

February 8, 2017

Press Release

Sumitomo Metal Mining Co., Ltd.

Agreement with Jih Lin Technology
on Sale of Lead Frame Business Companies

Sumitomo Metal Mining Co., Ltd. (SMM) and Jih Lin Technology Co., Ltd. (Jih Lin Technology, Headquarters: Kaohsiung, Taiwan, President: Shang Yuen Tsai) have reached a basic agreement on the sale of three lead frame manufacturing subsidiaries held by SMM through wholly-owned subsidiary SH Materials Co., Ltd. (Headquarters: Minato-ku, Tokyo, President and Representative Director: Naoka Inoue) to Jih Lin Technology.

In light of changes in the business environment for lead frames, including over-commoditization due to maturation of the market as well as intensified competition from the emergence of Chinese manufacturers, SMM has decided to withdraw from the business as announced on November 11, 2016. In working toward withdrawal, SMM has been in discussions with Jih Lin Technology for the sale of two overseas companies and one domestic company engaged in the business of lead frames for power semiconductors. As a result of those discussions, an agreement was reached on the sale of Suzhou SH Precision Co., Ltd. (Suzhou, China), Malaysian SH Precision Sdn. Bhd. (Negeri Sembilan, Malaysia) and SH Precision Co., Ltd. (Yonezawa-shi, Yamagata, Japan) shares, and a legally binding memorandum of understanding (MOU) was concluded on February 7.

The sale is expected to take place no later than the end of June 2017, on the condition that the necessary approval and authorizations are obtained from the relevant authorities in each country.

The impact of this withdrawal on SMM business results will undergo a detailed review, but is believed to be minor.

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