



### **Information about Contractual Joint Venture, monopolized production of Fire Extinguishers in the DPR of Korea**

The DPRK Government through its state authorized company is looking for an investor to Joint Venture for the exclusive production of Fire Extinguishers in the DPR of Korea.

The DPRK side already has a piece of land allocated 7 Km From Pyongyang city centre and with an extension of 1.5 Hectares.

The site is leveled; completely fenced and regular high power electricity is assured due to its close location to Pyongyang thermo electrical power station. Water is provided by a well located onsite. Concrete Foundation of the factory is already finished.

The domestic demand in DPRK for fire extinguishers is 400,000 units of 3Kgs. of ABC powder per year.

Actually there is no factory in the DPRK that produce Fire extinguishers, so all of them are imported from China. Cost of one fire extinguisher in China is only 7 USD, but after transport and taxes, it is sold inside DPRK at 30 USD, and it's the policy of the DPRK Government not to depend on Chinese imports.

The factory will have exclusive rights to sale inside DPRK territory, having the guaranteed and exclusive monopoly of production and sales of the devices.

The Joint Venture Factory plans to start with a production of 150,000, 3 kgs. fire extinguishers per year. So there is plenty of room to expand once production started since internal demand will be covered less than 50%.

The DPRK side will provide the land, workers to build the factory and basic materials for the construction. After the factory is operating, the expenses will be shared on the Joint Venture according to the contract.

There is the possibility of a Joint Venture 70-30 or 60-40 where management of the factory will remain in the foreign side and the minority of shares in DPRK hands. The contract will have 10 to 20 years duration.

In the case of 70-30, the foreign side is expected to provide an investment of 1 million USD for the following concepts:

Construction of the factory:	500,000 USD
Equipments for production:	200,000 USD
Floating Fund:	300,000 USD

The profit analysis is as follows:

Production Volume:

150,000 pieces of 3 Kg ABC Powder Fire Extinguisher (From now onwards PFE) per year.

Total Sales Volume:

150,000 PFE pieces x 17 USD = 2,550,000 USD

Cost price:

150,000 PFE pieces x 10 USD = 1,500,000 USD

Total profit:

2,550,000 USD – 1,500,000 USD = 1,050,000 USD

Net profit:

1,050,000 USD – 262,500 USD (25% corporate tax) = 787,500 USD

NOTE: The Joint Venture can have a full tax exemption up to three years after its start up.

Profit shares:

DPRK side 30% of 787,500 USD = 236,250 USD

Foreign Investor 70% of 787,500 USD = 551,250 USD

This means the foreign investor should recover his investment in 2 years time. After the second year, the payment will mean profits on a scale of more than 50% per year.

DEADLINE:

This business opportunity will be closed immediately after a foreign party is interested and will sign the related agreements in Pyongyang.

**For further information please contact:**

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