

News Release

May 12, 2008

Production of COF, Substrate for Mounting LCD Driver ICs, Set for Significant Increase

Sumitomo Metal Mining Package Materials Co., Ltd. (SMM-PM), an SMM affiliate based in Tachikawa City (Tokyo), is to expand its production line of chip-on-film (COF), a film substrate for mounting liquid-crystal driver ICs. The decision to boost production capacity in COF, which is produced using a new manufacturing method, aims to respond to today's increasingly higher definition of LCD televisions.

COF substrates serve as mounting bases for connecting liquid-crystal driver ICs and LCD panels. As increasingly higher levels of definition are demanded of LCD panels, pixel numbers are continually increasing, and along with this trend driver ICs are required to offer increasingly higher outputs. At the same time, however, there is also a need to lower production costs through reductions in requisite IC quantities. Accordingly, the overriding demand today is for COF, a wiring material, to achieve increasingly higher levels of fineness.

The new production technology, known as the "semi-additive process," performs wiring formation by plating instead of by traditional etching. As the new method enables wiring widths, positioning and shaping of superior precision, wiring with a 20-micron pitch is now possible – a feat difficult to achieve with earlier COF substrates.

The new COF production system has already been in operation at two domestic locations – the Ome Plant (Electronics Division, Tokyo) and Ohkuchi Electronics Co., Ltd. – since autumn 2007, on a collective scale of roughly 5 million units per month. Now, a new production line will be created at Sumiko Electronics Taiwan Co., Ltd. (SET), based in the Taiwanese city of Kaohsiung, capable of producing 10 million units monthly. Subsequently, the production lines currently at Ome and Ohkuchi will be relocated to SET. The total investment outlay is slated to reach ¥3.6 billion.

SET is a Taiwanese subsidiary jointly established by Sumitomo Metal Mining Asia Pacific Pte. Ltd., which is a Singapore-based wholly owned subsidiary of SMM-PM, and Kaohsiung-based Chang Wah Electromaterials Inc., which performs sales functions for the electronic materials of the SMM-PM Group within the Taiwanese market. Currently Taiwan is a major market in this area, producing some 40% of the world's LCD driver ICs. With the production expansion to come from the launch of COF manufacture by the semi-additive process, the company looks to boost its market share even higher.

Overview of Sumiko Electronics Taiwan Co., Ltd. (SET)

1. Capitalization: NT\$1.11 billion

2. Owners & Equity Ratios:

Sumitomo Metal Mining Asia Pacific Pte. Ltd. (wholly owned subsidiary of SMM-PM):

70%

Chang Wah Electromaterials Inc.: 30%

3. Location: N.E.P.Z., Kaohsiung City, Taiwan

4. President: C.S. Hung

5. Establishment: November 1994

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