

To: Media organizations  
From: Sumitomo Forestry Co., Ltd.  
Mitsui & Co., Ltd.  
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## Equity Participation in Residential Interior Decoration Business in China

Sumitomo Forestry Co., Ltd. (“Sumitomo Forestry”, Head Office: Chiyoda-ku, Tokyo, President & Representative Director: Akira Ichikawa,) and Mitsui & Co., Ltd. (“Mitsui”, Head Office: Chiyoda-ku, Tokyo, President & CEO:Tatsuo Yasunaga) have acquired an equity interest in Beijing BBMG Decoration Engineering Co., Ltd. (“Beijing BBMG Decoration”), a subsidiary of Beijing Building Materials Group Corporation (“BBMG”), by accepting a third party allocation of new shares. As a result of the share issue, Beijing BBMG Business and Trading Co., Ltd. now owns 51% of the company, Sumitomo Forestry 29% and Mitsui & Co. 20%.

Units in Chinese housing complexes are customarily delivered on a “bare shell”<sup>1</sup> basis, which means that the interior can be designed freely to suit each buyer’s preferences. In recent years, however, rising real estate prices have been paralleled by a downward trend in area per unit, especially in urban areas. This has created a growing need for space-saving features, such as built-in storage furniture. In addition to government moves to encourage the development of housing complete with interior decoration, there is also increasing concern about environmental and health issues. These factors are reflected in growing interest in housing that has already undergone related countermeasures, such as formaldehyde removal.

For these reasons, the percentage of dwellings delivered with interior decoration already completed, as is the usual practice in Japan, is also rising in China. Sumitomo Forestry and Mitsui will provide Beijing BBMG Decoration with Japanese-style interior decoration design and implementation technology and expertise accumulated over many years, working to make comfortable, safe dwellings with space-saving features more widely available in China through this project.

As a general construction materials company, BBMG manufactures and sells a wide variety of products, including household equipment, furniture and cement. Its extensive business activities also include real estate development and management.

Beijing BBMG Decoration is involved primarily in the interior decoration of offices, commercial facilities and other properties. Now that Sumitomo Forestry and Mitsui have become shareholders, it plans to focus on the development of residential interior decoration as a core business area.

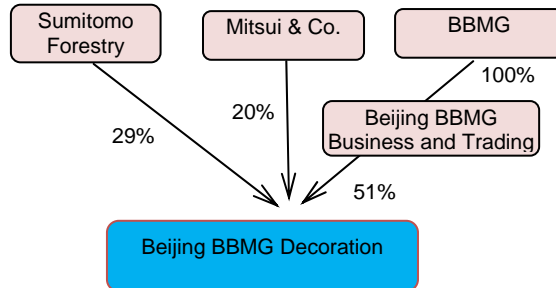
Sumitomo Forestry will work to improve Beijing BBMG Decoration’s advantage and competitiveness in the Chinese market by providing technical guidance based on expertise developed through its involvement in the housing business in Japan.

Mitsui has around 20 years of experience in the Chinese timber and construction materials business. Drawing on this experience, it will monitor local housing needs directly through this interior decoration business and use the resulting information and knowledge to create new housing-related business in China.

1: Bare shell delivery

In China, units in housing complexes are usually delivered to customers in a “bare shell” state, with exposed concrete floors and walls. The advantage of this system is that the buyer is free to design the interior finish. However, it also results in higher construction costs. Another disadvantage is the potential for safety issues due to the continuation of interior work after the occupation of the dwelling.

## ■ Shareholdings



## ■ Profile of Beijing BBMG Decoration

Formal name	Beijing BBMG Decoration Engineering Co., Ltd.
Location	Beijing, People’s Republic of China
Establishment	November 1993
Representative	Mr. Kou Ying Yao (Chairman)
Employees	Approx. 50
Shareholders	Beijing BBMG Business and Trading: 51%, Sumitomo Forestry: 29%, Mitsui: 20%
Activities	Design and implementation of architectural interiors, facility installation, etc.

## ■ Profile of Beijing Building Materials Group Corporation

Formal name	Beijing Building Materials Group Corporation, “BBMG”	
Location	Beijing, People’s Republic of China	
Establishment	December 2005	
Representative	Mr. Jiang Deyi (Chairman) (from July 1 <sup>st</sup> , 2015)	
Employees	Approx. 29,000	
Capital	4,785 million RMB (approx. ¥94.7 billion)	
Net sales	Approx. 41.2 billion RMB (approx. ¥816.6 billion) in year ended December 2014	
Principal shareholders (as of December 31, 2014)	BBMG Group Co., Ltd.	47.92%
	China National Materials Co., Ltd.	5.01%
Activities	Manufacture and sale of cement and other construction materials, real estate development and management, etc.	

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