

Nippon Flour Mills to build premixed dry batter plant in Shanghai

Tokyo, April 10, 2003—Nippon Flour Mills Co., Ltd., under the leadership of President Masataka Horikawa, has decided to construct a production plant for premix in Shanghai, China. The decision reflects management's recognition of the increased importance of developing operations in China in the light of the growing presence of Japanese frozen food producers there recently. Those companies are expanding production of processed food products for the Japanese market by utilizing China's low-cost and skilled labor force as well as its abundant supplies of agricultural, marine, and livestock products.

The Company aims to conscientiously satisfy consumer needs as a provider of safe and high-quality local supplies of premixed batter by leveraging the development, production, and quality control know-how it has accumulated as Japan's leading producer of commercial-use premix products.

Moreover, China's vast population is currently experiencing strong economic growth. In addition to China joining the WTO two years ago, Beijing will host the 2008 Olympics and Shanghai will host the World Expo in 2010, and so Nippon Flour Mills foresees considerable economic growth amid the preparations for those events. As a consequence of this growth, fast-food outlets are proliferating in China, especially in big cities, led by Shanghai. Accordingly, the Company anticipates further diversification in demand for food ingredients in China and an increasing trend toward higher quality cuisine.

In view of expectations that the latest project to set up a plant in Shanghai will open up further business opportunities in the promising and extensive Chinese market, Nippon Flour Mills plans to leverage its capabilities as a diversified food products enterprise in order to strengthen overseas operations in the Asia-Pacific region, including its existing businesses in the US and Thailand.

Overview of the new company:

1. Company name: Nippon Flour Mills (Shanghai) Co., Ltd.
2. Location: 298 Shanghai Songjiang High-Tech Park
3. Capital: US\$2.1 million (wholly owned by Nippon Flour Mills)
4. Chairman: Kiichi Inazuki (Managing Director, Nippon Flour Mills Co., Ltd.)
5. President: Shigeaki Mozumi (Advisor, Nippon Flour Mills Co., Ltd.)
6. Scheduled start of operations: Around February 2004
7. Production capacity: 3,600 tonnes per year

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