

May 22, 2008

**Stepping up pre-prepared mix business in the continually growing Chinese market:  
Tianjin Chuan Shun Foods Co., Ltd. established as part of three-way joint venture  
with the Ting Hsin International Group and Itochu Corporation**

Nippon Flour Mills Co., Ltd. (President: Wataru Aosaki) has established a joint venture in the Chinese city of Tianjin with the Itochu Corporation (“Itochu”) and an affiliated company belonging to the Ting Hsin International Group (“Ting Hsin”), China’s largest food business group. The new company will manufacture and sell pre-prepared mix products, targeting Ting Hsin group companies and the rest of the domestic Chinese market, and will supply pre-prepared mix products as ingredients for commercial food manufacturers.

Although the Chinese food market is likely to experience rapid growth on the back of events such as this year’s Beijing Olympics and Shanghai World EXPO on 2010, it is also expected to see intensifying competition. Recent changes in the environment surrounding food safety and reliability are also having a significant effect on the country’s food industry.

With the establishment of Nippon Flour Mills (Shanghai) Co., Ltd. (“NFM Shanghai”) in the Chinese city of Shanghai in 2004, Nippon Flour Mills started to manufacture and sell high quality pre-prepared mix products in accordance with its own rigorous manufacturing and quality control standards, primarily targeting Japanese and other frozen food manufacturers. The aim of this new joint venture is to secure a competitive advantage by combining the strengths of each of the three companies, namely Nippon Flour Mills’ technical and development capabilities as a leading manufacturer of pre-prepared mix products, Ting Hsin’s outstanding management and sales capabilities as a China-based all-round food manufacturer and Itochu’s extensive experience and multifaceted operational structure in the Chinese market.

Using the Chinese market as its production base for processed products, the Nippon Flour Mills Group intends to harness the respective strengths of Nippon Flour Mills and NFM Shanghai in order to establish an operating base as an all-round manufacturer of pre-prepared mix products.

The establishment of this new company takes Group’s number of overseas pre-prepared mix production bases to three in Asia, including NFM Shanghai and Thai subsidiary NIPPON (Thailand) Co., Ltd., or four on a worldwide scale, including Quality Naturally! Foods Inc. in the US.

## [Outline of the new company]

Name	Tianjin Chuan Shun Foods Co., Ltd.
Location	Economic-Technological Development Area, Tianjin, China
Established	March 23, 2007
Capital	\$1 million USD (approx ¥100 million) (Nippon Flour Mills : East One : Itochu = 45:45:10)
Representative	Xue Guangqi
Business activities	Manufacture and sale of pre-prepared mix products for the Chinese domestic market
Production capacity	3,600 tons annually
Commenced operations	June 2008
Annual sales	First fiscal year: 5 million yuan (approx. ¥75 million)



▲ Tianjin Chuan Shun Foods Co., Ltd. (not all buildings shown)



▲ Tianjin



▲ Tianjin Economic-Technological Development Area (TEDA)