

January 7, 2019

Release

Sumitomo Forestry Co., Ltd.

**Making Vietnamese Interior Building Materials Company into an Equity-Method Affiliate  
Increasing Equity Interest in An Cuong Wood-Working JSC to 20%**

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry) announced that it will increase through its wholly-owned subsidiary Sumitomo Forestry Singapore, Ltd. equity interest in An Cuong Wood-Working JSC<sup>\*1</sup> (hereinafter An Cuong), an interior building materials company in the Socialist Republic of Vietnam (hereinafter “Vietnam”), from 10% to 20%. The agreement to purchase additional equity interest was signed on November 30, making An Cuong an equity-method affiliate of Sumitomo Forestry.

An Cuong is Vietnam’s largest interior building materials processing and distribution company. It produces, sells, and constructs all types of fabricated and interior building materials based on wooden board. Sumitomo Forestry acquired equity interest in An Cuong in October 2017, and this purchase of additional equity interest is aimed at further strengthening their collaboration and achieving business expansion.

Recent increases in income<sup>\*2</sup> in Vietnam have provided greater motivation for the younger generation to purchase houses. In urban areas in particular, the number of households is increasing due to the trend of nuclear families, and the level of housing demand is expected to remain high.

Sumitomo Forestry established Vina Eco Board Co., Ltd. (hereinafter VECO), which manufactures and sells particle board<sup>\*3</sup>, in 2010. VECO produces the particle board core materials used in furniture and other products, and has also been supplying these to An Cuong since VECO began operation. In 2015, SFC launched a real estate development with a total of approximately 2,400 units in District 7 of Ho Chi Minh City together with major local developers such as Phu My Hung Development Corp.

Sumitomo Forestry seeks to expand business in the Asia, Oceania, and North America regions, which includes Vietnam, through strengthening collaboration with An Cuong. It will accelerate the development of technology and the introduction of new products that meet the needs of each country, and contribute to the advancement of housing environment and culture.

One of the basic policies of the Sumitomo Forestry Group 2018 Medium-Term Management Plan<sup>\*4</sup> is “Development of diverse revenue streams in the global market,” and this purchase of additional equity interest is one aspect of this policy. Sumitomo Forestry will continue to accumulate know-how in housing-related business overseas and promote business expansion and development.

\*1 JSC: Abbreviation for joint stock company

\*2 Per capital income has increased to USD 2,353 as of 2017

\*3 Wooden board made by compressing wood particles with a resin using hot-press machinery

\*4 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: 3,111 (as of September 2018)

History: 1994: Establishment of An Cuong Wood-Working JSC, begins import of particle board

2006: Establishment of fabricated materials plant, begins production of melamine face chipboard (MFC)

2012: Expansion of plant, begins manufacture of interior building materials

2018: Establishment of second plant

Business overview: Manufacture, sale and construction of fabricated decorative board and wooden interior building materials