

Returnable Pressboard E-STAR PACK 500 million JPY outlook for business in China



Starway Co., Ltd. (Starway) offers packaging-distribution services using its "E-STAR PACK," a reusable, returnable shipping box made of pressboard material. Starway produces all of its returnable boxes at RONGCHENG STARWAY PACKING PRODUCTS CO., LTD., a locally-incorporated company which it established in July 2008 in Shidao industrial area, Rongcheng city, Shandong, China. Their production capacity is 80,000 boxes per month. This year they also began E-STAR PACK services in China and are planning on providing an incubation business to support Japanese companies looking to enter China.

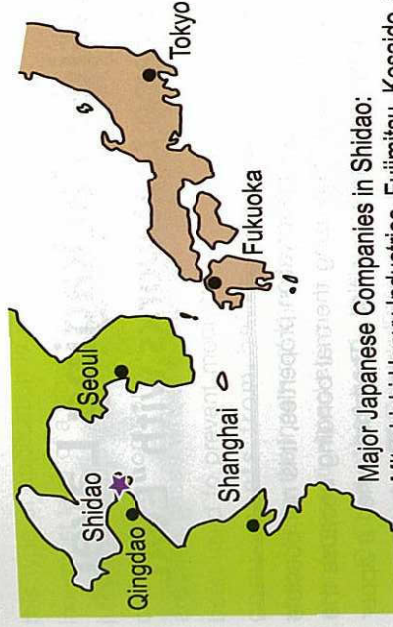
Suspending Contents in Polyurethane Film to Absorb Shocks

E-STAR PACK is a returnable box that uses high-strength pressboard that can withstand repeated use. Some types have a special polyurethane film with a 600% shrinkage ratio stretched across the top and bottom of the box, between which the contents are suspended. By suspending the contents, the shock absorbent film protects the contents from external impacts and vibration. E-STAR PACK offers functions that match with the needs of the customer, and has been particularly adopted as a shipping box for precision equipment and components, such as PCs and printers.

Naofumi Takemoto, CEO of Starway, started this business because of his experience working for a semiconductor manufacturer. He says he often witnessed massive amounts of the plastic trays that IC chips are placed on when they are delivered to the customer being thrown away. Starway started by buying up these discarded IC trays, testing for quality, and selling them back to semiconductor manufacturers at half the price of new trays. E-STAR PACK was developed with the goal of effectively using these types of packaging materials and eventually grew into their main business. They received



Starway CEO, Naofumi Takemoto



Major Japanese Companies in Shidao:
Mitsubishi Heavy Industries, Fujimitsu, Kosaïdo, etc.

Rongcheng City, Shidao Industrial Area Is Close to Japan

The move into China itself was about reducing costs and had been in the planning stages prior to the recycled paper counterfeiting problem. Even so, they turned this crisis into an opportunity and were able to begin production in China rapidly. Starway did not discuss the current recycled paper content of E-STAR PACK.

When they produced E-STAR PACK in Japan, they used HOKUETSU KISHU PAPER CO., LTD. "PASCO" as the material for the paperboard, but today they procure all of their paperboard material in China. The special polyurethane shock absorbent film is produced by NIPPON VALQUA INDUSTRIES, LTD. This material is still produced in Japan and shipped to China.

In 2011, Starway began its E-STAR PACK service in China as well. They do business in such areas as the food, clothing, automobile component, pharmaceutical, and internet shopping industries in major cities including Shanghai, Beijing, and Shenzhen, and the urban areas of Shandong, where their plant is located. They predict sales of 500 million JPY this year.

This fall, using their business experience in China, they intend to establish an incubation center in their second China plant as a way to support the move of Japanese companies into China. They will provide a simple office for companies considering a move into the Shidao Industrial Area, where their plants are located, until the company decides to make the move or until their business is running smoothly. They will also provide translation, government liaison, document writing agency, and consulting services. One office is 24-30m² and costs 100,000JPY per month. They are aiming for sales of 30 million JPY from this business by March of 2013.

Starway Co., Ltd.
www.starway.co.jp

Postcard Waste Shock Absorbent Material for Tri-Fold Types

The most popular type of E-STAR PACK is the foldable type (tri-fold). This type improves the efficiency of empty box recovery, the largest problem when adopting returnable boxes. The boxes can be stored inside another box; for example, the empty boxes when ten boxes are needed to ship an order can be stored in one box. It is also possible to attach shock absorbent materials such as the polyurethane film.

Starway is also developing new types of shock absorbent materials. Wonder-ECO, developed jointly with Tokiwa Printing Co., Ltd., whose main business is printing postcards, is a shock absorbent material made by foaming high quality used paper, such as that from the cutting waste produced during the production of postcards. Tokiwa Printing plans to provide the pellets, and Starway plans to foam the pellets at its China plant.

If customers request, Starway can provide a carbon offset E-STAR PACK, which offsets the CO₂ volume emitted to produce one of its boxes. Starway has purchased a ten ton volume of CER* from CARBON OFFSET JAPAN (www.co-j.jp), from which they allot the offset amount.



E-STAR PACK Tri-Fold Type

*CER (Certified Emission Reductions): UN certified credits issued when greenhouse gas emissions are reduced in accordance with the Clean Development Mechanism rules designed to provide technology and financial support to developing countries as a global warming measure under the Kyoto Protocol.