilities to re-activate the relevant industries such as automotive and aviation. In order to maximize the value of all related property development, KSPC plans to build Disneyland in Matjhabeng as there is no Children amusement park in a whole Africa and the image of African children is always negative by Western press like the children in Africa suffering from hunger and disease. The construction of Disneyland in Matjhabeng will make Matjhabeng as one of the most popular and attractive township in a whole Africa and it will attract many visitors/tourists not only from Africa but from all over the world.

4. Economic Impact- The expected economic impact is planned as follows:

- Local content for supply and services of almost 100% from Joint Ventured companies between Korean/Asian and Local SMEs.

The projects will become the most promising and best performing Innovation Hub/Techno-Park and Housing and Theme Property Development model in SA and a whole Africa.

3 Project Components

The Project will plan, build and run the following components:

3.1 Capacity Building Centre for Youth –

Total Population (Matjhabeng): 428,843 (2016 Community Survey)

2018 Estimate: 439,197 (0.012%/annum- very low growth rate because there is no active industry after mining went down)

Age	Percentage
0-14	28.3%
15-34	36.6%
35-64	30.3%
+ 65	4.8%

This figure- 65% of Total population is under 34 years old- is HOPE and FUTURE for Matjhabeng as it has very high youth portion in SA. 65% of Total Youth Population is the potential to make Matjhabeng YOUNG and GROW when they are well trained/educated with Innovation and Technology as well as Good work ethics and Diligence and this can be done through Comprehensive and Continuous Training/Education Program implemented through KSPC-led Capacity Building Centre for Youth.

Matjhabeng has good performing officials with good background/Human Resources in which Investors like to Invest.

Through the Centre, KSPC mainly train youth into skilled manpower- High-tech and create **African Bill Gates, Steve Jobs, and Elon Musk**

– **ICT** (Information and Communication Technology-Korea No. 1 in the world like Samsung),

- **Game programmers-** Young billionaires in Asia are those game programmers-incubator for creating **Young African Billionaires**

- **Manufacturing & Research & Development** Invest in Equipment, machines, and tools for Manufacturing plants and R&D Centre

- **Venture Capital Investment Company** to incubate local SMEs, especially run by Youth, Women and Historically Disadvantaged Individuals (HDIs) and Joint-Ventured companies between Asian/Foreign Technology Companies and local SMEs in Matjhabeng

4 Project Stakeholders

4.1 Major Partners The major private investors are KSPC and its associated investor groups.

4.2 Strategic Partners The Strategic Partners are SA based companies either in partnership or joint ventured with KSPC and/or KSPC associated incoming companies in Technology and Business Development.

4.3 Tertiary Institute Partners Partnering University in Korea

• Suwon Science College and Korea Technology oriented Institutions – for establishment of Matjhabeng Innovation Hub/Techno Park

5 Direct Outcomes - Scenario 2022:

Item	Outcome
Job Creation:	> 30 000 permanent Jobs
Establishment of SMEs in Matjhabeng	100 companies (estimated)
Education, R&D	Capacity Building Centre for Youth

Visitors/Tourists per year > 1 000 000

The Matjhabeng Innovation Hub/Techno-Park under the theme of Afro-Asia Industrial Complex offers in cooperation with Korean and local investors, suppliers, tenants and partnering companies - a multi-complex of systems and services with the potential of generating additional revenue streams in order to provide finance for refinancing the projects and for generating resourceful and sustainable revenue source for Matjhabeng and private companies and their partners. This opportunity is developed out of the capacity building of local residents in Matjhabeng developing for infrastructure and integrated management and administration system of Innovation Hub/Techno-Park under the theme of Afro-Asia Industrial Complex. It provides competitiveness and improves the living standards of residents and incoming investors and their employees and making Matjhabeng as one of the best residential, industrial and commercial townships in a whole Africa.

6 Required Support from Matjhabeng

In order to achieve these outcomes, Matjhabeng will need to provide support that includes but not limited to:

- 1) Providing all available land and infrastructure for the successful implementation of the projects;
- 2) Providing Resourceful Projects to KSPC as part of contribution of KSPC's private investment in the projects;
- 3) Ensuring access to key personnel and technical staff involved in the implementation and operations and information.

7 Financing Model

1st Phase of Project: for Social Mix Township Development and Innovation Hub/Techno-Park under the theme of Afro-Asia Industrial Complex

R 5 Billion – Combination of KSPC-led Private Investment & Resourceful Projects provided by Matjhabeng to KSPC

Job creation: 10 000 sustainable jobs by 2020

2nd Phase of Project:

R 10 Billion for Specific Theme Property Development: Expansion of existing airport, Revamp of Phakisa Freeway, Disneyland and related Manufacturing Industry Development

• Job Creation 20 000 sustainable jobs by 2022

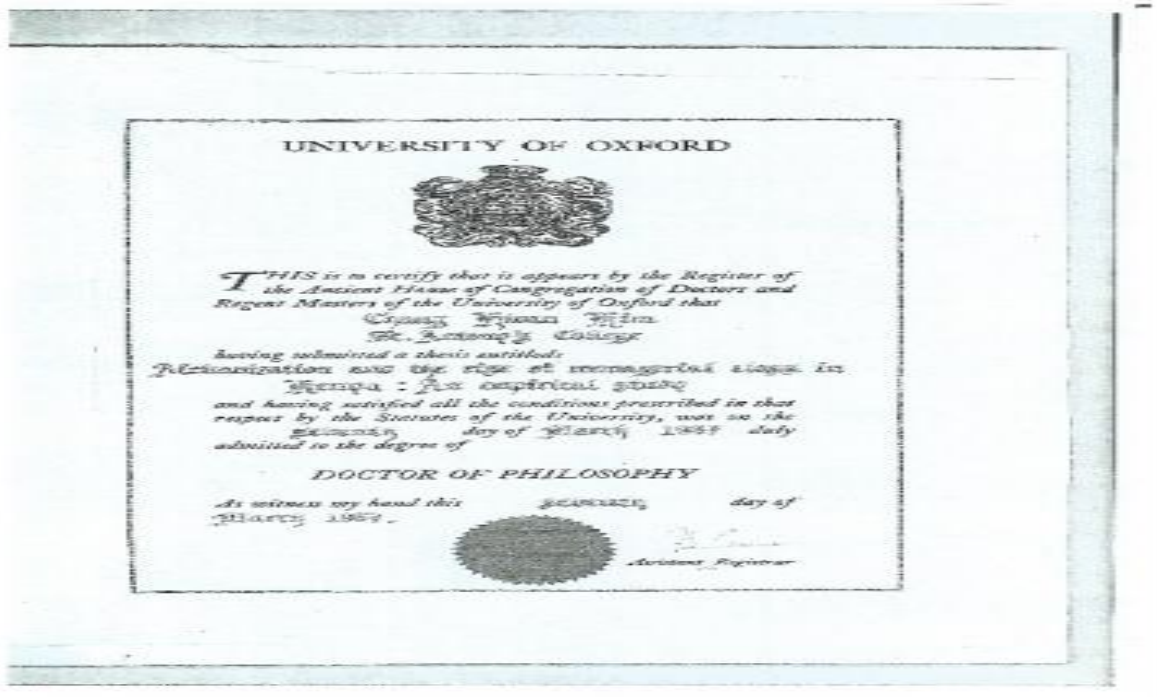
KSPC works closely with Matjhabeng for the provision of infrastructure and construction for Social Mix Township Development and Innovation Hub/Techno-Park under the theme of Afro-Asia Industrial Complex. These services include, but are not limited to: the provision of access road, potable water, storm-water drainage, electrical grid connections and, fiber-optic access-speed and quality of internet/Wifi/network is key factor to induce/invite foreign/Asian investors. A thorough assessment will need to be conducted by relevant parties, who will be in a position to advice on what specific services are needed.

In doing so, A comprehensive "Service Level Agreement" (SLA) between Matjhabeng and KSPC should be signed as KSPC's investment is required as the investment raised by KSPC carries risky factors to KSPC itself and its partnering investors. KSPC-led investor group

invests its own capital plus debt financing of banks and financiers by putting its own asset of mother companies in Korea as collateral to financing institutions. In case the full investment made by KSPC is not recovered, KSPC and its employees are in danger of losing the mother companies in Korea.

8 Credentials

- Ph.D. in Oxford Univ. Specialized in "Africanization of Commerce and Industry" since early 1980s = BBBEE
- Author of a Book "Doing Business in South Africa" in collaboration with SA Embassy in Korea
- Worked as Foreign Investment Inducement Advisor for the third largest metropolitan city in Korea, Daegu (2nd phase: 2004-2006)- one of the most successfully implemented Techno-Park in Korea and Incubated Venture companies through Venture Club and Universities (Matjhabeng- Korea Venture Club)



Letter of Appointment

Name: Kim, Chang-Hwan



This Letter confirms that you are appointed as a Foreign Investment Inducement Advisor by Daegu Metropolitan City, Korea.

Duration: June 1, 2004 ~ May 31, 2006 (2 Years)

Date of Issuance: June 1, 2004

Executive Mayor

Cho, Hae-Nyung

Doing Business in South Africa

남아프리카공화국에서 사업하기

■ Business Incubation thru Daegu Techno-Park (2004-2006)

● Main Achievement of Business Incubation (Selection and Focus)

Year	1998	1999	2000	2001	2002	2003	2004	2005
Number of Incubation companies	25	44	60	50	51	68	70	74
Number of campus Venture	(12)	(20)	(25)	(28)	(22)	(25)	(22)	(12)
Sales (million Won)	1,385	5,223	7,011	32,675	27,140	98,100	107,180	130,000

● Founder and Industrial Field (Incubation Status in 2005)

Industrial Field Type of CEO	Mechtronics	Information Technology	Bio Technology	Others	Total
Professor	0	3	5	5	13
Student	1	2	0	2	5
Others	7	31	10	8	56
Total	8	36	15	15	74

Performance of Business Incubation during 2nd phase of Daegu Techno-Park in Industrial Complex



Daegu- Hosting 7th World Water Forum 2015

9 Time Table

Given the significant economic potential of this development, SLA signed by mid-October and the Matjhabeng delegates led by Honorable Executive Mayor visit Korea around mid-November (to prepare the visit we need at least one month and thus if we plan to visit Korea mid-November, SLA must be signed by mid-October) and attend in the Investor Forum jointly organized by Matjhabeng and KSPC.

Actual Construction starts from February 2019

10 Achievement – AIM HIGH and ACHIEVE DREAMS REALITY

- **Matjhabeng Vision**

To be a benchmark developmental Municipality in service delivery excellence;

To make most viable Smart City with best Investment Environment & Return Provider in a whole Africa

- **Mission**

To promote a self-reliant community through the promotion of a culture of Young entrepreneurship- Innovation Hub/Techno Park;

To promote a dynamic community participation and value adding partnership- thru Afro-Asia Industrial Complex in partnership with Asian Investors