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## **SCHRAMM HOLDING AG**

**星亮控股股份公司\***

*(A joint stock company incorporated under the laws of Germany)*

**(Stock Code: 955)**

### **ANNOUNCEMENT**

#### **CONNECTED TRANSACTION ACQUISITION OF INTEREST IN INLUSTRA TECHNOLOGIES, INC.**

The Board is pleased to announce that on 21 June 2010, Schramm Hong Kong entered into the Series B Preferred Stock Purchase Agreement.

Pursuant to the Series B Preferred Stock Purchase Agreement, SSCP agreed to sell and Schramm Hong Kong agreed to purchase 3,571,428 shares of Series B Preferred Stock at a price of US\$1,500,000.

SSCP is a substantial shareholder of the Company and is a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction under Rule 14A.13(1)(a) of the Listing Rules. Since each of the applicable percentage ratios in respect of the Acquisition is less than 5%, the transaction contemplated under the Series B Preferred Stock Purchase Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **THE SERIES B PREFERRED STOCK PURCHASE AGREEMENT**

##### **Date**

21 June 2010

##### **Parties**

Vendor: SSCP

Purchaser: Schramm Hong Kong

## **Asset acquired**

Subject to the terms and conditions of the Series B Preferred Stock Purchase Agreement, SSCP agreed to sell and Schramm Hong Kong agreed to purchase 3,571,428 shares of Series B Preferred Stock, representing 74.52% of the total issued and outstanding shares of Series B Preferred Stock, and 22.87% of the total issued and outstanding shares of Common Stock (assuming all the shares of Series A Preferred Stock and shares of Series B Preferred Stock have been fully converted into shares of Common Stock, all the Warrants have been fully exercised and converted into shares of Common Stock and all the stock options have been granted under the stock compensation plan of the Target Company and fully exercised) as at the date of the Series B Preferred Stock Purchase Agreement.

## **Consideration**

The consideration of the Acquisition is US\$1,500,000 (equivalent to approximately HK\$11,625,000), representing a purchase price of US\$0.42 (equivalent to approximately HK\$3.26) per share of Series B Preferred Stock.

The consideration of the Acquisition was determined after arm's length negotiations between SSCP and Schramm Hong Kong with reference to the acquisition cost paid by SSCP. It will be satisfied in cash from the internal resources of the Group, not the proceeds raised by the Company pursuant to the global offering of the Company's shares in 2009.

## **Completion**

Completion of the Acquisition shall take place on 9 July 2010 or such later date as the parties to the Agreement may agree in writing.

## **PRINCIPAL TERMS OF THE SERIES B PREFERRED STOCK**

Below are the principal terms of the Series B Preferred Stock:

- Voting:** Holders of the shares of Series B Preferred Stock will be entitled to vote at the general meeting of the Target Company. The number of votes will be equal to the number of shares of Common Stock into which the shares of Series B Preferred Stock held are convertible.
- Dividends:** Holders of the shares of Series B Preferred Stock will be entitled to dividends.
- Election of Direction:** As at the date of this announcement, the board of directors of the Target Company comprises five directors. Holders of the shares of Series B Preferred Stock is entitled to elect two directors of the Target Company.
- Dissolution of the Target Company:** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Target Company, holders of shares of Series B Preferred Stock then outstanding shall first be entitled to be paid out of the assets of the Target Company available for distribution to its shareholders before any payment shall be made to the holders of shares of Series A Preferred Stock or the holders of shares of Common Stock.

Conversion: Each share of the Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the original issue price of the Series B Preferred Stock by the conversion price of the Series B Preferred Stock in effect at the time of conversation (subject to adjustments including stock dividend, stock split and combination of other similar recapitalization).

## **REASONS FOR AND THE BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the provision of technical coatings solutions in automotive and general industry coatings, coil coatings (for pre-coated metals) and electrical insulation paints and varnishes sectors.

The Group produces coating products for electrical insulation products mainly for the fluorescent lamp industry. In view of the recent revolution in the lighting industry, lighting technologies of incandescent and fluorescent lamps are losing competitiveness to white LED technology based on Gallium Nitride film, especially in the European and Asian markets. Since the Target Company possesses fundamental Gallium Nitride-related substrate technologies and products for use in the LED production technology, the Directors expect that the Group's investment in the Target Company will allow it to leverage its electrical insulation product-related client base to gain access and approvals to market the Target Company's products, especially in Europe and Asia.

The Directors and the Independent Supervisors have reviewed the Series B Preferred Stock Purchase Agreement, together with other documents relating to the Target Company, and consider that the terms of the Series B Preferred Stock Purchase Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors confirm that they do not have a material interest in the Acquisition.

## **INFORMATION OF SSCP**

SSCP is a company incorporated in Korea in 1973, whose shares have been listed on the Korean Securities Dealers Automated Quotations since October 2005. It is principally engaged in manufacturing and sales of electronic materials and coating materials.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company (and its predecessor) is a private company incorporated in the State of California, United States of America on 2 May 2005 with limited liability. As at the date of this announcement, the Target Company has issued 5,330,000 shares of Common Stock, 3,322,310 shares of Series A Preferred Stock and 4,792,588 shares of Series B Preferred Stock. The Target Company has issued Warrants which entitle the holder(s) thereof to subscribe for an aggregate of 91,111 shares of Series A Preferred Stock. The Target Company has also adopted a stock compensation plan for issue of up to 2,080,579 shares of Common Stock, of which stock options relating to 1,266,625 shares of Common Stock have been granted to its employees, contractors and directors as of 20 June 2010. To the best of knowledge of the Directors after making due and careful enquiry, other than SSCP, none of the holders of shares of Common Stock, shares of Series A Preferred Stock, Warrants, shares of Series B

Preferred Stock and stock options under the Target Company's stock compensation plan is connected person of the Company. After the Acquisition, SSCP will cease to have any interest in the Target Company. The original purchase cost of 3,571,428 shares of Series B Preferred Stock to SSCP is US\$1,500,000 (equivalent to approximately HK\$11,625,000).

The Target Company is principally engaged in the provision of high-quality Gallium Nitride substrates for optoelectronic devices to laser, LED and academic customers. Based on the unaudited accounts of the Target Company which have been prepared in accordance with generally accepted accounting principles in the United States of America, the net asset value of the Target Company was approximately US\$1,366,041 (equivalent to approximately HK\$10,586,818) as at 31 December 2009. For the year ended 31 December 2009, the net loss both before and after taxation and extraordinary items of the Target Company amounted to approximately US\$954,381 (equivalent to approximately HK\$7,396,453). For the year ended 31 December 2008, the net loss both before and after taxation and extraordinary items of the Target Company amounted to approximately US\$802,000 (equivalent to approximately HK\$6,215,500).

## **LISTING RULES IMPLICATIONS**

SSCP is a substantial shareholder of the Company and is a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction under Rule 14A.13(1)(a) of the Listing Rules. Since each of the applicable percentage ratios in respect of the Acquisition is less than 5%, the transaction contemplated under the Series B Preferred Stock Purchase Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Acquisition”	the acquisition of 3,571,428 shares of Series B Preferred Stock by Schramm Hong Kong
“Board”	the management board of the Company
“Common Stock”	the common stock issued by the Target Company
“Company”	Schramm Holding AG
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Supervisors”	members of the supervisory board of the Company who meet the independence requirements as provided under Rule 3.13 of the Listing Rules
“LED”	light-emitting diode
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Schramm Hong Kong”	Schramm SSCP (Hong Kong) Limited, a wholly-owned subsidiary of the Company
“Series A Preferred Stock”	the Series A Preferred Stock issued by the Target Company
“Series B Preferred Stock”	the Series B Preferred Stock issued by the Target Company
“Series B Preferred Stock Purchase Agreement”	the Series B Preferred Stock Purchase Agreement entered into between SSCP as vendor and Schramm Hong Kong as purchaser on 21 June 2010 in relation to the sale and purchase of 3,571,428 shares of Series B Preferred Stock
“Shareholder(s)”	holder(s) of the ordinary share(s) with a nominal value of €1.00 each in the capital of the Company
“SSCP”	SSCP Co., Ltd., a company incorporated in Korea and listed on the Korean Securities Dealers Automated Quotations, being one of the controlling shareholders of the Company
“Target Company”	Inlustra Technologies, Inc., a company incorporated under the State of California, the United States of America
“Warrants”	the warrants issued by the Target Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**Kyung Seok CHAE**  
*Director*

Hong Kong, 21 June 2010

At the date of this announcement,

*Management Board comprises of:*

Mr Peter BRENNER  
Mr Kyung Seok CHAE

*Supervisory Board comprises of:*

Mr Jung Hyun OH  
Mr Min Koo SOHN  
Mr Jeong Ghi KOO  
Mr Bang Seon KO<sup>#</sup>  
Mr Choong Min LEE<sup>#</sup>  
Mr Kiyoung SHIN<sup>#</sup>

<sup>#</sup> *Independent supervisors*

\* *for identification purpose only*