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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
REVISION OF ANNUAL CAPS FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the section headed “Connected Transactions” in the Company’s prospectus dated 15 December 2009 in relation to the Toll Manufacturing Agreement and the Qunno Purchase Agreement.

With the continued development of the Group, and based on internal estimates of demand and operating conditions, the Company expects that the Original Annual Caps will not be sufficient for the expected sales of the Group. The Board therefore proposes to revise the annual caps in relation to the Toll Manufacturing Agreement and the Qunno Purchase Agreement for the two years ending 31 December 2011.

Given that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Revised Annual Purchase Caps for Toll Manufacturing Agreement exceed 5%, the transactions under the Toll Manufacturing Agreement are subject to reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios for the Revised Annual Caps for Qunno Purchase Agreement are less than 5%, the transactions under the Qunno Purchase Agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Board will seek approval by the Independent Shareholders at the EGM for the proposed revision of the Original Annual Purchase Caps for Toll Manufacturing Agreement. A resolution in relation thereof will be proposed and considered at the EGM seeking approval by the Independent Shareholders by way of poll. SSCP and its associates, which as at the date of this announcement together hold approximately 70.51% interest in the Company, will abstain from voting at the EGM in respect of the resolution to approve the Revised Annual Purchase Caps for Toll Manufacturing Agreement.

An independent committee comprising the Independent Supervisors will be formed to advise the Independent Shareholders on the Revised Annual Purchase Caps for Toll Manufacturing Agreement. Somerley Limited has been appointed as the independent financial adviser to advise the Independent Committee and the Independent Shareholders in respect of the Revised Annual Purchase Caps for Toll Manufacturing Agreement.

A circular containing, among other things, further information about the Revised Annual Purchase Caps for Toll Manufacturing Agreement, the letter from the independent financial adviser to the Independent Committee and the Independent Shareholders and the recommendation from the Independent Committee together with the invitation to the EGM is expected to be despatched to the Shareholders in accordance with the Listing Rules.

THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Connected Transactions” in the Company’s prospectus dated 15 December 2009 in relation to the Toll Manufacturing Agreement and the Qunno Purchase Agreement.

Toll Manufacturing Agreement

On 10 December 2009, the Company entered into the Toll Manufacturing Agreement with SSCP for a term of three years commencing from 29 December 2009 in relation to, among others, the purchase of coating products from the SSCP Group by the Group for distribution and sales to the Group’s customers in Korea (including provision of samples to the Group for sales and marketing purposes).

Under the Toll Manufacturing Agreement,

- (i) the Group supplies raw materials and intermediary goods to SSCP for the production of coating products (including the license of certain know-how and technology rights by the Group to SSCP Group at nil consideration for the manufacturing process) for distribution and sales to the Group’s customers in Korea. As disclosed in the Company’s prospectus, the Original Annual Sales Caps for Toll Manufacturing Agreement for each of the three years ending 31 December 2011 were expected to be not more than €600,000 (equivalent to approximately HK\$5,838,000), €800,000 (equivalent to approximately HK\$7,784,000) and €1,000,000 (equivalent to approximately HK\$9,730,000), respectively; and
- (ii) SSCP Group sells the coating products manufactured under the Toll Manufacturing Agreement to the Group for distribution and sales to the Group’s customers in Korea. The prices of the coating products supplied by SSCP shall be determined on a cost-basis within the tax legal boundaries having regard to the total raw material costs, delivery costs, manufacturing costs (excluding depreciation and selling, general and administrative costs) incurred by SSCP Group in the manufacturing of the coating products. As disclosed

in the Company's prospectus, the Original Annual Purchase Caps for Toll Manufacturing Agreement for each of the three years ending 31 December 2011 were expected to be not more than €6,500,000 (equivalent to approximately HK\$63,245,000), €7,500,000 (equivalent to approximately HK\$72,975,000) and €8,000,000 (equivalent to approximately HK\$77,840,000), respectively.

Qunno Purchase Agreement

On 10 December 2009, the Company entered into the Qunno Purchase Agreement for a term of three years commencing from 29 December 2009 in relation to the purchase of aluminum paste (a raw material used in the Group's production process) from Qunno by the Group. As disclosed in the Company's prospectus, the Original Annual Caps for Qunno Purchase Agreement for each of the three years ending 31 December 2011 were expected to be not more than €131,000 (equivalent to approximately HK\$1,274,630), €202,000 (equivalent to approximately HK\$1,965,460) and €253,000 (equivalent to approximately HK\$2,461,690), respectively.

REVISED ANNUAL CAPS

Based on the Group's latest unaudited management accounts for the five months ended 31 May 2010, the Company expects that the Original Annual Caps will not be sufficient for the expected sales of the Group. The Board therefore proposes to revise the Original Annual Caps in relation to (i) the purchase of coating products manufactured under the Toll Manufacturing Agreement; and (ii) the purchase of aluminum paste under the Qunno Purchase Agreement. The Original Annual Sales Caps for Toll Manufacturing Agreement are expected to remain unchanged because the Company expects its supplies of raw materials and intermediary goods to SSCP under the Toll Manufacturing Agreement would not increase significantly as SSCP has sufficient stock of raw materials and intermediary goods to meet their production need.

The Original Annual Caps and the Revised Annual Caps proposed by the Board are as follows:

		For the year ending 31 December 2010	For the year ending 31 December 2011
Purchase of coating products under the Toll Manufacturing Agreement	Original Annual Purchase Caps for Toll Manufacturing Agreement	€7,500,000 (equivalent to approximately HK\$72,975,000)	€8,000,000 (equivalent to approximately HK\$77,840,000)
	Revised Annual Purchase Caps for Toll Manufacturing Agreement	€11,000,000 (equivalent to approximately HK\$107,030,000)	€11,500,000 (equivalent to approximately HK\$111,895,000)
Purchase of aluminum paste under the Qunno Purchase Agreement	Original Annual Caps for Qunno Purchase Agreement	€202,000 (equivalent to approximately HK\$1,965,460)	€253,000 (equivalent to approximately HK\$2,461,690)
	Revised Annual Caps for Qunno Purchase Agreement	€300,000 (equivalent to approximately HK\$2,919,000)	€380,000 (equivalent to approximately HK\$3,697,400)

In determining the Revised Annual Purchase Caps for Toll Manufacturing Agreement, the Board took into account the historical transaction amounts, the expected increase in production of automobiles for its customers in Korea, in particular the specific models which use the Group's coating products, the expected increase in export of the Group's products to Korea due to localization of automobiles, the increase in demand for high value environmental friendly products. The Group's sales to its customers under the toll manufacturing arrangements during the first five months ended 31 May 2010 has increased by approximately 79.8% compared with the same period in 2009. The fluctuation in exchange rates between Korean Won and Euro is also one of the factors affecting the Group's sales.

In determining the Revised Annual Caps for Qunno Purchase Agreement, the Board took into account the historical transaction amounts and the estimated increase in sales of the Group's products, as well as the increase in purchased amount from Qunno in view of competitive prices offered by it.

Historical Amounts

The historical transaction amounts for the Continuing Connected Transactions are set out as follows:

		For the year ended 31 December 2009
Purchase of coating products under the Toll Manufacturing Agreement	Annual cap as disclosed in the Company's prospectus	€6,500,000 (equivalent to approximately HK\$63,245,000)
	Actual transaction amount	€6,189,000 (equivalent to approximately HK\$60,218,970)
Purchase of aluminum paste under the Qunno Purchase Agreement	Annual cap as disclosed in the Company's prospectus	€131,000 (equivalent to approximately HK\$1,274,630)
	Actual transaction amount	€129,000 (equivalent to approximately HK\$1,255,170)

Based on the Group's unaudited management accounts, (i) the purchase of coating products under the Toll Manufacturing Agreement from 1 January 2010 up to 31 May 2010 amounted to approximately €5,196,844 (equivalent to approximately HK\$50,565,292), representing approximately 70% of the relevant Original Annual Cap for the current year, and (ii) the purchase of aluminum paste under the Qunno Purchase Agreement from 1 January 2010 up to 31 May 2010 amounted to approximately €122,460 (equivalent to approximately HK\$1,191,535), representing approximately 60% of the relevant Original Annual Cap for the current year. As at the date of this announcement, based on the Group's unaudited management accounts, the actual transaction amounts in relation to Continuing Connected Transactions have not exceeded the relevant Original Annual Cap.

REASONS FOR AND BENEFITS OF THE REVISED CAPS

The Group is principally engaged in the sales and distributions of coating products in Europe and Asia. The Group has production facilities in various sales locations, including Germany Spain, China and Thailand, for manufacturing of coating products customized to meet the specifications of its customers. To minimise its capital investment, the Group has not constructed its own production plant in Korea. Instead, it contracted SSCP to manufacture the specific coating products in Korea to be sold to its Korean customers by entering into the Toll Manufacturing Agreement.

With the general increase in market demand for automotive in Korea and the increasing trend in the use of high quality water-borne coatings in Korea expected for the second half of the 2010, the demand for the Group's products has increased compared with the Group's original

business plan and budget at the time of its listing. The Group's sales to its customers under the toll manufacturing arrangements during the five months ended 31 May 2010 has increased by approximately 79.8% compared with the same period in 2009. The revision of the Original Annual Purchase Caps for Toll Manufacturing Agreement was primarily due to the estimated expansion in operation and business growth of the Group in Korea, the increase in future demands for Korean automobiles, the economic outlook of the Asian market, and the Group's estimates of demand and operating conditions. Furthermore, the sales and purchases under the Toll Manufacturing Agreement were settled in Korean Won. Due to the fluctuation in exchange rate between Euro and Korean Won during the first half of year 2010 and the increasing volatility recently, the Original Annual Purchase Caps for Toll Manufacturing Agreement appear insufficient in meeting the Group's expected sales in Korea.

Qunno manufactures different grades of aluminum paste and is one of the Group's suppliers. The revision of the Original Annual Caps for Qunno Purchase Agreement was primarily due to the Group's estimated increase in demand for the Group's end-users, including mobile, home appliance and notebook manufacturers, which significantly increase the Group's demand for aluminum paste, a raw material used to enhance colour and brightness of coating materials. Having regard to the competitive prices of aluminum paste offered by Qunno compared to other third party suppliers and the established long term business relationship with Qunno, the Directors expect that purchases from Qunno would further increase in the coming two years.

In view of the above reasons, the Directors consider that the Revised Annual Purchase Caps for Toll Manufacturing Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Supervisors shall provide their views in relation to the Revised Annual Purchase Caps for Toll Manufacturing Agreement in the circular of the Company after considering the advice from the independent financial advisers.

Besides, the Directors and the Independent Supervisors consider that the Revised Annual Caps for Qunno Purchase Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP, SSCP AND QUNNO

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.

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. SSCP is one of the controlling shareholders of the Company and is a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules.

Qunno is a company incorporated in Korea in November 2005 with limited liability. It is principally engaged in the production and sales of aluminum paste and silver powder. Qunno is an associate of Mr Oh which is indirectly owned as to 57% by Mr. Oh. Mr. Oh, being the Chairman of the supervisory board of the Company, is a connected person of the Company. Qunno, being an associate of Mr. Oh, is a connected person of the Company by virtue of Rule 14A.11(4) of the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

Revision of Original Annual Purchase Caps for Toll Manufacturing Agreement

As SSCP is one of the controlling shareholders of the Company, a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules, the transactions under the Toll Manufacturing Agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Revised Annual Purchase Caps for Toll Manufacturing Agreement exceed 5%, the transactions under the Toll Manufacturing Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Revision of Original Annual Caps for Qunno Purchase Agreement

As Qunno is an associate of Mr. Oh, a connected person of the Company, the transactions under the Qunno Purchase Agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

Given that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Revised Annual Caps for Qunno Purchase Agreement are less than 5%, the transactions under the Qunno Purchase Agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Board will seek approval of the Independent Shareholders at the EGM for the proposed revision of the Original Annual Purchase Caps for Toll Manufacturing Agreement. A resolution in relation thereof will be proposed and considered at the EGM seeking approval by the Independent Shareholders by way of poll.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the Toll Manufacturing Agreement are required to abstain from voting on the resolution approving the Revised Annual Purchase Caps for Toll Manufacturing Agreement. SSCP and its associates, which as at the date of this announcement together hold 14,035,000 shares of the Company, representing approximately 70.51% interest in the Company, will abstain from voting at the EGM in respect of the resolution to approve the Revised Annual Purchase Caps for Toll Manufacturing Agreement. None of the Directors has any material interest in the Toll Manufacturing Agreement and the Qunno Agreement.

An independent committee comprising the Independent Supervisors will be formed to advise the Independent Shareholders on the Revised Annual Purchase Caps for Toll Manufacturing Agreement. Somerley Limited has been appointed as the independent financial adviser to advise the Independent Committee and the Independent Shareholders in respect of the Revised Annual Purchase Caps for Toll Manufacturing Agreement.

A circular containing, among other things, further information about the Revised Annual Purchase Caps for Toll Manufacturing Agreement, the letter from the independent financial adviser to the Independent Committee and the Independent Shareholders and the recommendation from the Independent Committee together with the invitation to the EGM is expected to be despatched to the Shareholders on or before 26 July 2010 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the management board of the Company
“Company”	Schramm Holding AG
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the purchase of coating products from the SSCP Group by the Group contemplated under the Toll Manufacturing Agreement and the purchase of aluminum paste from Qunno by the Group contemplated under the Qunno Purchase Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of, among others, considering and, if thought fit, approving the Revised Annual Purchase Caps for Toll Manufacturing Agreement
“Group”	the Company and its subsidiaries from time to time
“Independent Committee”	an independent committee of the Company comprising the Independent Supervisors
“Independent Shareholders”	Shareholders other than SSCP and its associates
“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, namely Mr. Bang Seon KO, Mr. Choong Min LEE and Mr. Kiyong SHIN
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Oh”	Mr. Jung Hyun OH, chairman of the supervisory board of the Company, a connected person
“Original Annual Caps”	the Original Annual Caps for Qunno Purchase Agreement and Original Annual Purchase Caps for Toll Manufacturing Agreement

“Original Annual Caps for Qunno Purchase Agreement”	the original annual cap amounts for purchase of aluminum paste from Qunno by the Group under the Qunno Purchase Agreement for the two years ending 31 December 2011
“Original Annual Purchase Caps for Toll Manufacturing Agreement”	the original annual cap amounts for purchase of coating products from the SSCP Group by the Group under the Toll Manufacturing Agreement for the two years ending 31 December 2011
“Original Annual Sales Caps for Toll Manufacturing Agreement”	the original annual cap amounts for the supply of raw materials and intermediary goods by the Group to the SSCP Group under the Toll Manufacturing Agreement for the two years ending 31 December 2011
“Qunno”	Qunno Metal Technology Inc., a company incorporated in Korea, which is indirectly controlled by Mr. Oh, a connected person
“Qunno Purchase Agreement”	the agreement dated 10 December 2009 entered into between the Company and Qunno in relation to the purchase of aluminum paste from Qunno by the Group
“Revised Annual Caps”	Revised Annual Caps for Qunno Purchase Agreement and Revised Annual Purchase Caps for Toll Manufacturing Agreement
“Revised Annual Caps for Qunno Purchase Agreement”	the revised annual cap amounts proposed by the Company in respect of the Qunno Purchase Agreement, being €300,000 (equivalent to approximately HK\$2,919,000) and €380,000 (equivalent to approximately HK\$3,697,400) for the two years ending 31 December 2011 respectively
“Revised Annual Purchase Caps for Toll Manufacturing Agreement”	the revised annual cap amounts proposed by the Company in respect of the purchase of coating products from the SSCP Group by the Group under the Toll Manufacturing Agreement, being €11,000,000 (equivalent to approximately HK\$107,030,000) and €11,500,000 (equivalent to approximately HK\$111,895,000) for the two years ending 31 December 2011 respectively
“Shareholder(s)”	holder of the shares 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, a connected person
“SSCP Group”	SSCP and its subsidiaries from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Toll Manufacturing Agreement”	the agreement dated 10 December 2009 entered into between the Company and SSCP in relation to, among the others, the purchase of coating products from the SSCP Group by the Group under the toll manufacturing arrangements

“€” the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (as amended and supplemented from time to time)

“%” per cent.

By Order of the Board
Kyung Seok CHAE
Director

Hong Kong, 7 July 2010

All amounts denominated in Euro have been translated into HK\$ at an exchange rate of Euro 1.00 = HK\$9.73 in this announcement for illustration purpose only.

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[#]
Mr. Choong Min LEE[#]
Mr. Kiyong SHIN[#]

[#] *Independent Supervisors*

* *for identification purpose only*