


Agriculture Investment for the DPR Korea

Final Goal	Earns 20% of annual interest on an investment of 3'000'000 US\$ in an agriculture project of cultivating sea cucumbers
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Deadline	
Date of Last Modifications	2009-03-15
Revision N°	1
News related to this project	None
Other informations	<p>They are eaten crude or they use them to make some soup. Miscellaneous kinds of holothurians, known of trepang in Malay, emptied, boiled, dried, smoked are used in China and very appreciated there. Some pharmaceutical companies produce derivative products from the trepang. These products come in the form of oils, of creams and beauty products. Some of them are intended to be ingested. The effectiveness of the extracts of sea cucumber was the object of studies.</p>  <p><i>Holothurians dried and kept in jar, used for curative aims by Chinese medicine. Here, in a Chinese chemist's shop in Japan.</i></p>
Remarks	The state company guarantee a 10'000 tons vessel on the loan.

Agriculture Project

For last 7 years the State Company has forwarded the project for developing and introducing a new sea cucumber breeding technology in good cooperation with a gifted technological team.

The Company has solved all technological problems related with the artificial incubation of the spawn, the selection of the initial feed for the newly incubated fry of sea cucumbers and the construction of ponds for cultivation.

It goes back to the year 2006 that, depending on its exclusive aquiculture technology, the Company successfully launched its extensive aquiculture work in the one-hectare ponds they themselves constructed and are now still constructing in the tideland of the West Sea of Korea.

At present, the Company is running an indoor cultivation center where they can artificially incubate the spawn and accommodate 20 millions of small sea cucumbers for 2 months before moving them into the outdoor ponds. Up to now, the Company has constructed 40 ponds. This construction work is still going on.

Within the time frame of this November, the Company is scheduled to sell to the Chinese Market its first produce totally to be of value of approximately 1 million US dollars, according to the Sales Contract already signed.

The Company's sea cucumber is completely pollution-free, so its quality is far superior to the prevailing quality in the Chinese Market. The faster growing up of sea cucumbers stirs up a great interest of the Market.

The Strategic Target of the Company

The Company is planning to newly construct 100 hectares of cultivation ponds by the end of the year 2009, to increase its annual turnover initially up to US\$ 30 million in years 2010 and 2012 and finally up to US\$ 50 millions from year 2013.

The Company will introduce the method of cyclic cultivating on the further consolidated technological basis. The average life span of sea cucumbers is 5 to 7 years, but the target product to be launched by the Company will be 2 to 3 years old and its standard weight will be 200g.

The Price Situation In Chinese Market

At present, each 200g sea cucumber costs US\$ 4~5 EXW in the Chinese Market.

The Amount and Terms of Investment Proposed By the Company

The Challenges to the Company

The construction of 100 outdoor cultivation ponds is a vitally important project for the Company. It is because the accommodation capacity of the present 40 hectares of ponds will be saturated in few months by sea cucumbers exponentially increasing both in number and weight. In order to provide the sea cucumbers growing up in 40 ponds with conditions enough for further growth, the Company must construct more additional ponds. Otherwise, a great number of currently growing up sea cucumbers in the ponds have to be set free into the natural sea to minimize the saturation level of the ponds that may lead to a big economic loss of the Company.

The Amount and Terms of Investment

The total investment budget of the Company for the construction of 100 hectares of cultivation ponds is US\$ 3'000'000. It means US\$ 30'000 per each pond. According to the recent records, the most expensive expenditure in China is as much as US\$ 80'000 for the same-size pond.

The Company is now seeking a good business partner who will finance at least 50% of the total investment fund needed for the construction of 100 ponds.

The terms of financing will be discussed in detail with the investing business partner in consideration of his requirements, but the Company initially suggest the terms as follows; the money to be financed from abroad must be input in 2009 at latest; the Company will return the financed money to the investor in a year with 20% of annual interest.

In addition to this, the Company is willing to give a long-term sales exclusivity to the investor for all the produce of the Company. In this case, the investor is requested to additionally input some processing facilities to be installed not far from the cultivation ponds. It is because the Company sees that all the products should be processed strictly in the buyer's presence to avoid any probable ambiguities related to the methods of processing between the seller and the buyer. The Company will carry the harvested sea cucumbers and deliver to the buyer at the processing station. Of course, the Company before dispatch will follow all the necessary formalities for exportation of the processed products.

Production and Market Indicators

(After additional construction of 100 cultivating ponds)

The annual output per hectare	200'000 sea cucumbers (200g per 1 sea cucumber in average)
The sales per one-hectare pond	100,000 sea cucumbers (actual production rate : 50%) x 4 US\$ /piece = 400'000 US\$
The annual turnover of the Company (years 2010 and 2011)	8'000'000 sea cucumbers x 4 US\$ /piece = 32'000'000 US\$

According to the agricultural experiences in China, each one-hectare cultivating pond is able to, at its maximum, accommodate 500'000 sea cucumbers in case that each sea cucumber weighs 200g.

However, the Company is going to limit the accommodation capacity of each pond down to 200'000 sea cucumbers. And, to be on the safe side, the Company is also calculating that 100'000 sea cucumbers, 50% of the output from each pond, will be marketed practically.

Loan Guarantee

The Company expects to get a secured loan to the sum of at least US\$ 1'500'000 from its business partner for this project.

The Company management has decided that the loan from its business partner will be secured with a 10'000-ton vessel belonging to the Company.

For further information please contact:

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