

October 24, 2017

For Immediate Release

Sumitomo Forestry Co., Ltd.

Expansion of Housing-related Business

**Capital and Business Alliance Agreement Signed
with An Cuong Wood-Working JSC**

Sumitomo Forestry Co. Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) announces that its wholly-owned subsidiary Sumitomo Forestry Singapore, Ltd. has signed a capital and business alliance agreement with An Cuong Wood-Working JSC*¹ (“An Cuong”) of the Socialist Republic of Vietnam (hereinafter “Vietnam”) on October 20, 2017. An Cuong is Vietnam’s largest interior building material manufacturing and distribution company. It produces, sells and constructs all types of fabricated and interior building materials based on wooden board. Both companies aim to strengthen their collaboration and achieve business expansion.

■ Purpose of Strategic Alliance

1. Build a supply chain in the Vietnam market spanning materials procurement through to housing construction, exercising synergy in each field, and accelerate the growth of each business.
2. Import and sell high quality Japanese building materials to Vietnam by leveraging An Cuong’s sales network.
3. Leverage Sumitomo Forestry Group’s distribution network to expand overseas sales of An Cuong’s products to overseas markets including Japan.

Sumitomo Forestry established Vina Eco Board Co., Ltd., which manufactures and sells particle board*², in 2012. From the beginning, it manufactured the particle board core material used by An Cuong in furniture, building materials and other products. Then, in 2015, it launched a real estate development business in District 7 of Ho Chi Minh City together with major local developer Phu My Hung Development Corp.

This capital and business alliance will enable the company to fully leverage An Cuong’s sales and construction functions and establish a consolidated system in Vietnam from materials procurement through to housing construction. In addition, this alliance will accelerate the development of technology and the introduction of new products that meet Vietnam’s needs and will contribute to the advancement of Vietnam’s housing environment and culture.

Recent increases in income experienced in Vietnam (per capita income increased to USD 2,171 as of 2015) have provided greater motivation for the young generation to purchase houses. In urban areas in particular, the number of households is increasing due to the greater number of nuclear families, and housing demand is expected to remain high. With this, demand for wooden interior building materials is expected to grow, and consequently Sumitomo Forestry will secure new demand together with An Cuong.

One of the basic policies of the Sumitomo Forestry Group 2018 Medium-Term Management Plan*³ is “Development of diverse sources of revenue in the global market,” and this strategic alliance is one aspect of that. Sumitomo Forestry will continue to accumulate expertise in the housing-related business overseas and promote the expansion and development of business.

*1 Acronym for “Joint Stock Company”

*2 Wooden board made by compressing wood particles with a resin through hot-press machinery

*3 Medium-Term Management Plan for the period from the fiscal year ending March 2017 to the fiscal year ending March 2019 (announced on May 12, 2016)

[Reference] Overview of An Cuong Wood-Working JSC

Head Office: DT 747B Street, Phuoc Hai, Thai Hoa Ward, Tan Uyen, Binh Duong Province, Vietnam

Representative: Le Duc Nghia (President, CEO)

Number of employees: 2,180 (As of December 2016)

History:

- 1994 An Cuong Wood-Working JSC is established and begins the import of particle board
- 2006 Establishment of fabricated material plant, begins to manufacture Melamine Face Chipboard (MFC)
- 2012 Expansion of plant, begins to manufacture interior materials

Business overview: - Manufacture, sale and construction of fabricated decorative board (secondary processed board) and wooden interior building materials