

March 22, 2017

Press Release

Sumitomo Metal Mining Co., Ltd.

**Conclusion of Stock Purchase Agreement for Sale of Lead Frame
Business Companies with Jih Lin Technology**

Sumitomo Metal Mining Co., Ltd. (SMM) has decided to sell its shares in Malaysian SH Precision Sdn. Bhd. (Negeri Sembilan, Malaysia), Suzhou SH Precision Co., Ltd. (Suzhou, China), and SH Precision Co., Ltd. (Yonezawa-shi, Yamagata, Japan) – companies engaged in the lead frame business in which SMM holds shares through its subsidiary SH Materials Co., Ltd. (Headquarters: Minato-ku, Tokyo, President and Representative Director: Naoka Inoue) – and today concluded a stock purchase agreement with Jih Lin Technology Co., Ltd. (Jih Lin Technology, Headquarters: Kaohsiung, Taiwan).

SMM decided to withdraw from the lead frame business in November last year in the light of changes in the business environment including the market itself starting to decline having passed through the growth phase and maturity phase, the hyper commoditization of the materials for lead frames, and a drastic fall in prices due to the rise of local Chinese manufacturers.

A letter of intent (LOI) based on a transfer of business was concluded with Jih Lin Technology in November last year, and numerous discussions concerning the sale have been held since. As a result, the decision was made that the mid-to-long term outlook for business expansion could be made clearer by entrusting management of the lead frame business to Jih Lin Technology, which has business resources in Taiwan and China and is very familiar with these markets.

SMM's materials business shall allocate the resources freed up by the withdrawal from the lead frame business to battery materials and crystal materials including LT/LN in order to further expand and enhance the company's provision of products for areas in which future growth is expected, such as the environment, energy, and communications.

The sale is expected to take place no later than June 15, 2017, on the condition that the necessary approval and authorizations are obtained from the relevant authorities in each country.

The impact of this sale on SMM's results will be minor.

[Reference]

Overview of Jih Lin Technology Co., Ltd.

Location: Nanzih Export Processing Zone, Kaohsiung, Taiwan

Established: October 2000

Capital: 748 million TWD

President: Shang Yuen Tsai

Employees: Approx. 675 (not including subsidiaries, etc.)

Business: Manufacture and sale of lead frames for semiconductors

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