
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Schramm Holding AG, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



SCHRAMM HOLDING AG
星亮控股股份公 司*

(A joint stock company incorporated under the laws of Germany)
(Stock Code: 955)

**NEW TOLL MANUFACTURING AGREEMENT AND
NEW MASTER PURCHASE AGREEMENT
SERVICE CONTRACT OF DIRECTOR
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
INVITATION TO ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the
Independent Committee and the Independent Shareholders**



SOMERLEY LIMITED

An invitation to the annual general meeting of Schramm Holding AG to be held at the office of Norton Rose LLP at Theatinerstrasse 11, 80333 Munich, Germany at 9:00 a.m. (CEST) on 30 June 2011 (which can be viewed live at 18/F, The Ballroom, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on 30 June 2011) for the purpose of convening the annual general meeting under German law is set out on pages 44 to 58 of this circular. The invitation is also published on the websites of the Company at www.schramm-holding.com/en_generalmeeting2011.html and of the Stock Exchange at www.hkexnews.hk.

A form of proxy for use in connection with the annual general meeting is enclosed herewith. Please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for such meeting (i.e. not later than 9:00 a.m. (CEST) on 28 June 2011/3:00 p.m. (Hong Kong time) on 28 June 2011). Whether or not you intend to attend the annual general meeting, you are advised to complete and return the enclosed form of proxy in accordance with the instructions printed thereon.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting to be held in Munich, Germany or viewing the annual general meeting at the Hong Kong venue and voting in person in Hong Kong should you so wish.

* *for identification purposes only*

30 May 2011

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT COMMITTEE	19
LETTER FROM SOMERLEY	21
LETTER FROM THE REMUNERATION COMMITTEE	31
APPENDIX I — EXPLANATORY STATEMENT ON REPURCHASE OF SHARES	33
APPENDIX II — AMENDMENTS TO THE ARTICLES OF ASSOCIATION	36
APPENDIX III— DETAILS OF THE SERVICE CONTRACT	37
APPENDIX IV— GENERAL INFORMATION	38
INVITATION TO THE ANNUAL GENERAL MEETING	44

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at the office of Norton Rose LLP at Theatinerstrasse 11, 80333 Munich, Germany at 9:00 a.m. (CEST) on 30 June 2011 (which can be viewed live at 18/F, The Ballroom, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on 30 June 2011) for the purpose of considering and if thought fit, approving, inter alia, the Resolutions
“Annual Caps for the New Master Purchase Agreement”	the annual cap amounts for the purchases of raw materials, intermediary goods and commodities from the SSCP Group by the Group under the New Master Purchase Agreement
“Annual Purchase Caps for the New Toll Manufacturing Agreement”	the annual cap amounts for the purchases of coating products from the SSCP Group by the Group under the New Toll Manufacturing Agreement
“Annual Sales Caps for the New Toll Manufacturing Agreement”	the annual cap amounts for the sales of coating products to the SSCP Group by the Group under the New Toll Manufacturing Agreement
“Articles of Association”	the existing articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Management Board”	the management board of the Company
“CEST”	Central European Summer Time
“Company”	Schramm Holding AG, a joint stock company incorporated under the laws of Germany, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the member(s) of the Management Board
“Effective Date”	the resolution to approve the New Agreements and their respective annual caps if passed at the AGM by the Independent Shareholders, the date of the AGM

DEFINITIONS

“Existing Agreements”	the Existing Toll Manufacturing Agreement and the Existing Master Purchase Agreement
“Existing Master Purchase Agreement”	the agreement dated 10 December 2009 entered into between the Company and SSCP in relation to, among the others, the purchase of products from the SSCP Group by the Group under the master purchase arrangements
“Existing Toll Manufacturing Agreement”	the agreement dated 10 December 2009 entered into between the Company and SSCP in relation to, among the others, the sales and purchase of coating products to/from the SSCP Group by the Group under the toll manufacturing arrangements
“Group”	Schramm Holding AG and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Committee”	an independent committee of the Company comprising the Independent Supervisors
“Independent Financial Adviser” or “Somerley”	Somerley Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Committee and the Independent Shareholders in respect of the New Agreements, Annual Purchase Caps for the New Toll Manufacturing Agreement and Annual Caps for the New Master Purchase Agreement
“Independent Shareholders”	with respect to (i) the New Toll Manufacturing Agreement and the New Master Purchase Agreement, Shareholders other than SSCP and its associates and any other person who has a material interests in the New Toll Manufacturing Agreement and the New Master Purchase Agreement, and (ii) the Service Contract, Shareholders other than Mr. Chae and his associates (to the extent they have any interest in the Company)
“Independent Supervisor(s)”	member(s) of the Supervisory Board who meet(s) the independence requirements as provided under Rule 3.13 of the Listing Rules
“Invitation”	the invitation to the AGM for the purpose of convening the AGM under German law as set out on pages 44 to 58 of this circular

DEFINITIONS

“Issue Mandate”	an authorisation proposed to be granted to the Directors at the AGM to increase the share capital of the Company and a general unconditional mandate proposed to be granted to the Directors at the AGM to allot and issue Shares in the course of such increase, once or several time, up to 3,981,000 Shares of an aggregate nominal value of €3,981,000, namely, nominal value of the Shares under the said mandate will not be exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of the relevant resolution approving the Issue Mandate. Such mandate if approved at the AGM could only be exercised by the Directors with the approval of the Supervisory Board
“Latest Practicable Date”	12 May 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chae”	Mr. Kyung Seok CHAE, one of the members of the Management Board of the Company
“Mr. Oh”	Mr. Jung Hyun OH, chairman of the Supervisory Board, a connected person
“New Agreements”	the New Toll Manufacturing Agreement and the New Master Purchase Agreement
“New Master Purchase Agreement”	the agreement dated 9 May 2011 entered into between the Company and SSCP in relation to, among the others, the purchase of products from the SSCP Group by the Group under the master purchase arrangements
“New Toll Manufacturing Agreement”	the agreement dated 9 May 2011 entered into between the Company and SSCP in relation to, among the others, the sales and purchase of coating products from/to the SSCP Group by the Group under the toll manufacturing arrangements
“Prospectus”	the Company’s prospectus dated 15 December 2009 for the purpose of the initial listing of the shares of the Company on the Stock Exchange

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to enable them to repurchase Shares on the Stock Exchange with an aggregate nominal amount of up to €1,990,500, such that the aggregate nominal value of the Shares to be repurchased under such mandate will be not more than 10% of the aggregate nominal value of the Company’s share capital in issue as at the date of the passing of the relevant resolution approving the Repurchase Mandate
“Remuneration Committee”	the remuneration committee of the Company comprising the Independent Supervisors and chaired by a Supervisor, Mr. Oh, to advise the Independent Shareholders of the terms of the Service Contract
“Resolution(s)”	the resolution(s) proposed in the Invitation
“Service Contract”	Mr. Chae’s service contract with the Company
“Share(s)”	the share(s) €1.00 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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
“Supervisor(s)”	the member(s) of the Supervisory Board
“Supervisory Board”	the supervisory board of the Company
“€” or “EUR”	the lawful currency of the member states of the European Union

Unless otherwise defined, exchange rates of HK\$10.5532 = €1 and HK\$7.8 = US\$1 are adopted in this circular, for illustration purposes only.



SCHRAMM HOLDING AG
星亮控股股份公司*

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

(Stock Code: 955)

Members of the Management Board:

Mr. Peter BRENNER
Mr. Kyung Seok CHAE
Dr. Sung Su HAN

Registered Office:

Kettelerstraße 100
63075 Offenbach am Main
Germany

Members of the Supervisory Board:

Mr. Jung Hyun OH, *Chairman*
Mr. Jeong Ghi KOO, *Vice Chairman*
Mr. Min Koo SOHN

Independent members of the Supervisory Board:

Mr. Choong Min LEE
Mr. Kiyoung SHIN
Mr. Bang Seon KO

30 May 2011

To the Shareholders

Dear Sirs or Madams,

**NEW TOLL MANUFACTURING AGREEMENT AND
NEW MASTER PURCHASE AGREEMENT
SERVICE CONTRACT OF DIRECTOR
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
INVITATION TO ANNUAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 9 May 2011 in relation to the entering into of the New Toll Manufacturing Agreement and the New Master Purchase Agreement.

* *for identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information relating to the entering into the New Toll Manufacturing Agreement and the New Master Purchase Agreement, the transactions contemplated thereunder and their respective annual caps; (ii) opinions and recommendations of the Independent Committee and the Independent Financial Adviser relating to the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement; (iii) opinions and recommendations of the Remuneration Committee with regard to the extension of Service Contract; (iv) information relating to the granting of the Issue Mandate; (v) information relating to the granting of the Repurchase Mandate and (vi) the proposed amendments to the Articles of Association, all to be proposed and dealt with at the AGM.

The Independent Committee comprising all Independent Supervisors has been established to advise the Independent Shareholders regarding the entering into New Agreements and Somerley has been appointed as the Independent Financial Adviser to advise the Independent Committee and the Independent Shareholders in this regard.

The Remuneration Committee comprising the Independent Supervisors and a Supervisor, Mr. Oh, the chairman of the Remuneration Committee, has reviewed and considered the terms of the Service Contract for the purpose of advising the Independent Shareholders regarding the Service Contract.

I. CONTINUING CONNECTED TRANSACTIONS

New Toll Manufacturing Agreement

Date:

9 May 2011

Parties:

- (i) Schramm Holding AG
- (ii) SSCP Co., Ltd

Term:

Subject to Independent Shareholders' approval, the New Toll Manufacturing Agreement is of a term of three years commencing from the Effective Date.

Principal terms:

The principal terms of the New Toll Manufacturing Agreement are similar to those of the Existing Toll Manufacturing Agreement. Under the New Toll Manufacturing Agreement,

- (a) the Group supplies raw materials and intermediary goods to SSCP for the production of coatings products (including the license of certain know-how and technology rights by the Group to SSCP Group at nil consideration for the manufacturing process); and

LETTER FROM THE BOARD

- (b) SSCP sells the coating products manufactured under the New Toll Manufacturing Agreement to the Group for distribution and sales to the Group's customers in Korea.

Raw materials and intermediary goods supplied by the Group to SSCP are specifically for the production of coating products for the automotive sector for the toll manufacturing arrangements under the New Toll Manufacturing Agreement, which are currently not available in the Korean market.

The prices of the raw materials and intermediary goods supplied by the Group to SSCP shall be determined on a cost-basis.

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 in the manufacturing of the coating products.

Condition Precedent:

The New Toll Manufacturing Agreement is conditional upon the passing of resolution by the Independent Shareholders at the AGM approving the New Toll Manufacturing Agreement and the Annual Purchase Caps for the New Toll Manufacturing Agreement.

If the condition precedent is not fulfilled by 31 August 2011, the New Toll Manufacturing Agreement shall lapse and be terminated and, save for any antecedent breach, the Company and SSCP shall be released from the New Toll Manufacturing Agreement and neither party to the New Toll Manufacturing Agreement shall have any claim against the other party.

LETTER FROM THE BOARD

Annual Caps:

The Board proposed the Annual Sales Caps for the New Toll Manufacturing Agreement and the Annual Purchase Caps for the New Toll Manufacturing Agreement for each of the financial years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date are as follows:

	For the year ending 31 December 2011 <i>(Note)</i>	For the year ending 31 December 2012	For the year ending 31 December 2013	For the period from 1 January 2014 to the third anniversary of the Effective Date
Annual Sales Caps for the New Toll Manufacturing Agreement (Equivalent to approximately	€1,000,000 HK\$10,553,200	€1,100,000 HK\$11,608,520	€1,200,000 HK\$12,663,840	€618,000 HK\$6,521,878)
Annual Purchase Caps for the New Toll Manufacturing Agreement (Equivalent to approximately	€15,000,000 HK\$158,298,000	€15,750,000 HK\$166,212,900	€16,500,000 HK\$174,127,800	€8,500,000 HK\$89,702,200)

Note: Inclusive of transactions from 1 January 2011 up to the Effective Date under the Existing Toll Manufacturing Agreement and transactions from the Effective Date up to 31 December 2011 under the New Toll Manufacturing Agreement.

In determining the Annual Sales Caps for the New Toll Manufacturing Agreement and the Annual Purchase Caps for the New Toll Manufacturing Agreement, the Board took into account the historical transaction amounts under the Existing Toll Manufacturing Agreement, 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 the export of the Group's products to the Korean automotive manufacturers overseas production facilities, the increase in demand for high value environmental friendly coating products. Based on the Group's unaudited management accounts, the Group's sales to its customers under the Existing Toll Manufacturing Agreement during the first quarter of 2011 has increased by approximately 52% compared with those of the same period in 2010.

LETTER FROM THE BOARD

Historical Amounts:

The historical transaction amounts for the past three financial years are set out as follows:

	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ended 31 December 2010
Actual sale amount (Equivalent to approximately	€556,000 HK\$5,867,579	€279,000 HK\$2,944,343	€630,000 HK\$6,648,516)
Actual purchase amount (Equivalent to approximately	€7,480,000 HK\$78,937,936	€6,189,000 HK\$65,313,755	€10,981,000 HK\$115,884,689)

The actual sales amount and purchase amount during the financial year ended 31 December 2009 and 31 December 2010 have not exceeded the annual caps (as revised by shareholders' approval at the extraordinary general meeting held on 31 August 2010) under the Existing Toll Manufacturing Agreement.

Based on the Group's unaudited management accounts, (i) the sales of coating products under the Existing Toll Manufacturing Agreement for the first quarter of 2011 was approximately €90,000 (equivalent to approximately HK\$950,000), and (ii) the purchase of coating products under the Existing Toll Manufacturing Agreement for the first quarter of 2011 was approximately €4,897,000 (equivalent to approximately HK\$51,679,000). As at the Latest Practicable Date, based on the Group's unaudited management accounts, the actual transaction amounts under the Existing Toll Manufacturing Agreement have not exceeded the relevant annual caps for the year ending 2011 (as revised by shareholders' approval at the extraordinary meeting held on 31 August 2010).

Reasons for Entering into of the New Toll Manufacturing Agreement

The Group is principally engaged in the sales and distribution of coating products. To minimise the Group's capital investment costs, the Group has not constructed its own production plant in Korea. Instead, the Company entered into the Existing Toll Manufacturing Agreement with SSCP to manufacture the specific coating products in Korea to be sold to the Group's Korean customers.

Following the general increase in global demand for Korean automobiles and the increase in the use of high end functional coating products, such as high elastic and anti scratch coatings, in Korean automobiles, the Group is experiencing a significant increase in the demand for coating products. In addition, the Group has established its brand name within the Korean automotive sector and the number of model the Group is supplying coating to has increased significantly since the extraordinary general meeting held on 31 August 2010 when the annual caps under the Existing Toll Manufacturing Agreement were revised.

LETTER FROM THE BOARD

The Group's sales to its customers under the Existing Toll Manufacturing Agreement in the 2011 first quarter exceeded the Group's internal budget by approximately 14% and based on its unaudited management accounts, increased by approximately 52% compared with those of the 2010 first quarter. The increase was primarily due to the growth in the general demand for Korean automotives and also the general increase in the use of coating products in Korea automotives. With the continuous growth in the general demand for Korean automotives, the economic outlook of the Asian market and the Group's estimated demand and operating conditions, the Directors expect that the existing annual caps for the year ending 31 December 2011 will not be sufficient in meeting the Group's expected sales in Korea. As the Existing Toll Manufacturing Agreement will expire in 2012, the Company has entered into the New Toll Manufacturing Agreement for continuance of the toll manufacturing arrangements with SSCP.

New Master Purchase Agreement

Date:

9 May 2011

Parties:

- (i) Schramm Holding AG
- (ii) SSCP Co., Ltd

Term:

Subject to Independent Shareholders' approval, the New Master Purchase Agreement is of a term of three years commencing from the Effective Date.

Principal terms:

The principal terms of the New Master Purchase Agreement are similar to those of the Existing Master Purchase Agreement. Under the New Master Purchase Agreement, the Group sources certain raw materials, intermediate goods and commodities from SSCP Group. The prices of the raw materials, intermediary goods and commodities are determined on arm's length negotiation, at the lower of the prices offered by independent third parties and the SSCP Group's acquisition costs plus a maximum margin of 10% under the New Master Purchase Agreement.

Condition Precedent:

The New Master Purchase Agreement is conditional upon the passing of resolution by the Independent Shareholders at the AGM approving the New Master Purchase Agreement and the Annual Caps for the New Master Purchase Agreement.

LETTER FROM THE BOARD

If the condition precedent is not fulfilled by 31 August 2011, the New Master Purchase Agreement shall lapse and be terminated and, save for any antecedent breach, the Company and SSCP shall be released from the New Master Purchase Agreement and neither party to the New Master Purchase Agreement shall have any claim against the other party.

Annual Caps:

The Board propose the Annual Caps for the New Master Purchase Agreement for the each of the financial years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date:

	For the year ending 31 December 2011 <i>(Note)</i>	For the year ending 31 December 2012	For the year ending 31 December 2013	For the period from 1 January 2014 to the third anniversary of the Effective Date
Annual Caps (Equivalent to approximately	€7,500,000 HK\$79,149,000	€7,800,000 HK\$82,314,960	€8,100,000 HK\$85,480,920	€4,170,000 HK\$44,006,844)

Note: Inclusive of transactions from 1 January 2011 up to the Effective Date under the Existing Master Purchase Agreement and transactions from the Effective Date up to 31 December 2011 under the New Master Purchase Agreement.

In determining the Annual Caps for the New Master Purchase Agreement, the Board took into account the historical transaction amounts under the Existing Master Purchase Agreement, the expected increase in production for the Group, especially in the Group's Asia operation, the expected market inflation and the possibility of localising the sourcing in the operating countries.

Historical Amounts:

The historical transaction amounts for the past three financial years are set out as follows:

	For the year ended 31 December 2008	For the year ending 31 December 2009	For the year ending 31 December 2010
Actual purchase amount (Equivalent to approximately	€6,300,000 HK\$66,485,160	€4,023,000 HK\$42,455,524	€4,961,000 HK\$52,354,425)

The actual purchase amount during the financial year ended 31 December 2009 and 31 December 2010 have not exceeded the annual caps under the Existing Master Purchase Agreement.

Based on the Group's unaudited management accounts, the purchase of raw materials and commodities under the Existing Master Purchase Agreement for the first quarter of 2011 was approximately €1,498,000 (equivalent to approximately HK\$15,809,000). As at the Latest Practicable Date, based on the Group's unaudited

LETTER FROM THE BOARD

management accounts, the actual transaction amounts in relation to the Existing Master Purchase Agreement have not exceeded the relevant annual caps for the year ending 2011.

Reasons for Entering into of the New Master Purchase Agreement

Raw materials, intermediary goods and commodities supplied by SSCP to the Group under the New Master Purchase Agreement are mainly used in the production of coatings for general industries, such as coatings for mobile phones, laptop computers, electronic products, home appliances, etc. The Group has noted these materials, intermediary goods and commodities are available in Korea at lower prices compared with direct purchase from Europe, taking into account the lower transportation cost of such materials from Korea to PRC and Thailand. Leveraging on the extensive network of SSCP in Korea and the bulk purchase discounts available to SSCP, purchase of raw materials and commodities through SSCP would allow our Group to source these materials at more favourable prices.

In addition, the Group's new operation in Vietnam will start its production in the second half of 2011. As certain key raw materials, intermediary goods and commodities are not currently available in Vietnam, the Board expects there will be an increase in purchase from SSCP in the next three years.

Termination of the Existing Agreements

The New Agreements were entered into in the ordinary and usual course of business of the Group. The Directors consider that the terms of the New Agreements and the relevant annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Prior to the taking effect of the New Agreements, the Company and SSCP will continue to perform their respective obligations under the Existing Agreements. In the event that the New Agreements, or any one of them, do/does not become effective for whatever reasons, the Existing Agreements, or the relevant one will remain in full force and binding on both the Company and SSCP.

When the New Agreements, or any one of them, take/takes effect, the Company and SSCP have agreed to terminate the Existing Agreements or the relevant one. Details of the Existing Agreements are set out in the Prospectus and the Company's 2010 annual report.

The Directors confirm that neither the Company nor SSCP has to pay the other party any compensation as a result of the termination of the Existing Agreements.

The Directors also confirm that the termination of the Existing Agreement will not cause any material adverse impact to the Group due to the entering into of the New Agreements.

LETTER FROM THE BOARD

Information of the Group and SSCP

The Group is principally engaged in the provision of technical coating 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.

Listing Rule Implications

(i) Annual Purchase Caps for the New Toll Manufacturing Agreement and Annual Caps for the New Master Purchase Agreement

Given the applicable percentage ratios in respect of the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement exceed 5% and the annual consideration exceed HK\$10,000,000, the entering into of the New Agreements, the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Annual Sales Cap for the New Toll Manufacturing Agreement

Given the applicable percentage ratios in respect of the Annual Sales Caps for the New Toll Manufacturing Agreement exceed 0.1% but are less than 5%, the Annual Sales Caps for the New Toll Manufacturing Agreement is subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

II. SERVICE CONTRACT OF MR. CHAE

The current service contract of Mr. Chae with the Company will expire on 31 December 2011 and the Supervisory Board has passed a resolution to extend Mr. Chae's service to 31 December 2013. In case of an early termination of the Service Contract by the Company, except for a termination with cause, Mr. Chae shall receive a settlement in the amount of the total fixed earnings, performance-related variable bonuses as well as other agreed benefits and share options for the remaining duration of the Service Contract (the "Settlement").

Mr. Chae is not entitled to receive the Settlement should he choose to terminate the Service Contract.

LETTER FROM THE BOARD

Listing Rules implications

Since the Service Contract contains terms which provide that, in order to entitle the Company to terminate the Service Contract, the Company may be required to pay compensation or make other payments equivalent to more than one year's emoluments, the Service Contract will require the approval of the Independent Shareholders at a general meeting pursuant to Rule 13.68 of the Listing Rules.

Proposed resolutions at the AGM

The Board and the Supervisory Board propose to put forward the following resolution for Independent Shareholders' approval at the AGM.

“In confirmation of the resolution of the Supervisory Board, the general meeting grants its agreement pursuant to Rules 13.68 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, to the extension of Mr. Chae Kyung Seok's appointment until 31 December 2013 and his service agreement as member of the Management Board, as approved by the Supervisory Board.”

Terms of and reasons for entering into of the Service Contract

Having considered the experience of Mr. Chae and his previous involvement in the Group's business, the Board (other than Mr. Chae who has a material interest in the Service Contract) considers the terms for Service Contract are fair, reasonable and consistent with the market practice.

Mr. Chae was appointed as a Director in August 2008, and acts as the chief strategic officer of the Group, with responsibilities for planning, human resources, information technology, risk management, and strategic corporate developments. To leverage on Mr. Chae's strong experience and network in a variety of industries, his continuous services with the Group are important and essential. Accordingly, the Board and the Supervisory Board consider that the extension of Service Contract would benefit the business expansion of the Group.

The material terms of the Service Contract are included in Appendix III to this circular, a copy of the Service Contract is available for inspection by Shareholders.

The Remuneration Committee comprising the Independent Supervisors and a Supervisor, Mr. Oh, who is the chairman of the Remuneration Committee has reviewed and considered the terms of the Service Contract.

III. GENERAL MANDATES TO ISSUE SHARES (THE CREATION OF NEW AUTHORISED CAPITAL 2011/II) AND TO REPURCHASE SHARES

On 11 June 2010, the Directors were given an authorisation to increase the share capital of the Company and a general mandate to allot and issue Shares in the course of such increase with the approval of the Supervisory Board once or several time up to the aggregate nominal value of the Shares not exceeding 3,981,000 Shares of an aggregate

LETTER FROM THE BOARD

nominal value of €3,981,000, being 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution. The Shareholders have also granted the Directors a general mandate to exercise all its powers to repurchase and cancel Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue as at the date of passing of the resolution. Based on 19,905,000 Shares in issue as at the date of the Shareholders' approval on 11 June 2010, the Management Board was authorised to repurchase and cancel up to 1,990,500 Shares of an aggregate nominal value of €1,990,500. These general mandates to issue Shares and to repurchase Shares will be revoked at the AGM and replaced by (if approved at the AGM) the Issue Mandate and the Repurchase Mandate.

The Issue Mandate and the Repurchase Mandate, being the new general mandates to allot, issue and deal with and repurchase Shares as set out in Resolutions 10 and 16 respectively in the Invitation, will be proposed at the AGM.

As at the Latest Practicable Date, 19,905,000 Shares of an aggregate nominal value of €19,905,000 were in issue. On the basis of 19,905,000 Shares in issue (assuming no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the AGM), the Directors would be authorised under the Issue Mandate to allot, issue and deal with a maximum of 3,981,000 Shares of an aggregate nominal value of €3,981,000 and under the Repurchase Mandate to repurchase a maximum of 1,990,500 Shares of an aggregate nominal value of €1,990,500.

The Issue Mandate and Repurchase Mandate will (if approved at the AGM) remain effective until 30 June 2012 unless they are otherwise revoked.

The Directors have no immediate plan to issue or repurchase any securities of the Company pursuant to the Issue Mandate or Repurchase Mandate. The Issue Mandate and the Repurchase Mandate will only be exercised in full or in part(s) with the approval of the Supervisory Board. An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in Appendix I to this circular.

Expiry of General Mandates

Rule 13.36(3) of the Listing Rules provides that a general mandate given under Rule 13.36(2) shall only continue in force until the earlier of:

- (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse, unless the mandate is renewed by shareholders in general meeting; and
- (b) revoked or varied by ordinary resolution of the shareholders in general meeting.

LETTER FROM THE BOARD

Rule 10.06(1)(c)(ii) of the Listing Rules provides for similar expiry date for general mandate granted to the board of directors for repurchase of the listed issuer's own shares.

Pursuant to the internal rules of the Supervisory Board, the Management Board shall ensure the compliance with the relevant Listing Rules regarding expiry of the general mandates. In the event that the next annual general meeting of the Company takes place before the expiry date of the general mandates as approved by the Shareholders (i.e. 30 June 2012), the Management Board shall procure that a resolution be proposed in the annual general meeting of the Company, for (i) revocation and termination of the existing general mandate, or (ii) renewal or grant of a new general mandate with an expiry date determined by the Shareholders.

IV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to seek the approval of the Shareholders at the AGM for the amendments to the Articles of Association, in summary, as follows:

- (i) amendment to section 13(4) of the Articles of Association to be in line with the changes in section 14(1) approved in the annual general meeting dated 11 June 2010. The proposed amendment is for administration purposes; and
- (ii) amendment to section 16(2) of the Articles of Association to be in line with the changes in section 14(1) approved in the annual general meeting dated 11 June 2010. The proposed amendment is for administration purposes.

Details relating to the proposed amendments to the Articles of Association are set out in Appendix II to this circular.

V. FINAL DIVIDENDS

The Management Board proposed a certain amount of dividends originally, after taking consideration the future development of the Group, the funds needed to invest, and the Supervisory Board's proposal for not to declare dividend for the year ended 31 December 2010, the Management Board then agreed with the Supervisory Board's decision.

VI. ANNUAL GENERAL MEETING

The Company will convene the AGM in Munich, Germany at the office of Norton Rose LLP at Theatinerstrasse 11, 80333 Munich, Germany at 9:00 a.m. (CEST) on 30 June 2011 (which can be viewed live at 18/F, The Ballroom, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on 30 June 2011). Resolutions will be proposed at the AGM for the purpose of considering and if thought fit, approving, inter alia, the Resolutions. The Invitation is set out on pages 44 to 58 of this circular.

LETTER FROM THE BOARD

The register of members of the Company will be closed from 27 June 2011 to 30 June 2011, both days inclusive, during which period no transfer of Shares will be effected. In order to be entitled to vote at the AGM, all transfers accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4: 30 p.m. on 22 June 2011.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the New Agreements are required to abstain from voting on the resolution approving the terms of the New Agreements, the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement. SSCP and its associates, which as at the Latest Practicable Date together held 14,035,000 Shares, representing approximately 70.51% interest in the Company, will abstain from voting at the AGM in respect of the resolutions to approve the terms of the New Agreements, the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement. None of the Directors has any material interest in the New Agreements.

A form of proxy for use in connection with the AGM is enclosed herewith. You are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon which must be deposited at the offices of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or sent to the e-mail address of the Company at shareholder@schramm-holding.de at least 48 hours before the time for holding the above meeting (i.e. not later than 9:00 a.m. (CEST) on 28 June 2011/ 3:00 p.m. (Hong Kong time) on 28 June 2011) or any adjourned meeting thereof. Whether or not you intend to attend the AGM, you are advised to complete and return the enclosed form of proxy in accordance with the instructions printed thereon.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM in Munich, Germany or viewing the AGM at the Hong Kong venue and voting in person in Hong Kong should you so wish.

Voting by Poll

Each of the Resolutions will be voted on by poll. Results of the poll voting will be published on the Company's website at www.schramm-holding.com/en_generalmeeting2011.html and the website of Stock Exchanges at www.hkexnews.hk after the AGM.

Recommendation

The Directors and the Independent Supervisors consider that the terms of the New Agreements, the transactions contemplated thereunder and the respective annual caps are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the resolutions proposed in the Invitation by the Board

LETTER FROM THE BOARD

and the Supervisory Board to approve the terms of the New Agreements, the New Annual Purchase Caps for the Toll Manufacturing Agreement and the New Annual Caps for the Master Purchase Agreement.

The Directors and the Supervisory Board consider that the proposed resolutions in respect of (i) the granting of the Issue Mandate; (ii) the granting of the Repurchase Mandate; and (iii) the amendments to the Articles of Association are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend the Shareholders to vote in favour of these resolutions to be proposed at the AGM.

The Directors and the members of the Remuneration Committee consider that the terms of the Service Contract 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 Board also recommends the Independent Shareholders to vote in favour of the resolution proposed in the Invitation by the Board and the Supervisory Board regarding the Service Contract.

Your attention is drawn to the letter from the Independent Committee containing its advice and recommendation to the Independent Shareholders as set out on pages 19 to 20 of this circular and the letter from Somerley containing its advice and the principal factors which it has considered in arriving at its advice in relation to the New Agreements, the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement as set out on pages 21 to 30 of this circular. Your attention is also drawn to the letter from the Remuneration Committee containing its advice and recommendation to the Independent Shareholders in relation to the Service Contract as set out on pages 31 to 32 of this circular.

General Information

Your attention is drawn to the appendices to this circular.

Yours faithfully,
By order of the Board
Kyung Seok CHAE
Director



SCHRAMM HOLDING AG

星亮控股股份公司*

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

(Stock Code: 955)

30 May 2011

To the Independent Shareholders

Dear Sir or Madam,

**NEW TOLL MANUFACTURING AGREEMENT
AND
NEW MASTER PURCHASE AGREEMENT**

We refer to the circular dated 30 May 2011 issued by the Company to its shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We, being the Independent Supervisors, have been appointed to form the Independent Committee to advise you, as an Independent Shareholder, the terms of the New Agreements and the transaction contemplated thereunder, including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement and whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Somerley has been appointed to advise us, the Independent Committee, in relation to these matters.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, and the letter from Somerley to us, the Independent Committee, and the Independent Shareholders containing its advice together with the principal factors and reasons it has been taken into consideration in respect of the New Agreements, as set out on pages 21 to 30 of the Circular.

Having taken into account the principal factors and reasons considered by Somerley and its conclusion and advice, we consider that the terms of the New Agreements and the transactions contemplated thereunder, including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master 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.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the New Agreements and the transactions contemplated thereunder, including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Schramm Holding AG

Bang Seon KO
Independent Supervisor

Choong Min LEE
Independent Supervisor

Kiyoung SHIN
Independent Supervisor

LETTER FROM SOMERLEY

The following is the text of the letter of advice from Somerley to the Independent Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

30 May 2011

*To: the Independent Committee and
the Independent Shareholders*

Dear Sirs,

NEW TOLL MANUFACTURING AGREEMENT AND NEW MASTER PURCHASE AGREEMENT

We refer to our appointment to advise the Independent Committee and the Independent Shareholders in relation to the Group's continuing purchase from the SSCP Group for (i) coating products pursuant to the terms of the New Toll Manufacturing Agreement and (ii) raw materials, intermediary goods and commodities pursuant to the terms of the New Master Purchase Agreement, for which the Independent Shareholders' approvals are being sought for the relevant annual caps. Details of the New Agreements and the relevant annual caps are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 30 May 2011 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

SSCP is the controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Company anticipates that the applicable percentage ratios in respect of the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement are expected to exceed 5% and the respective related annual consideration payable to SSCP is expected to exceed HK\$10 million, the entering into of the New Agreements (including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. SSCP and its associates, which together hold 14,035,000 Shares, representing approximately 70.51% interest in the Company, will abstain from voting in relation to the resolutions approving the New Agreements (including the relevant annual caps) at the AGM.

LETTER FROM SOMERLEY

The Independent Committee, comprising all the Independent Supervisors, namely Mr. Bang Seon KO, Mr. Choong Min LEE and Mr. Kiyoungh SHIN, has been established to make recommendation to the Independent Shareholders as to whether the terms of the New Agreements (including the relevant annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete and will remain so up to the date of the AGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, nor doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Company or SSCP, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the New Agreements (including the relevant annual caps), we have taken the following principal factors and reasons into consideration:

1. Background to and reasons for the New Agreements

The Group is principally engaged in the provision of technical coating solutions in automotive and general industry coatings, coil coatings (for pre-coated metals) and electrical insulation paints and varnishes sectors. The automotive and general industry coatings segment accounted for 77.1% of the Group's total sales in 2010 and the key products were coatings for automobile parts, mobile phone handsets and home appliances and consumer electronics. The Group recorded a double digit growth in revenue of 17.0% in 2010 mainly driven by the growing demand for waterborne coating products in China.

(a) The New Toll Manufacturing Agreement

The Group has production facilities in various sales locations, including Germany, Spain, China and Thailand for the manufacturing of coating products customised to meet the specifications of its customers. In order to minimise capital investment, the Group has not constructed its own production plant in Korea but contracted with SSCP to manufacture the specific coating products in Korea for its Korean customers since April 2005. The Group has to supply raw materials and intermediary goods which are tailor-made for the Group's customers and are not available in the market to SSCP for the production of coating products. The terms of such purchase by the Group from SSCP are

LETTER FROM SOMERLEY

governed by the Existing Toll Manufacturing Agreement entered into in December 2009. The Stock Exchange granted a waiver to the Company from strict compliance with the announcement and independent shareholders' approval requirements under the Listing Rules in respect of the Existing Toll Manufacturing Agreement at the time of its listing on the Stock Exchange in December 2009 and such waiver is going to expire on 31 December 2011. The Company has revised the annual purchase caps under the Existing Toll Manufacturing Agreement for 2010 and 2011 which were approved by the then Independent Shareholders at the extraordinary general meeting of the Company on 31 August 2010 ("Last EGM"), details of which are set out in the circular of the Company dated 23 July 2010.

The Directors advised the Group has been experiencing a significant increase in the demand for coating products under the general increase in global demand for Korean automotives and hence the use of high end functional coating products, such as high elastic and anti-scratch coatings. The Group has established its brand name within the Korean automotive sector and the number of models the Group is supplying coating to has increased significantly since the Last EGM when the annual caps under the Existing Toll Manufacturing Agreement were revised. The Company wishes to carry on the continuing purchase from SSCP Group in the coming three years and anticipates that the existing annual cap for the year ending 31 December 2011 under the Existing Toll Manufacturing Agreement will not be sufficient in meeting the Group's expected sales in Korea. To facilitate the entering into of the New Toll Manufacturing Agreement to govern the ongoing purchase from SSCP Group in the coming three years, the Existing Toll Manufacturing Agreement shall be early terminated from the Effective Date.

(b) The New Master Purchase Agreement

The Group also sources certain raw materials, intermediary goods and commodities from SSCP Group for the production of coating products for general industries, such as coatings for mobile phones, laptop computers, electronic products and home appliances, etc. mainly for the Group's operations in Thailand and China. Leveraging on the extensive sourcing network of SSCP Group in Korea and the bulk purchase discount available to SSCP, the Group can source in Korea at favourable prices, taking into account the lower transportation costs from Korea to PRC and Thailand compared to purchase from Europe. The terms of such purchases from SSCP Group is governed by the Existing Master Purchase Agreement entered into in December 2009. The Stock Exchange granted a waiver to the Company from strict compliance with the announcement and Independent Shareholders' approval requirements under the Listing Rules in respect of the Existing Master Purchase Agreement at the time of its listing on the Stock Exchange in December 2009 and such waiver is going to expire on 31 December 2011.

LETTER FROM SOMERLEY

The Directors advised that the Group's new operation in Vietnam will start production in the second half of 2011. In view of the unavailability of certain key raw materials, intermediary goods and commodities in Vietnam, the Board expects there will be an increase in purchase from SSCP in the coming three years. To facilitate the entering into of the New Master Purchase Agreement to govern the ongoing purchase from SSCP Group in the coming three years, the Existing Master Purchase Agreement shall be early terminated from the Effective Date.

Compare to the New Toll Manufacturing Agreement, the raw materials, intermediary goods and commodities purchase from SSCP Group under the New Master Purchase Agreement are mainly for the manufacturing of the general coating products which require less advance technology. On the other hand, the raw materials and intermediary goods supplied by the Group under the New Toll Manufacturing Agreement are tailor-made according to the specification of the Korean automotive customers for the production of coating products which requires more advance technology and are not available in the market.

2. Principal terms of the New Agreements

(a) The New Toll Manufacturing Agreement

Pursuant to the New Toll Manufacturing Agreement, SSCP Group shall manufacture coating products in accordance with the instructions and specifications as set out in the purchase orders delivered by the Group. The Group shall supply SSCP Group the raw materials and intermediary goods for the production of coating products, including the license of certain know-how and technology rights at nil consideration for the manufacturing process. SSCP Group shall use the raw materials for the sole purpose of manufacturing of coating products for the Group's sales and distribution to its customers in Korea.

The prices of the coating products supplied by SSCP Group 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.

Although the products are tailor made for the Group's Korean customers and there is no comparable reference to the prevailing market price, we consider the pricing mechanism on an actual cost basis fair and reasonable.

(b) The New Master Purchase Agreement

Pursuant to the New Master Purchase Agreement, the Group shall source certain raw materials, intermediary goods and commodities from SSCP Group at price determined on arm's length negotiation which is at the lower of (i) the prices offered by independent third parties; and (ii) the SSCP Group's acquisition costs plus a maximum margin of 10% under the New Master Purchase Agreement.

LETTER FROM SOMERLEY

Since the prices of the raw materials, intermediary goods and commodities offered by SSCP Group to the Group will be no less favorable than those available from the independent third parties, we considered the pricing mechanism basis is fair and reasonable.

Condition precedent

The New Agreements (including the relevant annual caps) are conditional upon the Independent Shareholders' approval at the AGM. If such condition precedent is not fulfilled by 31 August 2011, the New Agreements shall lapse and be terminated and, save any antecedent breach, the Company and SSCP shall be released from the New Agreements and neither party to the New Agreements shall have any claim against the other party.

Prior to the taking effect of the New Agreements, the Company and SSCP will continue to perform their respective obligations under the Existing Agreements. In the event that the New Agreements, or any one of them, do not become effective for whatever reasons, the Existing Agreements, or the relevant one, will remain in full force and binding on both the Company and SSCP.

The Directors confirm that neither the Company nor SSCP has to pay the other party any compensation as a result of the termination of the Existing Agreements; and the termination of the Existing Agreements will not cause any material adverse impact to the Group due to the entering into of the New Agreements.

3. The Annual Caps

The transactions contemplated under the New Agreements are subject to the relevant annual caps and also to the Listing Rules' requirements and conditions as more particularly discussed under the section headed "Reporting requirements and conditions of the transactions" below.

LETTER FROM SOMERLEY

(i) Review of historical figures

Set out below are the historical purchases under the Existing Toll Manufacturing Agreement during the three years ended 31 December 2010 and for the three months ended 31 March 2011:

	For the financial year ended 31 December			For the three months ended
	2008 <i>(audited)</i>	2009 <i>(audited)</i>	2010 <i>(audited)</i>	31 March 2011 <i>(unaudited)</i>
Actual purchase amount under the Existing Toll Manufacturing Agreement (Equivalent to approximately	€7,480,000 HK\$78,937,936	€6,189,000 HK\$65,313,755	€10,981,000 HK\$115,884,689	€4,897,000 HK\$51,679,020
Actual purchase amount under the Existing Master Purchase Agreement (Equivalent to approximately	€6,300,000 HK\$66,485,160	€4,023,000 HK\$42,455,524	€4,961,000 HK\$52,354,425	€1,498,000 HK\$15,808,694

Existing Toll Manufacturing Agreement

The Company experienced a significant drop in demand for automotive related coating products amid the global economic turmoil in 2009, which caused the purchase from SSCP Group contracted severely by about 17.3% when compared with 2008. The appreciation of Euro against Korean Won in 2009 also created a reduction in the purchase amount when translated from Korean Won to Euro. Due to the increase in the sales units of higher priced economic friendly coating products in the second half of 2010, the actual purchase of coating products from SSCP Group increased by 77.4% to €10,981,000 in 2010 when compared to 2009. The purchase under the Existing Toll Manufacturing Agreement for the first three months ended 31 March 2011 reached approximately €4,897,000, which grew by about one-time when compared to the corresponding period in 2010.

Existing Master Purchase Agreement

Following the outbreak of financial crisis in 2008 which adversely affected the Group's Asian operation, purchases by the Group from SSCP for the year ended 31 December 2009 dropped by 36.1% from €6,300,000 in 2008 to approximately €4,023,000 in 2009. Since the global economy extricates from its downturn resulting in an increase of automobile sales in the Group's Asian operation, purchases in 2010 started picking up and increased by 23.3% to €4,961,000 when compared with 2009. The purchase under the Existing Master Purchase Agreement for the first three months ended 31 March 2011 reached €1,498,000, representing a growth of 46.1% when compared to the corresponding period in 2010.

LETTER FROM SOMERLEY

(ii) Assessment of the relevant annual caps

Set out below is the relevant annual caps of the New Agreements for the three financial years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date:

	For the financial year ending 31 December		2013	For the period from 1 January 2014 to the third anniversary of the Effective Date
	2011 <i>(Note)</i>	2012		2013
Annual Purchase Caps for the New Toll Manufacturing Agreement (Equivalent to approximately	€15,000,000 HK\$158,298,000	€15,750,000 HK\$166,212,900	€16,500,000 HK\$174,127,800	€8,500,000 HK\$89,702,200)
Annual Caps for the New Master Purchase Agreement (Equivalent to approximately	€7,500,000 HK\$79,149,000	€7,800,000 HK\$82,314,960	€8,100,000 HK\$85,480,920	€4,170,000 HK\$44,006,844)

Note: Inclusive of transactions from 1 January 2011 up to the Effective Date under the Existing Agreements and transactions from the Effective Date up to 31 December 2011 under the New Agreements.

In assessing the reasonableness of the relevant annual caps for the New Agreements, we have discussed with the Directors the basis and assumptions underlying the projections for the continuing purchase of coating products, raw materials, intermediary goods and commodities from SSCP Group by the Group for the purpose of setting the relevant annual caps.

New Toll Manufacturing Agreement

The Annual Purchase Caps for the New Toll Manufacturing Agreement are based on the projected volume of coating products to be sold by the Group multiplied by the corresponding market price of such products. In forecasting such projected sales, the Directors have taken into account various factors including the historical transaction amounts under the Existing Toll Manufacturing Agreement, the expected increase in production of automobiles by its customers in Korea, in particular the existing specific models and several coming new models which use the Group's coating products, the expected increase in the export of the Group's products to the Korean automotive manufacturers' overseas production facilities and the increase in demand for higher priced economic friendly waterborne coating products. The Group's sales to its customers under the Existing Toll Manufacturing Agreement in the 2011 first quarter exceeded the Group's internal budget by approximately 14% and increased by approximately 52% compared with the 2010 first quarter.

LETTER FROM SOMERLEY

Following the restriction imposed by the Korean Government in regulating the emission of harmful materials from coating materials used by automobile manufacturers with effect from July 2010, the Directors confirmed that there was a shift in demand from trading solvent coating products to waterborne coating products and the Directors believe such a trend would continue. The Company projects a significant increase in the sales quantities and average unit selling price of the coating products in deriving the annual cap for 2011, bearing in mind the current market price of waterborne products is approximately 10% to 30% higher than the traditional solvent based coating products. We are advised by the Directors that several new models of Korean automobiles will be launched by their customers in the market in 2011 which would further increase the demand of its coating products. The Annual Purchase Caps for the New Toll Manufacturing Agreement of 2011 is now proposed to be revised upward from €11,500,000 to €15,000,000. The Annual Purchase Caps for the New Toll Manufacturing Agreement of 2011 of €15,000,000 (approximately HK\$158,298,000) representing a 36.6% increase when compared to the actual purchase amount under the Existing Toll Manufacturing Agreement of €10,981,000 (approximately HK\$115,884,689) in 2010. The actual purchases for the three months ended 31 March 2011 of €4,897,000 has already accounted for about 32.6% of the Annual Purchase Caps for the New Toll Manufacturing Agreement of 2011.

The Annual Purchase Caps for the New Toll Manufacturing Agreement for 2012 of €15,750,000 and 2013 of €16,500,000, representing a year-on-year growth of approximately 5%. The Directors estimate that there will be a minimum of 2% annual growth in automobile production volume during the period following the launch of new automobile models in 2011 and a buffer of approximately 3% was built in to cater for general increase in unit selling price of coating materials and possible fluctuation in sales quantities. The Directors estimate the purchase caps for the New Toll Manufacturing Agreement for the period from 1 January 2014 to the third anniversary of the Effective Date as €8,500,000 (HK\$89,702,200).

New Master Purchase Agreement

The Annual Caps for the New Master Purchase Agreement are based on projected quantities of sales and projected average selling price of the raw materials, intermediary goods and commodities, after having considered the historical transaction amounts under the Existing Master Purchase Agreement, the anticipated increase in production for the Group, especially in the Group's Asian operation, the expected market inflation and the Group's intention of localising the sourcing in its Asian operating countries.

Based on the Group's unaudited management accounts, the purchase of raw materials, intermediary goods and commodities from SSCP from January to March 2011 had reached approximately €1,498,000. Having

LETTER FROM SOMERLEY

also considered the Group's new operation which is expected to commence production in the second half of 2011, the Directors derived the Annual Caps for the New Master Purchase Agreement of 2011 to be €7,500,000 (HK\$79,149,000), representing a 51.2% increase when compared to the actual purchase amount under the Existing Master Purchase Agreement of €4,961,000 (approximately HK\$52,354,425) in 2010.

The Annual Caps for the New Master Purchase Agreement of €7,800,000 for 2012 and €8,100,000 for 2013 representing a year-on-year growth of approximately 4% to cater for possible increase in price and quantities of raw materials purchase during the period. The Directors estimate the purchase cap for the New Master Purchase Agreement for the period from 1 January 2013 to the third anniversary of the Effective Date as €4,170,000.

4. Reporting requirements and conditions of the transactions

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the transactions contemplated under the New Agreements are subject to the following annual review requirements:

- (a) each year the independent supervisors must review the transactions and confirm in the annual report and accounts that the transactions has been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there is not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming that the transactions:
 - (i) has received the approval of the Board;
 - (ii) is in accordance with the pricing policies of the Group;
 - (iii) has been entered into in accordance with the relevant agreements governing the transactions; and

LETTER FROM SOMERLEY

- (iv) has not exceeded the relevant annual caps of the New Agreements;
- (c) the Company shall allow, and shall procure the relevant counterparties to the transactions to allow, the Company's auditors to have sufficient access to their records for the purpose of the reporting on the transactions as set out in paragraph (b);
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent supervisors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements attached to the transactions, in particular, (i) the restriction of the value of the transactions contemplated by way of the relevant annual caps of the New Agreements; and (ii) the requirement under the Listing Rules for ongoing review by the independent supervisors and auditors of the Company of the terms of the transactions and the relevant annual caps of the New Agreements not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions and assist to safeguard the interests of the Independent Shareholders.

OPINION

Having taken into account the above principal factors, we consider that the transactions contemplated under the New Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. We further consider that the New Agreements (including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Committee to recommend and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the New Agreements (including the Annual Purchase Caps for the New Toll Manufacturing Agreement and the Annual Caps for the New Master Purchase Agreement).

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Maggie Chan
Director



SCHRAMM HOLDING AG

星亮控股股份公司*

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

(Stock Code: 955)

30 May 2011

To the Supervisory Board and the Independent Shareholders

Dear Sir or Madam,

**PROPOSED EXTENSION OF
THE SERVICE CONTRACT OF MR. CHAE**

We refer to the circular dated 30 May 2011 issued by the Company to its shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We, being the members of the Remuneration Committee, have reviewed and considered the terms of the Service Contract for the purpose of advising you in respect of the Service Contract.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, and Appendix III of the Circular containing the material terms of the current draft of the Service Contract.

Having considered the experience of Mr. Chae and his duties and responsibilities within the Group and the prevailing market conditions, we consider that the terms of the Service Contract are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

* *for identification purposes only*

LETTER FROM THE REMUNERATION COMMITTEE

Accordingly, we recommend the Supervisory Board to extend the term of the Service Contract to 31 December 2013, and the Independent Shareholders to vote in favour of the resolution proposed in the Invitation by the Board and the Supervisory Board.

Yours faithfully,
For and on behalf of the Remuneration Committee of
Schramm Holding AG

Jung Hyun OH
Chairman and Supervisor

Bang Seon KO
Independent Supervisor

Choong Min LEE
Independent Supervisor

Kiyoung SHIN
Independent Supervisor

The information set out in this appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules in connection with the Repurchase Mandate.

(a) RELEVANT LEGAL AND REGULATORY REQUIREMENTS

The Listing Rules permit the Shareholders to grant to the Directors a general mandate to exercise all the Company's powers to repurchase and cancel Shares that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by the Shareholders at a general meeting.

(b) SOURCE OF FUNDS

The repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the applicable laws and regulations including German laws and the requirements of the Listing Rules. The Company may not repurchase the Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange and German laws. Subject to the foregoing, the Company may make repurchases out of the Group's profit or out of the proceeds of a fresh issue of Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of the Company or out of the Company's share premium account. If authorised by the Articles of Association and subject to the German laws, repurchase may also be made out of capital.

(c) REASONS FOR REPURCHASES

The Directors believe that it is in the Company and the Shareholders' best interests for the Directors to have general authority to execute repurchases of the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) FUNDING OF REPURCHASES

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with all applicable laws and regulations, including the Articles of Association, the German laws and the Listing Rules.

The Repurchase Mandate will only be exercised with the approval of the Supervisory Board.

On the basis of the current financial position of the Company and taking into account the current working capital position of the Company, the Directors believe that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the Company's working capital and/or the gearing position. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(e) SHARE CAPITAL

As at the Latest Practicable Date, there were 19,905,000 Shares in issue.

On the basis of 19,905,000 Shares in issue and assuming no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the AGM, the Company will be authorised to repurchase and cancel up to 1,990,500 Shares in the event that the current repurchase mandate is exercised in full.

(f) SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous twelve months preceding the Latest Practicable Date.

(g) SHARE PRICES

The Shares are trading on the Stock Exchange and the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date are as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2010		
May	26.80	21.85
June	24.80	21.00
July	25.95	23.30
August	25.75	24.00
September	26.30	23.80
October	31.00	27.00
November	29.20	25.50
December	26.80	23.65
2011		
January	26.50	24.20
February	28.35	24.70
March	27.90	22.00
April	27.80	21.60
May (up to the Latest Practicable Date)	30.00	27.00

(h) GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any of the Shares to the Company. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and Articles of Association and any other applicable laws of the German laws.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in the Company's voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. The Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

The Directors will not exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

No connected person as defined by the Listing Rules has notified the Company that he has a present intention to sell his Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

This appendix sets out the proposed amendments to the Articles of Association as follows:

1. SECTION 13 PARAGRAPH 4

It is proposed to amend section 13, paragraph 4 as follows:

“(4) The General Meeting must be convened by announcement in the (German) electronic Federal Gazette and in such other form of announcement as may be required under the requirements of a stock exchange which the shares of the Company are listed with the information required by law, at least thirty days prior to the day of the General Meeting, if there is no shorter statutory period. The day when the General Meeting is convened is not to be included.”

2. SECTION 16 PARAGRAPH 2 SENTENCE 1

It is proposed to amend section 16, paragraph 2, sentence 1 as follows:

“(2) A power of attorney for a proxy must be submitted in text form (section 126b of the German Civil Code (BGB)), i.e. the statement has to be issued in a deed or by other means suitable to permanently reproduce characters, specifying the name of the person who issued the statement and ending with a facsimile signature or otherwise, unless no form easements have been announced in the invitation to the General Meeting.”

Reason for the proposed amendments:

At the annual general meeting of the Company dated 11 June 2010 section 14(1) of the Articles of Association was amended by shareholders’ resolution. The amendment eliminated the requirement for the shareholders to register in text form prior to the annual general meeting. This amendment serves the purpose to facilitate the participation of the shareholders at the Company’s annual general meeting. However, sections 13(4) and 16(2) of the Articles of Association refer to the old version of section 14(1) (i.e. to the registration requirement prior to annual general meeting in text form). Hence, sections 13(4) and 16(2) need to be amended accordingly in order to be in line with the new version of section 14(1) of the Articles of Association. The amendments serve the purpose to have aligned and non-contradictory Articles of Association.

THE SERVICE CONTRACT OF MR. CHAE

The material terms of the Service Contract are summarised below:

Term	: From the signing date to 31 December 2013
Fixed salary	: An annual gross amount of €350,000 at the initial contract day (i.e 24 August 2009), which will be increased by 4% at the beginning of each calendar year or, if greater, by the rate of inflation for the previous year.
Variable performance-related bonuses	: In circumstances where parts of the business or the Company, or the entire business or the entire Company are/is sold or transferred to another company/firm, Mr. Chae shall receive a one-off payment of 5% of the selling price as compensation for actual and potential lost variable bonuses. This sum is payable at the end of the month in which the legal transfer is effected. It will be calculated with due regard to the requirements of the statutory tax law in force at the time.

Mr. Oh and Mr. Chae are currently in negotiation as to the applicability of this clause starting from the prolongation of the employment contract, hence starting from 1 January 2012. However, this clause is by all means applicable until 31 December 2011.

With resolution dated 27 May 2011 the Supervisory Board resolved to enter into an Amendment Agreement to the Contract of Employment of 1 August 2010 with Mr. Chae. This Amendment Agreement sets out that the employment of Mr. Chae shall expire on 31 December 2011. Further, section 3(2) of the current employment contract of Mr. Chae shall be deleted and replaced by the following wording:

“(2) Hostile take-over

In the event of a “hostile take-over”, the Chief Strategic officer shall receive from the Company an one-off payment of 5% of the actual and final offer price for such hostile take-over. The sum is payable at the end of the month in which such hostile take-over transaction is consummated (closing) and the ownership is legally transferred. It will be calculated with due regard to the requirements of the statutory tax law in force at the time. For the purpose of this para. (2), a “hostile take-over” means a public takeover offer the acceptance of which was not recommended by the Supervisory Board of the Company only.”

The Chairman of the Supervisory Board, Mr. Oh, has requested Mr. Chae to sign the Amendment Agreement. However, Mr. Chae has not agreed to this Amendment Agreement and has not signed this document.

Housing and other allowances	: Housing allowance in Hong Kong in a gross amount of €50,000 per year.
Termination compensation	: In the event of early termination of the contract, Mr. Chae shall receive a settlement in the sum of the total fixed earnings, performance-related variable bonuses as well as other agreed benefits and share options for the remainder of the period of the contract, unless the contract is terminated by the Company for a serious cause for which Mr. Chae is held to be accounted for.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTEREST

(A) Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the shares and underlying shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange will be as follows:

Name of Director/ Supervisor	Nature of interest	Number and class of securities (note 1)	Approximate percentage of interest in the Company
Mr. Oh (note 2)	Interest in controlled corporation	2,328,848 Shares (L)	11.70%
Mr. Chae	Beneficial Interest	11,280 Shares (L)	0.06%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Mr. Oh, a Supervisor, was interested in exchangeable bonds through STM Corporation Co., Ltd., a company wholly-owned by Mr. Oh, which upon exercise of the exchange rights in full, were exchangeable into approximately 2,328,848 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the Supervisors and chief executive of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(B) Material Interests

As at the Latest Practicable Date, none of the Directors, Supervisors or the professional adviser named in paragraph 7 of this Appendix had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date of the latest published audited financial statements of the Company.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement entered into by any member of the Group, which was significant in relation to the business of the Group taken as a whole.

(C) Competing Interests

Save as disclosed in the section headed “Relationship with Controlling Shareholders” in the Prospectus, as at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was interested in any business apart from the Group’s business that competes or is likely to compete (either directly or indirectly) with the Group’s business.

3. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

4. SERVICE CONTRACTS

Service contract with Mr. Peter Brenner

Mr. Peter Brenner has entered into a service contract with the Company effective from 1 July 2009 to 31 August 2013, unless terminated earlier. In case of a re-appointment to the position, the contract of employment shall remain in force for the period of the re-appointment, unless otherwise agreed upon by the Company and Mr. Brenner.

Mr. Peter Brenner has an annual salary, which initially amounts to €702,000 (equivalent to approximately HK\$7,408,000) with a fixed annual increase of the higher of 4% or the rate of inflation for the previous year. In addition Mr. Brenner is entitled to a performance-related bonus in the sum of 1.0% of the profits (net income) from the IFRS consolidated accounts for the Company. In circumstances where a part of the business or the Company, or the entire business or the Company, are sold or transferred to another company, Mr. Brenner shall receive a one-off payment of 5% of the selling price as compensation for actual and potential lost variable bonuses.

The service contract with Mr. Brenner provides that the Company may become obligated to pay to Mr. Brenner a severance payment of €5 million (equivalent to approximately HK\$52,766,000) (the “**Severance Payment**”), gross (which means including taxes), in the event that his employment is terminated by the Company before the ordinary termination of the contract (unless such early termination is for a serious cause), or where his employment is terminated as a result of a consensual agreement initiated by new majority shareholders of the Company.

In the event of a change of control, in that SSCP ceases to have control in the Company, or where Mr. Oh ceases to be the single largest shareholder and/or controlling shareholder in SSCP, Mr. Brenner is entitled to terminate the service contract within two months from the time when he is notified in writing of the relevant change in the Company with a notice of four weeks as to the 15th day or the end of the calendar month. In the event that Mr. Brenner chooses to exercise his special termination right and if the service contract terminates as a result, or where his service contract is terminated by the Company or it ends as a result of a consensual agreement initiated by new majority shareholders in the Company, then he is entitled to the Severance Payment. In the event of early termination or Mr. Brenner’s service contract by the Company for any other reasons, Mr. Brenner is entitled to the Severance Payment and an additional settlement in the sum of the total fixed earnings, performance-related variable bonuses as well as other agreed benefits and share options for the remaining period of the contract, unless the contract was terminated by the Company for a serious cause for which Mr. Brenner is to be held accountable. The Severance Payment becomes due at the time of legal termination of the service contract.

Service contract with Mr. Kyung Seok Chae

Mr. Chae has entered into a service contract with the Company effective from 1 August 2010 to 31 December 2011, unless terminated earlier. The Supervisory Board has passed a resolution to extend his service until 31 December 2013. In case of a re-appointment to the position, the contract of employment shall remain in force for the period of the re-appointment, unless otherwise agreed upon by the Company and Mr. Chae.

Mr. Chae has an annual salary, which amounts to €350,000 (equivalent to approximately HK\$3,694,000) with a fixed annual increase of the higher of 4% or the rate of inflation for the previous year and a housing allowance amounting €50,000

(equivalent to approximately HK\$528,000). In circumstances where a part of the business or the Company, or the entire business or the Company, are sold or transferred to another company, Mr. Chae shall receive a one-off payment of 5% of the selling price as compensation for actual and potential lost variable bonuses.

In the event of early termination or Mr. Chae's service contract by the Company for any other reasons, Mr. Chae is entitled to a settlement in the sum of the total fixed earnings, performance-related variable bonuses as well as other agreed benefits and share options for the remaining period of the contract, unless the contract was terminated by the Company for a serious cause for which Mr. Chae is to be held accountable. Please refer to Appendix III to this circular for further details of the Service Contract.

Service contract with Dr. Sung Su Han

Dr. Han has entered into a service contract with the Company effective from 1 September 2010 to 31 August 2012.

Dr. Han's remuneration packages under the service contract include an annual emolument of US\$320,000 (equivalent to approximately HK\$2,496,000), retirement benefit in an amount of US\$40,000 (equivalent to approximately HK\$312,000), housing allowance to the satisfaction of all parties for his relocation to Hong Kong and other market comparable allowances. In addition Dr. Han is also entitled to a performance-related bonus at the sole discretion of the Company.

In case of an early termination of Dr. Han's service contract by the Company, except a termination with cause, Dr. Han shall receive a severance payment in the amount of the fixed salary due for the remaining duration of Dr. Han's service contract. In this event, Dr. Han shall also receive the retirement benefit accrued until the effective date of the termination.

Save as disclosed above, none of the Directors nor members of the Supervisory Board has or is intended to have a service contract with the Company or any of the Company's subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation).

5. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirm that there has not been any material adverse change in the financial or trading position of the Company since 31 December 2010, being the date of the latest published audited financial statements of the Company.

6. CONSENT

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

7. QUALIFICATIONS OF EXPERT

The following are the qualifications of the professional adviser who has given opinions or advice contained in this circular:

Names	Qualifications
Somerley	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Somerley was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor had any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. CHAN Yuen Fai, Kenny, a Fellow Member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is Kettelerstraße 100, 63075 Offenbach am Main, Germany.
- (c) The place of business in Hong Kong is Unit 07, 25/F, Lippo Centre, Tower 1, 89 Queensway, Admiralty, Hong Kong.
- (d) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Hong Kong office of the Company at Unit 07, 25/F, Lippo Centre, Tower 1, 89 Queensway, Admiralty, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the AGM:

- (a) the services contract entered into between Mr. Peter Brenner and the Company, the service contract entered into between Mr. Chae and the Company, and the service contract entered into between Dr. Han and the Company;
- (b) the current draft of the Service Contract;
- (c) the New Toll Manufacturing Agreement and the New Master Purchase Agreement;
- (d) the letter from Somerley to the Independent Committee and the Independent Shareholders the text of which is set out in the section headed “Letter from Somerley” of this circular;
- (e) the letter from the Independent Committee, the text of which is set out in the section headed “Letter from the Independent Committee” of this circular;
- (f) the letter from the Remuneration Committee, the text of which is set out in the section headed “Letter from the Remuneration Committee” of this circular; and
- (g) the written consent referred to in the section headed “Consent” in this Appendix.

INVITATION TO THE ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



SCHRAMM HOLDING AG

星亮控股股份有限公司*

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

(Stock Code: 955)

ISIN: DE000A0L1JZ7

Invitation to and Notice of the Annual General Meeting of Schramm Holding AG

Offenbach/Main

We hereby invite our shareholders to the

Annual General Meeting

which will be held

at 9:00 a.m. (Central European Summer Time) on Thursday 30 June 2011

in the conference room of Norton Rose LLP at Theatinerstrasse 11, 80333 Munich, Germany

and which will be broadcasted by video screen and can be viewed live at 18/F, The Ballroom, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on Thursday 30 June 2011.

* *for identification purposes only*

Agenda

- 1. Presentation of the Report of the Supervisory Board for the business year ended 31 December 2010**
- 2. Presentation of the confirmed annual financial statements, the approved consolidated financial statements and the group report for Schramm Holding AG**

The documents referred to in Agenda items 1 and 2 are available for inspection on the internet at

www.schramm-holding.com/en_generalmeeting2011.html

and at the business premises at the registered office of Schramm Holding AG, Kettelerstraße 100, 63075 Offenbach/Main. Upon request, a copy of the documents will be sent to the shareholders. In addition, the documents will be available and explained in more detail at the Annual General Meeting. In accordance with the applicable statutory provisions in Germany, no resolution by the general meeting on the Agenda items 1 and 2 is required, since the Supervisory Board has already approved the annual and the consolidated financial statements.

- 3. Resolution on the appropriation of the net profit of Schramm Holding AG and on the payment of a dividend for the year ending 31 December 2010**

The Management Board and the Supervisory Board propose that from the net profit of Schramm Holding AG as set out in the annual financial statements for the year ending 31 December 2010 amounting to €4,786,000, no dividend shall be distributed to the shareholders.

- 4. Resolution on the ratification of the actions of the members of the Management Board**

The Supervisory Board and the Management Board propose that the actions of the members of the Management Board in the financial year ended 31 December 2010 be ratified.

- 5. Resolution on the ratification of the actions of the members of the Supervisory Board**

The Management Board and the Supervisory Board propose that the actions of the members of the Supervisory Board in the financial year ended 31 December 2010 be ratified.

- 6. Resolution on the service contract of Mr Kyung Seok Chae**

The Supervisory Board has passed a resolution to extend the term of the service contract with Mr Kyung Seok Chae as member of the Management Board until 31 December 2013 and has instructed and authorised the chairman of the Supervisory Board, Mr. Jung Hyun Oh, to sign an addendum to the service contract with regard to

INVITATION TO THE ANNUAL GENERAL MEETING

the extension of the service contract with Mr Kyung Seok Chae. The Supervisory Board proposes to put forward the following resolution for shareholders' approval in the General Meeting:

“In confirmation of the resolution of the Supervisory Board dated 23 February 2011, the general meeting grants its agreement, pursuant to Rule 13.68 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, to the extension of Mr Kyung Seok Chae's appointment until 31 December 2013 and his service agreement as member of the Management Board, as approved by the Supervisory Board.”

7. Resolution on the appointment of auditors for the audit of the annual and the consolidated financial statements and for the review of any interim financial statements and any reports

The Supervisory Board, based on the recommendation of the Audit Committee, proposes that the following resolutions be passed:

“a) Deloitte Touch GmbH Wirtschaftsprüfungsgesellschaft, Deutschland is appointed as auditor of Schramm Holding AG for the annual and the consolidated financial statements for the financial year ending 31 December 2011, to fulfil the statutory requirements in Germany.

b) Deloitte Touch GmbH Wirtschaftsprüfungsgesellschaft, Deutschland is appointed as auditor to review any financial statements and any interim management report of Schramm Holding AG for the six months ending 30 June 2011, to fulfil the statutory requirements in Germany.”

8. Resolution on the appointment of auditors for the audit of the annual and the consolidated financial statements according to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

The Supervisory Board, based on the recommendation of the Audit Committee, proposes that the following resolution be passed:

“To appoint Deloitte Touch Tohmatsu, Hong Kong SAR, as the auditor of Schramm Holding AG as regards the consolidated financial statements of Schramm Holding AG for the financial year ending 31 December 2011 in accordance with International Financial Reporting Standards to fulfil the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited until the execution of the next annual general meeting.”

INVITATION TO THE ANNUAL GENERAL MEETING

9. Resolution on the approval of the remuneration system for the members of the Management Board

The German Act on the Appropriateness of the Remuneration of the Management Board (VorstAG) that came into effect on August 5, 2009 enables the general meeting to resolve on the approval of the remuneration system for the members of the Management Board. This possibility should be made use of.

The resolution proposed under this item of the agenda refers to the present remuneration system at Schramm Holding AG which was the basis for determining the remuneration for the members of the Management Board for the financial year ended 31 December 2010. Details are presented in the Compensation Report which is a part of the documents that are available for inspection on the internet at www.schramm-holding.com/en_generalmeeting2011.html and at the business premises at the registered office of Schramm Holding AG, Kettelerstraße 100, 63075 Offenbach/Main. Upon request, a copy of the documents will be sent to the shareholders. In addition, the documents will be available and explained in more detail at the Annual General Meeting.

The Supervisory Board and the Management Board propose that the remuneration system for the members of the Management Board be approved.

10. Resolution on the creation of a new Authorised Capital 2011/II

The authorisation given to the Management Board pursuant to section 4(11) of the Articles of Association to increase the share capital (Authorised Capital 2010/II) with the consent of the Supervisory Board expires on 30 June 2011. This authorisation has not been made use of to date.

Conditional upon the passing of the resolution as set out in item 11 of the agenda below, the Supervisory Board and Management Board propose to pass the following resolution:

“With the approval of the Supervisory Board, the Management Board shall be authorised to increase the share capital of Schramm Holding AG by up to an aggregate amount of EUR 3,981,000.00 (in accordance with Rules 13.36 (2) and (3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) until 30 June 2012 (inclusive) by issue of up to 3,981,000 new registered par-value shares against contribution in cash, either in a single issue or in several issues (Authorised Capital 2011/II).

With the approval of the Supervisory Board, the Management Board shall further be authorised to resolve an exclusion of subscription rights and to determine the further details of the respective capital increase, the conditions for the share issue and the content of the rights attached to the shares.

INVITATION TO THE ANNUAL GENERAL MEETING

The Management Board shall in particular be authorised to exclude shareholder subscription rights in order to:

- a) exempt fractional amounts from shareholder subscription rights,
- b) cover an over-allotment at the placement of shares of Schramm Holding AG in connection with the public offering of the shares of Schramm Holding AG for quotation at the Stock Exchange of Hong Kong Limited by the bookrunning banks,
- c) acquire enterprises or investments in enterprises by issue of shares against cash or contributions in kind, provided that the acquisition of such enterprises or investments in enterprises is for the due benefit of Schramm Holding AG,
- d) issue shares to banks in conjunction with a capital increase against cash insofar as the banks have committed themselves to publicly offer the acquired shares for sale and to return the difference between the issue price and the offering price to Schramm Holding AG.”

11. Resolution on amendment to the Articles of Association for the creation of a new Authorised Capital 2011/II

Conditional upon the passing of the resolution as set out in item 10 of the agenda above the Supervisory Board and the Management Board propose to pass a resolution on the following amendment to the Articles of Association:

The Authorised Capital 2010/II previously specified in section 4(11) of the Articles of Association is deleted in its entirety and section 4(11) of the Articles of Association is rephrased as follows:

“(11) With the approval of the Supervisory Board, the Management Board shall be authorised to increase the share capital of the Company by up to an aggregate amount of EUR 3,981,000.00 (in accordance with Rules 13.36 (2) and (3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) until 30 June 2012 (inclusive) by issue of up to 3,981,000 new registered par-value shares against contribution in cash, either in a single issue or in several issues (Authorised Capital 2011/II).

With the approval of the Supervisory Board, the Management Board shall further be authorised to resolve an exclusion of subscription rights and to determine the further details of the respective capital increase, the conditions for the share issue and the content of the rights attached to the shares.

The Management Board shall in particular be authorised to exclude statutory shareholder subscription rights in order to:

- a) exempt fractional amounts from shareholder subscription rights,

INVITATION TO THE ANNUAL GENERAL MEETING

- b) cover an over-allotment at the placement of shares of Schramm Holding AG in connection with the public offering of the shares of Schramm Holding AG for quotation at the Stock Exchange of Hong Kong Limited by the bookrunning banks,
- c) acquire enterprises or investments in enterprises by issue of shares against cash or contributions in kind, provided that the acquisition of such enterprises or investments in enterprises is for the due benefit of the Company,
- d) issue shares to banks in conjunction with a capital increase against cash insofar as the banks have committed themselves to publicly offer the acquired shares for sale and to return the difference between the issue price and the offering price to the Company.”

Report of the Management Board to the general meeting of Schramm Holding AG on agenda items 10 and 11 according to section 203(2) sentence 2, section 186(4) sentence 2 German Stock Corporation Act

The new Authorised Capital 2011/II is to replace the existing Authorised Capital 2010/II which will expire on 30 June 2011 and of which Schramm Holding AG has made no use to date. The Authorised Capital 2011/II serves to provide opportunities to Schramm Holding AG to respond to the share price movement as a result of market developments and to enable capital increase for cash as well as capital increase in kind. Therefore, it is necessary for the shareholder subscription rights to be excluded.

12. Resolution on the entering of the New Toll Manufacturing Agreement

On 9 May 2011, Schramm Holding AG entered into the New Toll Manufacturing Agreement with SSCP Co., Ltd (“SSCP”) and its subsidiaries (excluding Schramm Holding AG and its subsidiaries (the “Group”) for a term of three years commencing from the Effective Day (being the day when the approval from the Independent Shareholders is obtained) in relation to, among others, the sales of raw materials and intermediary goods to SSCP Group and purchase of the coating products manufactured from the SSCP Group for distribution and sales to Group’s customers in Korea (including provision of samples to the Group for sales and marketing purpose).

Under the New Toll Manufacturing Agreement,

- (i) the Group supplies raw materials and intermediary goods to SSCP for the production of coating products (including licenses of certain know-how and technology rights by the Group to SSCP Group at nil consideration for the manufacturing process).
- (ii) SSCP Group sells the coating products manufactured under the New Toll Manufacturing Agreement to the Group for distribution and sales to the Group’s customers in Korea.

INVITATION TO THE ANNUAL GENERAL MEETING

The proposed annual purchase cap amounts for the three years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date are €15,000,000, €15,750,000, €16,500,000 and €8,500,000 respectively.

The Board has resolved pursuant to §119 para 2 German Stock Corporation Act to submit the New Toll Manufacturing Agreement dated 9 May 2011 to the AGM for its approval, and the Board and the Supervisory Board propose to put forward the following resolution for shareholders' approval in the Annual General Meeting:

“That the terms of the New Toll Manufacturing Agreement entered into by the SSCP Co., Ltd and Schramm Holding AG dated 9 May 2011, including the annual purchase cap amounts for the three years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date being €15,000,000, €15,750,000, €16,500,000 and €8,500,000 respectively, be and are hereby approved.”

13. Resolution on the entering of the New Master Purchase Agreement

On 9 May 2011, Schramm Holding AG entered into the New Master Purchase Agreement with SSCP for a term of three years commencing from the Effective Date in relation to the Group's purchase of certain raw materials, intermediary goods and commodities from the SSCP Group.

Under the New Master Purchase Agreement, the Group sources certain raw materials, intermediary goods and commodities from SSCP Group. The prices of the raw materials, intermediary goods and commodities are determined on arm's length negotiation, at the lower of the prices offered by independent third parties and the SSCP Group's acquisition costs plus a maximum margin of 10% under the New Master Purchase Agreement.

The proposed annual cap amount for the three years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date are €7,500,000, €7,800,000, €8,100,000 and €4,170,000 respectively.

The Board has resolved pursuant to §119 para 2 German Stock Corporation Act to submit the New Master Purchase Agreement dated 9 May 2011 to the AGM for its approval, and the Board and the Supervisory Board propose to put forward the following resolution for shareholders' approval in the AGM.

“That the terms of the New Master Purchase Agreement entered into by SSCP Co., Ltd and Schramm Holding AG dated 9 May 2011, including the annual cap amount for the three years ending 31 December 2013 and for the period from 1 January 2014 to the third anniversary of the Effective Date are €7,500,000, €7,800,000, €8,100,000 and €4,170,000 respectively, be and hereby approved.”

INVITATION TO THE ANNUAL GENERAL MEETING

14. Resolution on amendment to the Articles of Association in section 13 paragraph 4

The Supervisory Board and the Management Board propose to pass a resolution on the following amendment to the Articles of Association:

Up to the Annual General Meeting dated 11 June 2010, the Annual General Meeting had to be convened at least thirty days prior to the day by the end of which the shareholders must have registered for the General Meeting in accordance with section 14 paragraph 1 of the old version of Articles of Association. With the amendment of section 14 paragraph 1 of the Articles of Association, which was resolved in the Annual General Meeting dated 11 June 2010, the obligation of the shareholders to register in text form prior to the General Meeting has been eliminated to facilitate the participation of the shareholders at the Annual General Meetings. Accordingly, section 13 paragraph 4 of the Articles of Association shall be amended as follows:

“(4) The General Meeting must be convened by announcement in the (German) electronic Federal Gazette and in such other form of announcement as may be required under the requirements of a stock exchange which the shares of the Company are listed with the information required by law, at least thirty days prior to the day of the General Meeting, if there is no shorter statutory period. The day when the General Meeting is convened is not to be included.)”

15. Resolution on amendment to the Articles of Association in section 16 paragraph 2 sentence 1

The Supervisory Board and the Management Board propose to pass a resolution on the following amendment to the Articles of Association:

Up to the Annual General Meeting dated 11 June 2010, the definition of text form (section 126b BGB) with regard to the registration prior to the General Meeting was included in section 14 paragraph 1 of the Articles of Association. With the amendment of section 14 paragraph 1 of the Articles of Association, which was resolved in the Annual General Meeting dated 11 June 2010, the obligation of the shareholders to register in text form prior to the General Meeting has been eliminated to facilitate the participation of the shareholders at the Annual General Meetings. Accordingly, the definition of text form according to section 126b BGB will henceforth be included in section 16 paragraph 2 sentence 1 of the Articles of Association. Section 16 paragraph 2 sentence 1 of the Articles of Association shall be amended as follows:

“(2) A power of attorney for a proxy must be submitted in text form (section 126b of the German Civil Code (BGB)), i.e. the statement has to be issued in a deed or by other means suitable to permanently reproduce characters, specifying the name of the person who issued the statement and ending with a facsimile signature or otherwise, unless no form easements have been announced in the invitation to the General Meeting.”

INVITATION TO THE ANNUAL GENERAL MEETING

16. Resolution on the authorisation to acquire own shares and to cancel the acquired own shares (general mandate to repurchase share capital of Schramm Holding AG according to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited)

The Management Board and Supervisory Board propose to pass the following resolution:

“(a) The Management Board is authorised pursuant to section 71(1) no. 8 German Stock Corporation Act to acquire own shares of Schramm Holding AG ensuring the principle of equal treatment of the shareholders (section 53 a German Stock Corporation Act).

The authorisation is limited to the acquisition of own shares with a nominal amount of up to EUR 1,990,500.00 in total, i.e. 10% of the registered share capital of Schramm Holding AG of EUR 19,905,000.00 at the time of the passing of this resolution.

The number of shares purchased according to this authorisation together with any shares which Schramm Holding AG already purchased or still owns or which are attributed to it pursuant to sections 71d, 71e German Stock Corporation Act may never exceed 10 % of the respective registered share capital of Schramm Holding AG in total at any time (section 71(2) sentence 1 German Stock Corporation Act).

The authorisation may be exercised in total or partially, once or several times in pursuit of the aforementioned purpose or other purposes in compliance with statutory provisions, including the provisions of the German Stock Corporation Law and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The authorisation shall be valid until 30 June 2012.

(b) The acquisition shall be made on a stock exchange. The consideration paid by Schramm Holding AG per share shall not exceed and not fall below the average closing price of the shares of Schramm Holding AG at the electronic trading system at the Main Board of the Stock Exchange of Hong Kong Limited by more than 10% for the three preceding trading days prior to the acquisition of own shares (excluding acquisition ancillary costs).

(c) The Management Board is authorised to redeem own shares of Schramm Holding AG which were acquired on grounds of this authorisation and to reduce the share capital of Schramm Holding AG simultaneously without requiring a further resolution of the general meeting for the redemption or its execution. The authorisation to redeem can be exercised in total or partially.

The Supervisory Board is authorised to amend the articles of association of Schramm Holding AG following the implementation of the redemption of shares.”

INVITATION TO THE ANNUAL GENERAL MEETING

Actual Annual General Meeting in Munich with live video screen broadcast to Hong Kong

The Annual General Meeting will actually be held in the conference room of Norton Rose LLP at Theatinerstrasse 11, 80333 Munich, Germany at 9:00 a.m. (Central European Summer Time) on Thursday, 30 June 2011. It will be broadcasted live by video screen and can be viewed at 18/F, The Ballroom, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on Thursday, 30 June 2011.

The Annual General Meeting will be conducted in English.

Shareholders or other persons attending the Annual General Meeting to be held in Munich, Germany shall be responsible for their own travel and accommodation expenses.

Participation requirements

Only those shareholders are entitled to attend and vote at the Annual General Meeting who are registered as shareholders of Schramm Holding AG in the share register **on the end of 27 June 2011**.

The share register will be closed from 27 June 2011 to 30 June 2011, both days inclusive, during which period no transfer of shares will be effected and no applications for transfer of shares will be accepted. Hence, transactions of shares made during this period of time do not impact the entitlement to attend the Annual General Meeting.

The share register will re-open immediately after the end of the Annual General Meeting to process the respective transfer of shares.

A registration prior to the Annual General Meeting is not required.

If a custodian (such as a bank) is registered in the share register, the custodian is not entitled to vote such shares not owned by it unless it has the respective shareholder's authority.

INVITATION TO THE ANNUAL GENERAL MEETING

Voting and voting by proxy

Those shareholders who are physically present at the actual Annual General Meeting in Munich or at the venue in Hong Kong in which the Annual General Meeting is broadcasted live by video screen are entitled to vote in person.

Shareholders who do not participate in person at the Annual General Meeting in Munich nor view the Annual General Meeting at the Hong Kong venue may exercise their voting right via an authorised representative, e.g. a credit institution, a shareholder association, a proxyholder nominated by Schramm Holding AG or any other authorised third party. Only those shareholders who are entitled to attend and vote at the Annual General Meeting and whose names appear on the register of members of Schramm Holding AG on 27 June 2011 are entitled to appoint proxies who attend and vote in their stead.

The assignment of a proxy, its revocation and the proof of a proxy towards Schramm Holding AG must be in text form, if neither a credit institution, nor a shareholder association nor any other institution or person which is correspondingly treated pursuant to section 135 (8) and (10) German Stock Corporation Act are assigned as proxy.

If voting proxies are assigned to credit institutions or institutions or companies treated correspondingly (sections 135 (10), 125 (5) German Stock Corporation Act) as well as shareholder associations or persons pursuant to section 135 (8) and (10) German Stock Corporation Act, there is no text form requirement, but the proxy declaration has to be recorded in a verifiable manner; it also has to be complete and may only contain declarations which are connected with the exercise of the votes. We therefore kindly ask the shareholders who wish to assign a proxy to a credit institution, a shareholder association or any other institute, company or persons which are treated correspondingly pursuant to section 135 German Stock Corporation Act to arrange themselves with the intended proxyholder about the formal requirements of the proxy.

Proofs regarding the appointment of a proxyholder can be transferred electronically to the following e-mail address of Schramm Holding AG:

info@schramm-holding.de

Schramm Holding AG offers the shareholders the special option to exercise their voting rights via proxyholders nominated by Schramm Holding AG. The proxyholders nominated by Schramm Holding AG have to be granted a proxy form with explicit and clear instructions for the relevant cast of the vote. The proxyholders nominated by Schramm Holding AG are obligated to cast the relevant vote according to the instruction as set out in the proxy form. They are not allowed to cast the vote in their sole discretion. In case an instruction to any of the items of the agenda has not or not explicitly been made the proxyholders nominated by Schramm Holding AG are insofar not allowed to and hence will not cast the relevant vote.

INVITATION TO THE ANNUAL GENERAL MEETING

If the proxyholders are not the persons nominated by Schramm Holding AG, nor credit institution(s) (as defined in section 135 German Stock Corporation Act), nor professional agent(s) (as defined in section 135 German Stock Corporation Act), the failure to give clear instructions as to how to cast the vote(s) will entitle the proxyholders to cast the vote(s) at their discretion.

The delivery of a proxy form shall not preclude a shareholder from attending the Annual General Meeting and voting in person. For clarification purposes, the shareholder should revoke the proxy towards the proxyholder and Schramm Holding AG and achieve a return of the proxy form.

The document to be used for assigning a proxy and giving voting instructions to the proxyholders nominated by Schramm Holding AG as well as to any other proxyholder apart from credit institutions or institutions or companies treated correspondingly (sections 135 (10), 125 (5) German Stock Corporation Act) as well as shareholder associations or persons pursuant to section 135 (8) and (10) German Stock Corporation Act is enclosed to this invitation and is also available on the homepage of Schramm Holding AG under

www.schramm-holding.com/en_generalmeeting2011.html

and the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

The proof regarding the assignment of any of the above described proxies as well as the relevant voting instructions with regard to the relevant items of the agenda to the proxyholders nominated by Schramm Holding AG, shall be received **not later than on 28 June 2011 at 9:00 a.m. (Central European Summer Time) or 3:00 p.m. (Hong Kong time)** by

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

or sent by Email to:

info@schramm-holding.de

Otherwise the proxy and the instructions to the proxyholders nominated by Schramm Holding AG cannot be considered.

Right of the shareholders to request supplementary motions to the agenda (section 122(2) German Stock Corporation Act)

Shareholders, whose combined shares amount in aggregate to one-twentieth of the share capital (**corresponds to €995,250**) or represent an amount of the share capital corresponding to €500,000 may demand according to section 122(2) German Stock Corporation Act in writing that items are to be put on the agenda of the Annual General Meeting and to be published; such demand shall be addressed to the Management Board. Each new item on

INVITATION TO THE ANNUAL GENERAL MEETING

the agenda shall be accompanied by an explanation or a draft proposal for a resolution. The applicants shall prove that they have been shareholders of Schramm Holding AG for at least three months before the day of the Annual General Meeting, i.e. **since 30 March 2011**, and that they will hold the shares until a decision has been made on the request for a supplementary motion. The request must be received by Schramm Holding AG by no later than 30 days prior to the Annual General Meeting; the day of receipt and the day of the Annual General Meeting shall not be included in the calculation. Hence, last possible day for the receipt of the request for a supplementary motion is **Monday, 30 May 2011, at 12:00 a.m. (Central European Summer Time)/Tuesday, 31 May 2011, at 6:00 a.m. (Hong Kong time)**.

Further explanations to the shareholder rights pursuant to section 122 (2) German Stock Corporation Act are available on the website of Schramm Holding AG at

www.schramm-holding.com/en_generalmeeting2011.html

Shareholders' rights to announce motions and proposals for the election (sections 126(1), 127 German Stock Corporation Act)

According to section 126 (1) German Stock Corporation Act motions by shareholders together with the shareholder's name, the grounds and any position taken by the Management Board and/or Supervisory Board shall be made available to the persons entitled pursuant to section 125 (1) to (3) German Stock Corporation Act under the requirements stated therein if at least 14 days prior to the Annual General Meeting, **i.e. at the latest on the 15 June 2011, 12:00 a.m. (Central European Summer Time) or 16 June 2011, 6:00 a.m. (Hong Kong time)**, the shareholder sends a counter motion with its grounds to a proposal of the Management Board and Supervisory Board as to an item of the agenda to the address indicated in the invitation convening the Annual General Meeting (see further below). The day of receipt and the day of the Annual General Meeting shall not be taken into account. A counter motion and its grounds do not need to be made available, if the requirements according to section 126(2) German Stock Corporation Act have been met. According to section 127 German Stock Corporation Act section 126 German Stock Corporation Act shall apply analogously with regard to the proposal of a shareholder for the election of the members of the Supervisory Board or the appointment of the auditor. It is not necessary to include grounds for the proposal. The Management Board is not obliged to make the proposal for the election available if the proposal does not contain the information according to section 124(3) sentence 3 German Stock Corporation Act and section 125(1) sentence 5 German Stock Corporation Act.

Shareholders' motions and proposals for the election shall be addressed to the following address:

Schramm Holding AG
Kettelerstraße 100
63075 Offenbach/Main
Fax: +49 69 8603 229

INVITATION TO THE ANNUAL GENERAL MEETING

Motions and proposals for elections which have been addressed elsewhere will not be considered. Such motions and proposals for elections which have been addressed to this address in time, i.e. which Schramm Holding AG has received at the latest until **15 June 2011 at 12:00 a.m. (Central European Summer Time) or 16 June 2011, at 6:00 a.m. (Hong Kong time)** will be immediately made available endorsed with a possible comment by the Management Board and/or Supervisory Board according to the statutory provisions on Schramm Holding AG's website as follows:

www.schramm-holding.com/en_generalmeeting2011.html

Further explanations to the shareholder rights pursuant to sections 126 (1), 127 German Stock Corporation Act are available on the website of Schramm Holding AG at

www.schramm-holding.com/en_generalmeeting2011.html

Shareholders' right to information at the Annual General Meeting (section 131(1) German Stock Corporation Act)

Each shareholder shall upon request be provided with information at the Annual General Meeting by the Management Board regarding Schramm Holding AG's affairs to the extent such information is necessary to permit a proper evaluation of the relevant item on the agenda. The obligation to provide information shall also cover Schramm Holding AG's legal and business relations with any affiliated enterprise. If Schramm Holding AG makes use of the simplified procedure pursuant to section 266 (1) sentence 3, section 276 or section 288 German Commercial Code, each shareholder may request at the Annual General Meeting that the annual financial statements be presented to him at the Annual General Meeting on such annual financial statements in the form which would have been used if such provisions on simplified procedure were not applied. A parent enterprise's (section 290 (1) and (2) German Commercial Code) Management Board's obligation to inform the shareholders at the Annual General Meeting that considers the consolidated financial statement and consolidated management report shall extend to the situation of the group and the enterprises included in the consolidated financial statement.

Further explanations to the shareholder rights pursuant to section 131 (1) German Stock Corporation Act are available on the website of Schramm Holding AG at www.schramm-holding.com/en_generalmeeting2011.html.

Total number of shares and voting rights at the time of the convention of the Annual General Meeting

At the time of the publication of the convention of the Annual General Meeting in the German Federal Electronic Gazette the share capital of Schramm Holding AG amounts to EUR 19,905,000.00 and is divided in 19,905,000 par value shares with the nominal value of EUR 1.00 each. The shares are registered shares. Each share confers the shareholders with one vote (section 16(1) Articles of Association). Therefore, the total number of votes in Schramm Holding AG at the time of the publication of the convention of the Annual

INVITATION TO THE ANNUAL GENERAL MEETING

General Meeting in the German Federal Electronic Gazette amounts to 19,905,000. To Schramm Holding AG's knowledge no voting right will be extinguished at the time of the convention of the Annual General Meeting.

Publication on the website of Schramm Holding AG

Immediately after the convention of the Annual General Meeting its content, the above mentioned documents as well as the total number of shares and voting rights at the time of the convention of the Annual General Meeting as well as any other information according to section 124a German Stock Corporation Act shall be made available on Schramm Holding AG's website as follows:

www.schramm-holding.com/en_generalmeeting2011.html

After the Annual General Meeting the voting results will be published on the same website. The documents which have to be made accessible will also be available during the Annual General Meeting on 30 June 2011.

Further, the invitation to the Annual General Meeting was published in the electronic Federal Gazette on 30 May 2011 and on the website of the Stock Exchange of Hong Kong Limited under www.hkexnews.hk and transmitted to such media for publication, regarding which it can be assumed that they disseminate the information throughout the European Union.

Only the German version of this invitation is relevant. The English and Chinese translation serves for information purposes only.

Offenbach/Main, in May 2011

Schramm Holding AG

— **Management Board** —

Schramm Holding AG
Kettelerstraße 100
63075 Offenbach/Main
Tel: +49 69 8603-0
Fax: +49 69 8603 229

As at the date of this document, the members of the Management Board of Schramm Holding AG are Mr. Peter BRENNER, Mr. Kyung Seok CHAE and Dr. Sung Su HAN; the members of the Supervisory Board of Schramm Holding AG are Mr. Jung Hyun OH, Mr. Jeong Ghi KOO, Mr. Min Koo SOHN, Mr. Bang Seon KO, Mr. Choong Min LEE and Mr. Kiyoung SHIN (whereas the last-mentioned three members act out the function of an independent supervisor pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).