

June 25, 2014

FOR IMMEDIATE RELEASE

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Announcement of Establishment of Joint Venture Company in China

Kokusai Pulp & Paper Co., Ltd. (hereinafter, the “Company”) is pleased to announce that it has concluded an agreement to establish a joint venture company in collaboration with New Hope Liuhe Food Holdings Limited (hereinafter, “New Hope Liuhe Food”) of Sichuan, China and Fuji Tokushu Shigyo Co., Ltd. (hereinafter “Fujitoku”), effective June 20, 2014.

1. Background of establishment of joint venture company

Amid rising consumer concern regarding food safety and security in China today, higher quality is increasingly being required for food packaging materials from an environmental perspective as well. New Hope Liuhe Food, with the fourth largest domestic market share in the ham and sausage business, should continue to see significant growth in its food business in the future. The Company has offered New Hope Liuhe Food the use of nylon casing shrink film, which is Fujitoku’s mainstay environmentally friendly product, as part of the growth strategy for the Chinese company. New Hope Liuhe Food believes that the introduction of nylon casing shrink film into its packaging process will serve as a significant advantage in enabling it to achieve further expansion in the extensive Chinese market. The three companies have concluded the agreement as a result.

2. Purpose of establishment of joint venture company

(Bolstering the packaging material business and business expansion in China)

The Company has launched a long-term management plan, “**GIFT+1 2024**,” which focuses on the expansion of business areas and the development of overseas markets. In particular,

the expansion of the packaging business and the enhancement of the value chain in China are regarded as the most important management agenda items for the Company to address.

3. Outline of joint venture company

- (1) Name 成都新国富包装材料有限公司
*The Chinese names of the joint venture companies in this report are official. The English names have yet to be determined.
- (2) Business Production and sales of nylon casing shrink film and related packaging materials
- (3) Date of establishment October 2014 (planned)
- (4) Paid-in capital CNY100 million
- (5) Share ownership Kokusai Pulp & Paper Co., Ltd.: 40%
New Hope Liuhe Food Holdings Limited: 51%
Fuji Tokushu Shigyo Co., Ltd.: 9%

4. Outline of related companies

- (1) New Hope Liuhe Co. Ltd.
(Parent company of New Hope Liuhe Food Holdings Limited)
1. Address 376, Jinshi Road Jinjiang Industrial Park, Chengdu, Sichuan
 2. Representative (President) Liu Chang
 3. Paid-in capital CNY1,737 million
 4. Main business Feedstuff, livestock raising, meat processing, financial investment
- (2) Fuji Tokushu Shigyo Co., Ltd.
1. Address 3-143 Akatsuki, Seto, Aichi
 2. Representative (President & CEO) Kimio Sugiyama
 3. Paid-in capital 280 million yen
 4. Main business Production and sales of food packaging materials and sales of food-related equipment

5. Impact on business results

The establishment of the joint venture company will have no impact on the Company's consolidated business results for the current fiscal year. Details of a possible impact to be produced in association with the establishment of the joint-venture company on the Company's consolidated business results going forward will be announced as soon as they are determined.