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AkzoNobel
Akzo Nobel N.V.

*(A publicly listed company incorporated
under the laws of Netherlands)*

Salvador AG

*(A joint stock company incorporated under
the laws of Germany and a wholly-owned
subsidiary of Akzo Nobel N.V.)*



Schramm Holding AG

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

(Stock Code: 955)

JOINT ANNOUNCEMENT

SPECIAL DEALS IN RELATION TO (1) ACQUISITION OF THE SSCP COATINGS BUSINESS BY THE OFFEROR AND (2) RE-ENFORCEMENT OF EXISTING CONTINUING CONNECTED TRANSACTIONS

ANCILLARY TRANSACTIONS

As disclosed in the Joint Announcement, AkzoNobel and SSCP entered into the Korean Agreement relating to the purchase of the SSCP Coatings Business on 24 June 2011. After completion of due diligence by AkzoNobel on the SSCP Coatings Business and further negotiations between the parties, the parties entered into the Korean Transfer Agreement on 16 August 2011 (details of which are set out below) and agreed to terminate the Korean Agreement by way of the Termination Agreement.

Under the terms of the Irrevocable Undertaking, SSCP agreed to be bound by the Re-enforced CCT Arrangements as from the Transfer Date, pursuant to which agreements will be entered into by and between SSCP and the Company to replace the terms of the Existing CCT.

The Ancillary Transactions and the KC Transaction constitute special deals under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. An application has been made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Ancillary Transactions and the KC Transaction.

Such consent, if granted, will be subject to (i) the IFA publicly stating that in its opinion the terms of the Ancillary Transactions and the KC Transaction are fair and reasonable; and (ii) the approval of the Ancillary Transactions and the KC Transaction by the Independent Shareholders by way of a poll at the general meeting of the Company. SSCP, its associates and any parties acting in concert with any of them as well as those who are interested in or involved in the Ancillary Transactions will be required to abstain from voting on the resolutions in respect of the Ancillary Transactions in the EGM. Mr. Kenny Chae, SSCP, its associates and parties acting in concert with any of them as well as those who are interested in or involved in the KC Transaction, will be required to abstain from voting on the resolution in respect of the KC Transaction at the EGM.

CIRCULAR

A circular containing the particulars of the Ancillary Transactions and the KC Transaction, the recommendations of the IBC, the letter of advice from the IFA will be sent to the Shareholders as soon as practicable and at about the same time as the Composite Document in accordance with the requirements of the Listing Rules (where applicable) and the Takeovers Code.

INTRODUCTION

Reference is made to the Joint Announcement made by the Company, AkzoNobel and the Offeror dated 30 June 2011. The purpose of this announcement is to provide further details of the Ancillary Transactions mentioned in the Joint Announcement which constitute special deals under Rule 25 of the Takeovers Code.

THE ANCILLARY TRANSACTIONS

(1) Acquisition of the SSCP Coatings Business by the Offeror — The Korean Transfer Agreement

As mentioned in the Joint Announcement, AkzoNobel and SSCP entered into the Korean Agreement relating to the sale and purchase of the SSCP Coatings Business on 24 June 2011. After completion of due diligence by AkzoNobel on the SSCP Coatings Business and further negotiations between the parties, the parties entered into the Korean Transfer Agreement (details of which are set out below) and agreed to terminate the Korean Agreement by way of the Termination Agreement.

Date: 16 August 2011

Parties: (i) SSCP, as seller
(ii) AkzoNobel Korea, as purchaser

Subject: SSCP has agreed to sell and AkzoNobel Korea has agreed to purchase the SSCP Coatings Business as a going concern on a conditional basis.

Conditions:

Completion of the sale and purchase of the SSCP Coatings Business contemplated under the Korean Transfer Agreement is subject to the following conditions:

- (i) all obligations and covenants of each of AkzoNobel Korea and SSCP under the Korean Transfer Agreement having been duly performed respectively in all material respects on or before completion of the Korean Transfer Agreement;
- (ii) each and every representation and warranty made by each of SSCP and AkzoNobel Korea being true and correct as of the date when made and being true and correct as of the completion date of the Korean Transfer Agreement in all material respects;
- (iii) all permits, including the acceptance of the report under the Foreign Investment Promotion Law and the anti-trust clearance from the Korean Fair Trade Commission required for the consummation of all such contemplated transactions having been obtained;
- (iv) Korean tax authority having issued a determination as to whether the transaction contemplated in the Korean Transfer Agreement deemed a “comprehensive business transfer” or an “asset transfer” under Korean tax laws;
- (v) shareholders of SSCP having approved the transaction contemplated in the Korean Transfer Agreement;
- (vi) no action having been threatened or is pending before any governmental authority, the probable outcome of which would result in the restraint or prohibition of the consummation of the sale and purchase of the SSCP Coatings Business and the business assets or such other contemplated transactions;
- (vii) AkzoNobel Korea having satisfied that it will receive good, valid and full title to all of the material business assets for the SSCP Coatings Business, free and clear from liens on completion date of the Korean Transfer Agreement;
- (viii) AkzoNobel Korea having obtained all permits required by Korean law in order to enable it to legally conduct the SSCP Coatings Business and own and operate the business assets for the SSCP Coatings Business following the completion, and as may otherwise be required to effect completion of such other contemplated transactions;
- (ix) there being no material adverse change or condition involving a prospective material adverse change in the SSCP Coatings Business or the business assets for the SSCP Coatings Business since the execution of the Korean Transfer Agreement;

- (x) all required third party's consent to the novation or assignment of the material business contracts for the SSCP Coatings Business having been obtained;
- (xi) all of the key employees having accepted to be assigned to AkzoNobel Korea as part of the transfer of the SSCP Coatings Business;
- (xii) completion and settlement of the Offer;
- (xiii) SSCP having delivered documents relating to termination of the agreements mentioned in item (iii) below under paragraph headed "Major Pre-Completion Obligations of SSCP";
- (xiv) all of the occupancy agreements mentioned in item (v) below under paragraph headed "Major Pre-Completion Obligations of SSCP" having been executed; and
- (xv) SSCP having delivered documents evidencing consents mentioned in item (vi) below under paragraph headed "Major Pre-Completion Obligations of SSCP".

Completion:

Completion shall take place on the date which shall be at least 5 business days after the conditions shall have been satisfied or waived.

Consideration and basis thereof:

The estimated consideration of the sale and purchase of the SSCP Coatings Business is between KRW54.25 billion (approximately HK\$389.2 million) and approximately KRW77.50 billion (approximately HK\$556.1 million), the final amount of which will be determined with reference to the year-to-date EBITDA at completion, which would be calculated on a stand-alone basis and including all overheads and other costs necessary to run the SSCP Coatings Business as a continuing operation (excluding inter-company sales to the Group), and subject to (A) purchase price assumptions adjustment relating to Ansan 1 Facility, Ansan 2 Facility and liability for retirement benefits assumed by AkzoNobel Korea and (B) working capital adjustment.

The estimated consideration for the sale and purchase of the SSCP Coatings Business is based on arm's length negotiations between AkzoNobel and SSCP after taking into consideration: (i) the current trading levels of comparable trading companies; (ii) precedent transaction analysis; (iii) AkzoNobel's view of synergies that could be created through the acquisition under the Korean Transfer Agreement, and (iv) working capital levels (being defined as trade receivables and stock less trade payables) and the turnover for the current 12-month period.

SSCP and AkzoNobel further confirmed on 6 September 2011 that the final consideration for the sale and purchase of the SSCP Coatings Business under the Korean Transfer Agreement shall not exceed KRW 60 billion (approximately HK\$430.5 million).

Major Pre-Completion Obligations of SSCP:

- (i) SSCP to terminate its existing non-exclusive technical information agreement with a third party and provide cooperation to enable such party and AkzoNobel Korea to enter into a new license agreement for the license by Origin to AkzoNobel Korea of the same technical information.
- (ii) SSCP to use best efforts to obtain written consent of a third party, to the assignment of all its rights and obligations, joint interests in any intellectual property rights or registrations under the existing joint development agreement.
- (iii) SSCP to terminate (a) certain licence agreements previously entered into between itself and the Group; and (b) agreements or arrangements with certain suppliers of raw material, inputs or supplies to the SSCP Coatings Business.
- (iv) SSCP to prepare documents for the purposes of recordation of the assignment or transfer of (a) patents and trademarks with relevant intellectual property registration offices; and (b) real and moveable properties with the appropriate local or municipal registry office.
- (v) SSCP to enter into new occupancy agreements and provide assistance to AkzoNobel Korea to enter new occupancy agreements with relevant management authority to effect valid transfer or lease or shared occupation of Ansan 1 Facility, Ansan 2 Facility and Jinyoung Facility (as the case may be).
- (vi) SSCP to obtain written consents from relevant counterparties to all leases and enable AkzoNobel Korea to enter into occupancy agreements relating to certain technical centres.
- (vii) SSCP to remove and de-register the liens relating to any portion of the SSCP Coatings Business.
- (viii) SSCP to support the establishment of an independent information technology system by AkzoNobel Korea.

Other Principal Terms:

- (i) The buildings, structures and land comprising Ansan 1 Facility shall be leased to AkzoNobel Korea from completion pursuant to the Ansan 1 Site Lease Agreement. All employees and ownership over equipment located at Ansan 1 Facility shall be transferred to AkzoNobel Korea at completion of the Korean Transfer Agreement. AkzoNobel Korea shall seek to relocate the equipments outside Ansan 1 Facility pursuant to an agreed relocation plan.

- (ii) All employees and ownership of Ansan 2 Facility which belong to the SSCP Coatings Business shall be transferred to AkzoNobel Korea at completion of the Korean Transfer Agreement (save from those related to Excluded Business which shall remain with SSCP). SSCP shall continue to operate such portion of existing resins manufacturing business required for Excluded Business in Ansan 2 Facility, while AkzoNobel Korea will operate such portion of existing resins manufacturing business required for SSCP Coatings Business in Ansan 2 Facility. For the purpose of enabling SSCP to continue the operation, the relevant premises shall be leased to SSCP from completion date pursuant to the Ansan 2 Site Lease Agreement. SSCP shall seek to relocate the Excluded Business operations outside Ansan 2 Facility pursuant to the relocation plan.
- (iii) Jinyoung CB Area shall be leased to AkzoNobel Korea pursuant to the Jinyoung Site Ownership & Lease Agreement. SSCP shall undertake all steps to enable the transfer of ownership over the Jinyoung CB Area to AkzoNobel Korea pursuant to the relocation plan. All employees of SSCP and ownership of equipment relating to the SSCP Coatings Business located on Jinyoung Facility shall be transferred at completion of the Korean Transfer Agreement (save from those relating to Excluded Business, which shall remain with SSCP).
- (iv) In order to implement the relocation actions, the parties shall agree on a final relocation plan.
- (v) All employees and ownership of equipment located in the technical centres shall be transferred on completion date.
- (vi) For a period of three years following completion of the Korean Transfer Agreement, SSCP and its affiliates shall not directly or indirectly do anything which may lead a person to cease to deal with the SSCP Coatings Business, or whether alone or jointly with others develop, produce, sell, market or distribute any products of the SSCP Coatings Business or any similar types of products in Korea or any other territory in which the SSCP Coatings Business sells its products as of immediately prior to completion.

AkzoNobel and SSCP agreed to enter into certain transitional agreements to ensure the SSCP Coatings Business can operate on a stand-alone basis after completion. These transitional agreements are subject to the Executive's consent and Independent Shareholder's approval. Details of the transitional agreements are set out below:

(a) Transitional Services Agreement

Date: 16 August 2011

Parties: (i) SSCP
(ii) AkzoNobel Korea

Term: The term shall commence from the completion date of the Korean Transfer Agreement and continue until (a) the first anniversary of completion of the Korean Transfer Agreement; or (b) mutual agreement between the parties to terminate the agreement. The agreement shall be terminated if, amongst other things, completion of the Korean Transfer Agreement fails to take place in accordance with the Korean Transfer Agreement.

Principal Terms: AkzoNobel Korea shall provide transitional services for the respective service period in accordance with the agreement for purpose of facilitating SSCP to operate its remaining business activities after completion of the Korean Transfer Agreement, while SSCP shall provide transitional services for the respective service period in accordance with the agreement for purpose of facilitating AkzoNobel Korea to operate the SSCP Coatings Business after completion of the Korean Transfer Agreement.

Consideration and basis thereof: Service fees chargeable for the transitional services have been agreed among the parties. With respect to service rates charged by SSCP for its provision of services, SSCP shall ensure that the basis for calculation or allocation of costs reflected in the service rates are (i) no less favourable to AkzoNobel Korea than such basis of calculation or allocation of costs between the SSCP Coatings Business and the wider business of SSCP during the first 6 months of 2011; and (ii) consistent with such costs as reflected in the accounts of SSCP Coatings Business as at 31 December 2010 and 30 June 2011. The service rates charged by AkzoNobel Korea shall not exceed the lowest rates offered during the similar period to the affiliates of AkzoNobel Korea for same or similar services performed.

Purpose of the Transitional Service Agreement: The purpose of the agreement is to set out the terms upon which both AkzoNobel and SSCP will provide any services reasonably required by the other party so as to avail (i) AkzoNobel to run the SSCP Coatings Business and (ii) SSCP to run its other business for a reasonable period of time after the completion of the sale of the SSCP Coatings Business until AkzoNobel can make the SSCP Coatings Business on a stand-alone basis.

(b) Intellectual Property Agreement

Date: 16 August 2011

Parties: (i) SSCP, as licensor
(ii) AkzoNobel Korea, as licensee

Term: The term shall commence from the completion date of the Korean Transfer Agreement and shall remain in effect (i) in perpetuity for certain types of trademarks of SSCP and (ii) for a period of three years, subject to an extension for an additional 2 years at AkzoNobel Korea's option for other types of trademarks of SSCP.

- Principal Terms:**
- (i) SSCP grants to AkzoNobel Korea an irrevocable, non-transferable, royalty-free world-wide right and license to use certain licensed intellectual property rights of SSCP in connection with the conduct of the SSCP Coatings Business.
 - (ii) SSCP shall not license the licensed intellectual property rights of SSCP to any third party which engages in a business similar to or competing with the SSCP Coatings Business. However, license shall only be granted on a non-exclusive basis for any non-Coatings Business related business activity.
 - (iii) If SSCP newly develops or creates improvements, technologies or know-how related to the licensed intellectual property rights of SSCP, SSCP shall fully convey to and share with AkzoNobel Korea such improvements, technologies or know-how.
 - (iv) AkzoNobel Korea may, subject to certain conditions, sublicense the licensed intellectual property rights of SSCP to any of its affiliate where such sublicense is reasonably deemed necessary for the conduct of the SSCP Coatings Business. The sublicenses shall be non-exclusive licenses.

Purpose of the Intellectual Property Agreement: The purpose of the agreement is to set out the terms upon which SSCP will license to AkzoNobel Korea certain trademarks/service marks required for the operation of the SSCP Coatings Business.

(c) Jinyoung Site Ownership & Lease Agreement

Date: 16 August 2011

Parties: (i) SSCP, as lessor
(ii) AkzoNobel Korea, as lessee

Term: A term of 20 years commencing from the completion date of the Korean Transfer Agreement provided that AkzoNobel Korea shall have an option to extend the term for additional periods of 20 years each, upon giving SSCP one year prior notice before expiry of the then current term; provided however AkzoNobel Korea may terminate the agreement during the term by giving at least 12 months prior written notice to SSCP. The agreement shall be terminated if, amongst other things, completion of the Korean Transfer Agreement fails to take place in accordance with the Korean Transfer Agreement.

Leased Premise: Portions of the premises of 6,308.18 m² (1,971.31 *pyung*) situated at 315-1, 315-2, 315-3, 315-4, 315-8, 315-9 Bonsan-ri, Jinyoung-eup, Gimhae-si, Gyeongsangnam-do, Korea comprising the Jinyoung CB Area.

- Principal Terms:**
- (i) SSCP to lease Jinyoung CB Area to AkzoNobel Korea for operation of SSCP Coatings Business related facilities and associated activities such as office, warehousing and laboratory.
 - (ii) The right of AkzoNobel Korea shall include the right to use the roads inside the Bonsan Industrial Complex and within the premises of SSCP for access to Jinyoung CB Area of AkzoNobel Korea by pedestrians and vehicles.

Consideration and basis thereof: A monthly rent in the amount of KRW 100,000 (excluding VAT) payable by AkzoNobel Korea (together with fees payable for additional utilities required by AkzoNobel Korea). The amount of rent will be adjusted on a pro-rata basis if there be any change in the area of the leased premises during the term.

Subdivision: SSCP shall have completed the subdivision of the ownership of Jinyoung CB Area from the Jinyoung Facility on or before the 2nd anniversary of the completion of the Korean Transfer Agreement (or otherwise extended). Upon completion of the subdivision and transfer of ownership, the leasing of Jinyoung CB Area shall cease.

Option to purchase: From the commencement of the term of the Jinyoung Site Ownership & Lease Agreement and for a period of 5 years, AkzoNobel Korea shall have an option to purchase ownership over the Jinyoung EM Area (in the event AkzoNobel Korea has legal ownership over Jinyoung CB Area at the time of option exercise) or the entire Jinyoung Facility (in the event AkzoNobel Korea is leasing the Jinyoung CB Area), in each case the option price shall equal the fair market value of Jinyoung EM Area as valued by independent appraisal firms; if the option is not exercised, then (a) in the event AkzoNobel Korea has legal ownership over Jinyoung CB Area, each party shall have the right to sell its occupied area to any third party, subject to right of first refusal granted to the other party and a right to match any offer received from any third party purchaser; or (b) in the event AkzoNobel Korea leasing the Jinyoung CB Area, it shall have any option during the remainder of the lease term to decide to vacate the Jinyoung CB Area, in which case SSCP shall pay an amount equal to the fair market value of the Jinyoung CB Area to AkzoNobel Korea at the time the premises are vacated.

Purpose of the Jinyoung Site Ownership & Lease Agreement: The purpose of the agreement is to set out the terms upon which SSCP will lease or transfer the property used exclusively or primarily to manufacture products that form part of the SSCP Coatings Business to AkzoNobel Korea.

(d) Ansan 1 Site Lease Agreement

Date: 16 August 2011

- Parties:** (i) AkzoNobel Korea, as lessee
(ii) SSCP, as lessor
- Term:** A term of 2 years commencing from the completion date of the Korean Transfer Agreement, provided however (i) AkzoNobel Korea may terminate the agreement by giving 12 months' prior written notice to SSCP; and (ii) at the end of the above 2 year term, the lease may be extended for 1 additional year for completion of the relocation plan contemplated in the Korean Transfer Agreement. The agreement shall be terminated if, amongst other things, completion of the Korean Transfer Agreement fails to take place in accordance with the Korean Transfer Agreement.
- Leased Premise:** A premise of 3,116 m² (944.24 *pyung*) and a parcel of land of 6,008.08 m² (1,820.63 *pyung*) located at 629-3 Sunggok-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Korea comprising the Ansan 1 Facility.
- Principal Terms:** (i) SSCP to lease the leased premise comprising the Ansan 1 Facility to AkzoNobel Korea for operation of SSCP Coatings Business related facilities and associated activities such as office, warehousing and laboratory.
- (ii) The right of AkzoNobel Korea shall include the right to use the roads inside the Banwol Industrial Complex and within the premises of SSCP for access to the Leased Premise of AkzoNobel Korea by pedestrians and vehicles.
- Consideration and basis thereof:** A monthly rent in the amount of KRW 11,500,000 (excluding VAT) payable by AkzoNobel Korea (together with fees payable for additional utilities required by AkzoNobel Korea). The amount of rent will be adjusted on a pro-rata basis if there be any change in the area of the leased premises during the term.

Purpose of the Ansan 1 Site Lease Agreement: The purpose of the agreement is to set out the terms upon which SSCP will lease the property comprising the Ansan 1 Facility used exclusively or primarily to manufacture products that form part of the SSCP Coatings Business to AkzoNobel Korea.

(e) Ansan 2 Site Lease Agreement

- Date:** 16 August 2011
- Parties:** (i) SSCP, as lessee
(ii) AkzoNobel Korea, as lessor

Term: A term of 2 years commencing from the completion date of the Korean Transfer Agreement, however SSCP may terminate the agreement by giving 12 months' prior written notice to AkzoNobel Korea. The agreement shall be terminated if, amongst other things, completion of the Korean Transfer Agreement fails to take place in accordance with the Korean Transfer Agreement

Leased Premise: A premise of 2,671.19 m² (809.45 *pyung*) situated at 403-2 Mongnae-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Korea comprising the Ansan 2 Facility.

Principal Terms:

- (i) AkzoNobel Korea to lease the leased premise comprising a portion of the Ansan 2 Facility to SSCP for operation of electronic materials laboratory and associated activities such as manufacture of resins for the electronic materials products.
- (ii) The right of SSCP shall include the right to use the roads inside the Banwol Industrial Complex and within the premises of AkzoNobel Korea for access to the Leased Premise of SSCP by pedestrians and vehicles.
- (iii) The parties will agree to cover certain costs arising from relocation of the non-SSCP Coatings Business related activities of SSCP out of the Ansan 2 Facility.

Consideration and basis thereof: A monthly rent in the amount of KRW 100,000 (excluding VAT) payable by SSCP (together with fees payable for additional utilities required by SSCP). The amount of rent will be adjusted on a pro-rata basis if there be any change in the area of the leased premises during the term.

Purpose of the Ansan 2 Site Lease Agreement: The purpose of the agreement is to set out the terms upon which AkzoNobel Korea will lease a portion of the property comprising the Ansan 2 Facility used exclusively or primarily to manufacture products that form part of the Excluded Business to SSCP.

(f) Qunno Master Purchase Agreement

Date: 16 August 2011

Parties:

- (i) Qunno Metal, as supplier
- (ii) AkzoNobel Korea, as purchaser

Term: A term of three years commencing from the later of (i) the date of the Qunno Master Purchase Agreement; and (ii) the completion of the Korean Transfer Agreement, and shall extend automatically for further term of one year, unless the Qunno Master Purchase Agreement is terminated by either party by at least 6 months' prior written notice to the expiry of the first term.

Principal Terms: Qunno Metal agrees to sell to AkzoNobel Korea aluminium paste manufactured by Qunno Metal or its affiliates for AkzoNobel Korea.

Consideration and basis thereof: Base prices have been fixed for orders from the date of the agreement. The price for the products sold under the Qunno Master Purchase Agreement will be on no less favourable terms than which applied throughout the 18-month period prior to 30 June 2011, and Qunno Metal undertakes that such price shall not exceed the lowest rates offered to the other customers at the same time for the same product and for comparable volumes. Such base prices are subject to adjustment for each subsequent calendar year. Adjustment shall be dependent on the prices of development of the aluminium paste or aluminium. If the prices of aluminium paste or aluminium increase or decrease resulting in a more than 10% increase or decrease of price of product, parties may renegotiate the base prices in good faith.

Purpose of the Qunno Master Purchase Agreement: The purpose of the agreement is to set out the terms upon which Qunno Metal will agree to sell to AkzoNobel Korea aluminium paste required by AkzoNobel.

(2) Re-enforcement of Existing Continuing Connected Transactions

As disclosed in the Joint Announcement, under the terms of the Irrevocable Undertaking, SSCP agreed to be bound by the Re-enforced CCT Arrangements as from the Transfer Date, pursuant to which certain agreements as detailed below will be entered into by and between SSCP and the Company to replace the terms of the Existing CCT upon or after the Transfer Date. Set out below are the details of the existing continuing connected transactions that are subject to re-enforcement:

(a) New Master Purchase Agreement

Date: 9 September 2011

Parties: (i) SSCP
(ii) the Company

Term: Subject to the satisfaction of the conditions set out below, the New Master Purchase Agreement shall be valid for a term of three years and shall extend automatically by further terms of one year upon expiry of the first three-year term unless terminated by either party.

Principal Terms: (i) SSCP and the Company intends to replace the existing master purchase agreement dated 9 May 2011 (“Existing Master Purchase Agreement”) with the New Master Purchase Agreement from the date when the New Master Purchase Agreement becomes effective.

- (ii) The Group sources certain raw materials, intermediate goods and commodities from SSCP.
- (iii) Until 31 December 2011, the prices of the raw materials, intermediary goods and commodities shall follow those set out in the Existing Master Purchase Agreement, i.e. determined on arm's length negotiation, at the lower of the prices offered by independent third parties and SSCP's acquisition costs plus a maximum margin of 10%. After 31 December 2011, the price shall be agreed between SSCP and the Company anew for each calendar year. Any adjustment of the price shall be dependent on the price development of raw materials relating to a basket consisting of the top five (with regard to value) raw materials needed for the manufacturing of the products classes 'solvents', 'resins' and 'pigments' and in any event not exceeding the lowest price that SSCP offered to other customers at the same time for the same product and for comparable volumes and adjusted for currency differences.

Conditions:

- (i) Valid execution of the New Master Purchase Agreement by SSCP and the Company;
- (ii) The approval of the terms of the New Master Purchase Agreement by the Independent Shareholders at the EGM;
- (iii) The consent from the Executive being obtained; and
- (iv) The completion of the sale of the majority shareholding in the Company by SSCP to AkzoNobel or its associates.

(b) New Toll Manufacturing Agreement

Date: 9 September 2011

Parties: (i) SSCP
(ii) the Company

Term: Subject to the satisfaction of the conditions set out below, the New Toll Manufacturing Agreement shall be valid for a term of three years and shall extend automatically by further terms of one year upon expiry of the first three-year term unless terminated by either party.

Principal Term: (i) SSCP and the Company intends to replace the existing master toll manufacturing agreement dated 9 May 2011 ("Existing Toll Manufacturing Agreement") with the New Toll Manufacturing Agreement from the date when the New Toll Manufacturing Agreement becomes effective.

- (ii) The Group supplies raw materials and intermediary goods to SSCP for the production of coating products (including the licence of certain know-how and technology rights by the Group to SSCP at nil consideration for the manufacturing process) and such materials to be paid by SSCP.
- (iii) SSCP sells the coatings products manufactured under the New Toll Manufacturing Agreement to the Group.
- (iv) Until 31 December 2011, the prices of the coating products supplied by SSCP to the Group shall be determined on a cost-basis within the tax legal boundaries having regard to the total raw materials costs, delivery costs, manufacturing costs (excluding depreciation and selling, general and administrative costs) incurred by SSCP in the manufacturing of the coating products. After 31 December 2011, the price shall be agreed between SSCP and the Company anew for each calendar year. Any adjustment of the price shall be dependent on the price development of raw materials relating to a basket consisting of the top five (with regard to value) raw materials needed for the manufacturing of the products classes 'solvents', 'resins' and 'pigments' and in any event not exceeding the lowest price that SSCP offered to other customers at the same time for the same product and for comparable volumes and adjusted for currency differences.

Conditions:

- (i) Valid execution of the New Toll Manufacturing Agreement by SSCP and the Company;
- (ii) The approval of the terms of the New Toll Manufacturing Agreement by the Independent Shareholders at the EGM;
- (iii) The consent from the Executive being obtained; and
- (iv) The completion of the sale of the majority shareholding in the Company by SSCP to AkzoNobel or its associates.

(c) New Technology User Rights Agreement

Date: 9 September 2011

Parties: (i) SSCP
(ii) the Company

Term: The New Technology User Rights Agreement shall come into effect from the Transfer Date and shall be perpetual unless terminated by either party upon the completion of the Korean Transfer Agreement in accordance with the terms therein.

- Principal Terms:**
- (i) SSCP and the Company intend to replace the existing technology user rights agreement dated 10 March 2009 with the New Technology User Rights Agreement from the Transfer Date;
 - (ii) SSCP agrees to provide the Technology User Rights and use of and access to all related technology and information, which is based on and flanked by rights and know-how, exclusively to the Company;
 - (iii) SSCP agrees to provide the Company access (including sending copies and scans by emails in order to allow working with such information at the premises of the Company) to all research documentations, tabulations, experimental reports and any other working results and materials necessary for the Company to use and access the Technology User Rights;
 - (iv) the New Technology User Rights Agreement can be terminated by either party by mutual written agreement of the parties; and
 - (v) if SSCP for whatever reason ceases to provide use of and access to the Technology User Rights, the Company shall have the right to, at its own discretion, require SSCP to further provide the use of and access to the Technology User Rights or to require SSCP to transfer the respective assets and/or underlying intellectual property rights to the Company on a no-cost basis, in order to allow the Company to continue its business in a proper way.

- Conditions:**
- (i) The approval of the terms of the New Technology User Rights Agreement by the Independent Shareholders at the EGM;
 - (ii) The consent from the Executive being obtained; and
 - (iii) The completion of the sale of the majority shareholding in the Company by SSCP to AkzoNobel or its associates.

Consideration: The right of use and exploitation of all technology, material and Technology User Right is granted free of charge.

(d) New Technical Services Agreement

Date: 9 September 2011

Parties: (i) SSCP
(ii) the Company

Principal Terms: (i) The New Technical Service Agreement shall supersede all prior communications or agreements, written or oral entered into between SSCP and the Company, including various existing SAP licence agreements among SSCP and the PRC subsidiaries of the Company;

(ii) SSCP shall provide technical and development services for the Coatings Business for a term of three years from the Transfer Date through its manufacturing and development and automotive development centres in Korea on terms and conditions equivalent to, and no less favourable than, those terms applicable to the services provided by SSCP to the Company during the last twelve months prior to the Transfer Date. No fee was paid or payable by the Company in favour of SSCP during the last twelve months prior to the date of the New Technical Services Agreement in relation to the provision of technical and development services for the Coatings Business by SSCP to the Company under the existing SAP licence agreements;

(iii) SSCP shall grant the Company the right free of charge to use the software licences and IT solution of the "SAP" program mentioned in the New Technical Service Agreement and the data within it employed by SSCP and/or its subsidiaries for the sole purpose of transferring data relating to the Coatings Business out of such SAP system to a system specified by AkzoNobel for a period of 18 months, subject to an extension of additional six months as agreed by the parties in accordance with the terms therein; and

(iv) SSCP shall transfer at its own cost (such cost not being unreasonable), all data relating to the Coatings Business out of such SAP system to a system specified by AkzoNobel.

Conditions: (i) The approval of the terms of the New Technical Services Agreement by the Independent Shareholders at the EGM;

(ii) The consent from the Executive being obtained; and

(iii) The completion of the sale of the majority shareholding in the Company by SSCP to AkzoNobel or its associates.

(3) Carve-out Arrangement

As disclosed in the Joint Announcement, under the terms of the Irrevocable Undertaking, SSCP agreed to cause the Company to enter into the Carve-out Arrangement pursuant to which SSCP would cause the Company to sell the Non-Coatings Business of the Group to SSCP prior to the Transfer Date.

As the Company had entered into a sale and purchase agreement on 9 September 2011 with Ecoyarn Co., Ltd., an independent third party of the Company other than SSCP or its associates in relation to the disposal of the Non-Coatings Business, the Carve-out Arrangement will no longer constitute a special deal under Rule 25 of the Takeovers Code as Ecoyarn Co., Ltd., is (i) neither a shareholder of the Company; nor (ii) a party related to SSCP or its associates. The disposal is conditional upon, among others, the completion of the sale of the majority shareholdings in the Company by SSCP to AkzoNobel or its associates.

(4) Takeovers Code Implications

In addition to the KC Transaction (details of which have been set out in the Joint Announcement), the Ancillary Transactions constitute special deals under Rule 25 of the Takeovers Code and therefore require the consents of the Executive. An application has been made to the Executive for the consent under Rule 25 of the Takeovers Code in relation to the Ancillary Transactions and the KC Transaction. Such consents, if granted, will be subject to (i) the IFA publicly stating that in its opinion the respective terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders by way of poll at the EGM. SSCP, its associates and any parties acting in concert with any of them as well as those who are interested in or involved in the Ancillary Transactions will be required to abstain from voting on the resolutions in respect of the Ancillary Transactions in the EGM. Mr. Kenny Chae, SSCP, its associates and parties acting in concert with any of them as well as those who are interested in or involved in the KC Transaction, will be required to abstain from voting on the resolution in respect of the KC Transaction at the EGM.

(5) Information on the Group

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.

(6) Information on SSCP

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

(7) Information on AkzoNobel

AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. AkzoNobel supplies industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for its customers. AkzoNobel's portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, AkzoNobel is a Global Fortune 500 company and is consistently ranked as one of the leaders in the area

of sustainability. With operations in more than 80 countries, AkzoNobel's 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™. AkzoNobel's common shares are listed on the stock exchange of Euronext Amsterdam.

(8) Circular

A circular containing the particulars of the Ancillary Transactions and the KC Transaction, the recommendations of the IBC, the letter of advice from the IFA will be sent to the Shareholders as soon as practicable and at about the same time as the Composite Document in accordance with the requirements of the Listing Rules (where applicable) and the Takeovers Code.

(9) Definitions

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“AkzoNobel”	Akzo Nobel N.V., a publicly listed company incorporated under the laws of Netherlands whose common shares are listed on the stock exchange of Euronext Amsterdam, and a Global Fortune 500 company with operations in more than 80 countries
“AkzoNobel Korea”	Akzo Nobel Industrial Coatings Korea Ltd.
“Ancillary Transactions”	collectively, the Korean Agreement (including the terms of the transitional agreements and the definitive Korean Transfer Agreement relating thereto) and the Re-enforced CCT Arrangements, and the transactions contemplated thereunder
“Ansan 1 Facility”	facilities of SSCP located at 629-3 Sunggok-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Korea
“Ansan 2 Facility”	facilities of SSCP located at 403-2 Mongnae-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Korea
“Ansan 1 Site Lease Agreement”	the lease agreement dated 16 August 2011 entered into between AkzoNobel Korea and SSCP in relation to the lease of Ansan 1 Facility
“Ansan 2 Site Lease Agreement”	the lease agreement dated 16 August 2011 entered into between AkzoNobel Korea and SSCP in relation to the lease of Ansan 2 Facility
“associates”	has the same meanings as given to it in the Listing Rules and/or the Takeovers Code, as the case may be
“Board”	the Management Board and the Supervisory Board
“Carve-out Arrangement”	the original proposed arrangement for SSCP to cause the Company to carve out the Non-Coatings Business of the Group to SSCP prior to the Transfer Date, pursuant to the terms of the Irrevocable Undertaking

“Coatings Business”	the coatings businesses of the Group consisting of the research, development, marketing, manufacture and sale of any products relating to coatings based on organic and inorganic materials which are applied to the surface of an object (plastic product) to impart specific surface properties to the substrate, such as appearance, wear and scratch resistance which can be waterborne (water dispersible or water soluble), solvent borne, solid particles (powder) or liquid which contains neither organic solvents nor water
“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 (stock code: 955)
“Controlling Shareholders”	the controlling shareholders of the Company, namely SSCP, The Humble Humanity Limited and SSCP Holdings (Hong Kong) Limited
“Director(s)”	the member(s) of the Management Board
“EGM”	the extraordinary 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 7 October 2011 (which can be viewed live at Fountains Room 1–2, LG/F, Hotel Nikko Hongkong, 72 Moody Road, Tsimshatsui East, Kowloon, Hong Kong at 3:00 p.m. (Hong Kong time) on 7 October 2011) for the purpose of considering and if thought fit, approving certain resolutions, details of which have been set out in the notice of EGM despatched by the Company on 6 September 2011
“Excluded Business”	business of SSCP (other than SSCP Coatings Business) including without limitation the business of manufacturing and marketing electronic materials
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Existing CCT”	collectively, certain existing continuing connected transactions between SSCP and the Group under the following agreements: <ol style="list-style-type: none"> 1. the master purchase agreement dated 9 May 2011 between the Company (as buyer) and SSCP (as supplier); 2. the toll manufacturing and service agreement dated 9 May 2011 between the Company and SSCP; 3. various SAP licence agreements among SSCP and the PRC subsidiaries of the Company; and 4. the technology licence agreement dated 10 March 2009 between SSCP and the Company
“EUR”	Euro dollars, the lawful currency of the European Union

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IBC”	the independent board committee of the Company comprising all the independent Supervisors formed to advise the Independent Shareholders on the Ancillary Transactions and the KC Transaction
“IFA”	TC Capital Asia Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the IBC and the Shareholders on the the Ancillary Transactions and the KC Transaction
“Independent Shareholder(s)”	in respect of the Ancillary Transactions, Shareholders other than (i) SSCP, its associates or parties acting in concert with any of them, and (ii) those who are interested in or involved in the Ancillary Transactions; and in respect of the KC Transaction, Shareholders other than (i) Mr. Kenny Chae, (ii) SSCP, its associates and parties acting in concert with any of them, and (iii) those who are interested in or involved in the KC Transaction
“Intellectual Property Agreement”	the agreement dated 16 August 2011 entered into between AkzoNobel Korea and SSCP in relation to the license of intellectual property used by the SSCP Coatings Business
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 June 2011 given by each of the Controlling Shareholders in favour of the Offeror
“Jinyoung Facility”	facilities of SSCP located at 315-1, 315-2, 315-3, 315-4, 315-8, 315-9 Bonsan-ri, Jinyoung-eup, Gimhae-si, Gyeongsangnam-do, Korea
“Jinyoung Site Ownership & Lease Agreement”	the agreement dated 16 August 2011 entered into between AkzoNobel Korea and SSCP in relation to lease of Jinyoung CB Area of the Jinyoung Facility
“Jinyoung CB Area”	the portion of Jinyoung Facility designated for SSCP Coatings Business
“Jinyoung EM Area”	the portion of Jinyoung Facility designated for the Excluded Business
“Joint Announcement”	the joint announcement of AkzoNobel, the Offeror and the Company dated 30 June 2011

“KC Transaction”	the extension arrangement relating to the extension of the KC’s Service Agreement and the settlement agreement between Mr. Kenny Chae, the Company, Mr. Oh and the Controlling Shareholders on 17 June 2011
“Korean Agreement”	an agreement dated 24 June 2011 between AkzoNobel and SSCP relating to the sale and purchase of the SSCP Coatings Business, which was terminated by the Termination Agreement
“Korean Transfer Agreement”	the definitive sale and purchase agreement of the SSCP Coatings Business dated 16 August 2011 between SSCP and AkzoNobel Korea
“KRW”	Korean won, the lawful currency of Republic of Korea
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Board”	the management board of the Company
“New Master Purchase Agreement”	the agreement dated 9 September 2011 entered into between the Company and SSCP in relation to, among others, the purchase of products from SSCP by the Group under the master purchase arrangements
“New Technical Services Agreement”	the agreement dated 9 September 2011 entered into between the Company and SSCP in relation to, among others, the provision of technical and development services for the Coatings Business by SSCP to the Company and right to use the software licences and IT solution of the “SAP” program
“New Technology User Rights Agreement”	the agreement dated 9 September 2011 entered into between the Company and SSCP in relation to, among others, the licence of the Technology User Rights by SSCP to the Company
“New Toll Manufacturing Agreement”	the agreement dated 9 September 2011 entered into between the Company and SSCP in relation to, among others, the sales and purchases of coating products to/from SSCP by the Group under the toll manufacturing arrangements
“Non-Coatings Business”	the businesses of the Group that do not belong to the Coatings Business, comprising the research, development, marketing, manufacture and business with and sale of (i) liquid coatings for leather goods, (ii) electronic materials (if and as far as not Coatings Business) and (iii) any marketing, manufacturing and distributing of powder resin (if and so far as not resin for Coatings Business) or any other products or materials which are not within the scope of the Coatings Business
“Offer”	the voluntary conditional cash offer to be made by Deutsche Bank on behalf of the Offeror for all the issued Shares

“Offeror”	Salvador AG, a joint stock company incorporated under the laws of Germany and a wholly-owned subsidiary of Akzo Nobel N.V.
“Qunno Metal”	Qunno Metal Technologies Inc, a company controlled by SSCP
“Qunno Master Purchase Agreement”	the master purchase agreement dated 16 August 2011 entered into between AkzoNobel Korea and Qunno Metal in relation to the provision of aluminium paste and raw materials, intermediary goods and commodities.
“Re-enforced CCT Arrangements”	collectively, the arrangements (including the entering into the amendment agreements between SSCP and the Group) in relation to the Existing CCT, pursuant to the terms of the Irrevocable Undertaking
“Schramm Hong Kong”	Schramm Hong Kong Co., Limited (formerly known as Schramm SSCP (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of EUR 1.00 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Special Deals”	the KC Transaction and the Ancillary Transactions, all of which constitute special deals under Rule 25 of the Takeovers Code
“SSCP”	SSCP Co., Ltd., a company incorporated in Korea and listed on the Korean Securities Dealers Automated Quotations, being one of the Controlling Shareholders
“SSCP Coatings Business”	the coatings business of SSCP consisting of the research, development, marketing, manufacturing and selling of any products relating to coatings based on organic and inorganic materials which are applied to the surface of an object to impart specific surface properties to the substrate, such as appearance, wear and scratch resistance which can be waterborne (water dispersible or water soluble), solvent borne, solid particles (powder) or liquid which contains neither organic solvents nor water, and excluding the Excluded Business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the members of the Supervisory Board
“Supervisory Board”	the supervisory board of the Company
“Takeovers Code”	the Codes on Takeovers and Mergers issued by the SFC
“Technology User Rights”	the technologies to be provided pursuant to the New Technology User Rights Agreement

“Termination Agreement”	an agreement dated 16 August 2011 between AkzoNobel and SSCP relating to the termination of the Korean Agreement.
“Transfer Date”	the date on which the legal title in respect of the Shares are to be transferred to the Offeror pursuant to the Offer
“Transitional Service Agreement”	the agreement dated 16 August 2011 entered into between SSCP and AkzoNobel Korea in relation to, among others, the provision of service by SSCP to AkzoNobel Korea so as to avail AkzoNobel Korea to run the SSCP Coatings Business on a stand alone basis
“%”	per cent.

In this announcement, KRW have been converted to HK\$ at the rate of KRW139.37 = HK\$1.00, for illustration purpose only. No representation is made that any amounts in KRW or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By order of the management board
Akzo Nobel N.V.
Leif Darner
Member of the management board

By order of the Board
Schramm Holding AG
Kyung Seok Chae
Director

By order of the management board
Salvador AG
Dietmar Stolle
Member of the management board

Hong Kong, 9 September 2011

The Directors and Supervisors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The members of the management board of AkzoNobel and the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this announcement relating to AkzoNobel and the Offeror and parties acting in concert with any of them and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement as expressed by AkzoNobel and the Offeror and parties acting in concert with any of them have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, Mr Peter Brenner, Mr Kyung Seok Chae and Dr Sung Su Han are Directors on the Management Board, Mr Jung Hyun Oh, Mr Jeong Ghi Koo, Mr Min Koo Sohn, Mr Bang Seon Ko[#], Mr Choong Min Lee[#] and Mr Kiyong Shin[#] are Supervisors on the Supervisory Board.

As at the date of this announcement, Mr Hans Wijers, Mr Keith Nichols, Mr Leif Darner, Mr Rob Frohn and Mr Tex Gunning are members of the management board of AkzoNobel.

As at the date of this announcement, Mr Dietmar Stolle and Mr Cyriacus Adelbert Altena are members of the management board of the Offeror.

Independent Supervisors