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Akzo Nobel N.V.

(a publicly listed company incorporated under the laws of Netherlands)



Schramm Holding AG

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

Salvador AG

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

JOINT ANNOUNCEMENT

**POSSIBLE VOLUNTARY CONDITIONAL CASH OFFER BY
DEUTSCHE BANK AG, HONG KONG BRANCH ON BEHALF OF
SALVADOR AG
TO ACQUIRE ALL THE ISSUED SHARES OF
SCHRAMM HOLDING AG**

AND

**SPECIAL DEALS IN RELATION TO
ACQUISITION OF THE SSCP COATING BUSINESS
BY THE OFFEROR,
RE-ENFORCEMENT OF EXISTING CONTINUING CONNECTED
TRANSACTIONS,
THE PROPOSED ACQUISITION OF NON-COATING BUSINESS OF THE GROUP
BY SSCP
AND
THE PROPOSED EXTENSION OF SERVICE AGREEMENT OF A DIRECTOR OF
THE COMPANY**

AND

RESUMPTION OF TRADING

Financial adviser to the Offeror

Deutsche Bank AG, Hong Kong Branch

POSSIBLE VOLUNTARY CONDITIONAL CASH OFFER

The Offeror and the Company jointly announce that Deutsche Bank will, on behalf of the Offeror, subject to the satisfaction of the Pre-Conditions, make a voluntary conditional cash offer to acquire all of the issued Shares.

The consideration in respect of the Offer is as follows:-

For every Share HK\$78.70 in cash

The Offer Price of HK\$78.70 per Share represents:

- a premium of approximately 163.21% over the closing price of HK\$29.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 169.43% over the average of the closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK\$29.21 per Share;
- a premium of approximately 169.57% over the average of the closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK\$29.20 per Share; and
- a premium of approximately 174.52% over the average of the closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK\$28.67 per Share.

As at the date of this Announcement, there are 19,905,000 Shares in issue. The Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

PRE-CONDITIONS TO THE OFFER

The making of the Offer is subject to the satisfaction of the following Pre-Conditions:

- (i) in respect of all the outstanding Exchangeable Bonds which have been issued by Humble Humanity, a legally binding written documentation, from the relevant holders of the Exchangeable Bonds addressing to the Offeror and confirming irrevocably to the satisfaction of the Offeror that all exchangeable or convertible securities, options or other rights to subscribe for the Shares that have been issued by Humble Humanity, will be waived or will otherwise cease to be exercisable, having been obtained;
- (ii) in respect of all encumbrances, liens or pledges of the Shares held by or otherwise beneficially owned by the Controlling Shareholders, a legally binding written documentation, from the relevant pledgees addressing to the Offeror and confirming irrevocably on terms to the satisfaction of the Offeror that such encumbrances, liens or pledges will be fully and absolutely discharged on or prior to the Transfer Date, having been obtained;
- (iii) all relevant merger control clearance in the relevant jurisdictions necessary for the

implementation of the Offer having been obtained; and

- (iv) a ruling by the Executive confirming that the acceptance of the Offer by the Controlling Shareholders in respect of their respective shareholding interest in the Company will be counted towards 90% of the "disinterested shares" for the purposes of Rule 2.11 of the Takeovers Code having been obtained.

The Offeror may waive any of the Pre-Conditions. If the Pre-Conditions are not satisfied or waived by the First Long Stop Date (i.e. 28 February 2012), the Offer will not be made (unless the Offeror extends the First Long Stop Date).

CONDITIONS TO THE OFFER

The Offer will be conditional on the satisfaction of the following Conditions:

- (i) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which would result in the Offeror holding at least 95% of the voting rights in the Company and 90% of the disinterested shares as referred to under Rule 2.11 of the Takeovers Code;
- (ii) the Ancillary Transactions and the KC Transaction having been approved by the Remaining Shareholders and the Executive's consent under Rule 25 of the Takeovers Code in relation to the Ancillary Transactions and the KC Transaction having been obtained;
- (iii) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Ancillary Transactions or the KC Transaction void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Ancillary Transactions or the KC Transaction;
- (iv) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date save for any suspension(s) of trading of the Shares of less than 14 days as a result of the Offer and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn;
- (v) the transactions contemplated by the Korean Agreement having been approved by the shareholders of SSCP as required by applicable Korean laws and regulations;
- (vi) if required by applicable Korean laws and regulations, the acceptance of the Offer by SSCP pursuant to the Irrevocable Undertaking having been approved by the shareholders of SSCP;
- (vii) (a) all Consents as are necessary for the Offer and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Group, the concession rights or licences to carry out its operations having been obtained and remaining in full force and

effect without variation from all Relevant Authorities and all conditions (if any) to such Consents having been fulfilled; (b) each member of the Group possessing or having obtained all licences and permits from the Relevant Authorities that are necessary to carry on its business; and (c) all mandatory consents from third parties in relation to the Offer required pursuant to any agreement to which any member of the Group is a party (where any failure to obtain a consent would have a material adverse effect on the business of the Group taken as a whole) having been obtained or waived by the relevant party(ies);

- (viii) no event having occurred which would make the Offer void, unenforceable, illegal or prohibit the implementation of the Offer;
- (ix) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offer (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer); and
- (x) since the date of the last audited consolidated financial statements of the Company but save as publicly disclosed by the Company prior to the date of this Announcement, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general operations, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, shareholders' equity or results of operations of the Group taken as a whole, whether or not arising in the ordinary course of business.

The Offeror reserves the right to waive Conditions referred to above, save that (a) Condition (i) may only be waived (aa) if the Offeror receives acceptances in respect of the Offer which would result in the Offeror holding more than 50% of the voting rights in the Company, or (bb) if the applicable threshold for compulsory acquisition in Germany has been lowered from 95% to 90% and the acceptances received during the period of 4 months after posting the initial offer document total 90% of the disinterested shares of the Company pursuant to Rule 2.11 of the Takeovers Code; (b) Condition (ii) may only be waived to the extent that the relevant parties to any of the Ancillary Transactions or the KC Transaction decide not to proceed with such transactions prior to obtaining the approval by the Remaining Shareholders in the general meeting of the Company; and (c) Condition (viii) cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which gives rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

Shareholders and/or potential investors of the Company should note that the making of the Offer is subject to the satisfaction of the Pre-Conditions and the Offer may not be made. In addition, completion of the Offer is subject to the Conditions being fulfilled or waived, as applicable, and the Offer may or may not become unconditional and be completed. Accordingly, the issue of this Announcement does not imply that the Offer

will become unconditional and Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

IRREVOCABLE UNDERTAKING

On 24 June 2011, pursuant to the terms of the Irrevocable Undertaking, the Controlling Shareholders have respectively undertaken in favour of the Offeror to accept or procure the acceptance of the Offer within 5 business days following the despatch of the Composite Document in respect of all the Shares registered to or beneficially owned by them, being 14,037,000 Shares.

Under the terms of the Irrevocable Undertaking, the Controlling Shareholders shall not withdraw from any such acceptance, notwithstanding that they may become entitled to withdraw any such acceptance by virtue of laws or pursuant to the terms of the Offer itself. For the avoidance of doubt, the Controlling Shareholders shall not withdraw from any such acceptance which is otherwise permitted under the Takeovers Code. The Irrevocable Undertaking will only be terminated on the withdrawal or lapsing of the Offer.

The terms of the Irrevocable Undertaking executed by the Controlling Shareholders are described further in the paragraph headed "Irrevocable Undertaking" of this Announcement. As at the date of this Announcement, 7,900,000 Shares are held by SSCP, 4,385,000 Shares are held by Humble Humanity and 1,752,000 Shares are held by SSCP Holdings (Hong Kong), together representing approximately 70.52% of the issued share capital of the Company.

ANCILLARY TRANSACTIONS

On 24 June 2011, AkzoNobel entered into the Korean Agreement with SSCP, pursuant to which, subject to satisfactory due diligence, the execution of certain transitional agreements and closing of the Offer, AkzoNobel agrees to enter into an agreement with SSCP on the purchase of the SSCP Coating Business at an estimated purchase price between KRW54.25 billion (approximately HK\$389.2 million) and KRW77.50 billion (approximately HK\$556.1 million).

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 further document the terms of the Existing CCT on or after the Transfer Date.

Under the terms of the Irrevocable Undertaking, SSCP also agreed to cause the Company to enter into the Carve-out Arrangement, pursuant to which SSCP would cause the Company to sell the Non-Coating Business to SSCP (or its nominee) prior to the Transfer Date.

The Ancillary Transactions, comprising the Korean Agreement, the Re-enforced CCT Arrangements and the Carve-out Arrangement and the transactions contemplated thereunder, constitute special deals for SSCP under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. An application will be made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Ancillary Transactions.

Such consent, if granted, will be subject to (i) the IFA publicly stating that in its opinion the terms of the Ancillary Transactions are fair and reasonable; and (ii) the approval of the

Ancillary Transactions by the Remaining Shareholders by way of a poll at the general meeting of the Company. SSCP, its associates and parties acting in concert with any of them, will be required to abstain from voting on the resolution in respect of the Ancillary Transactions at such general meeting.

ESTABLISHMENT OF IBC AND APPOINTMENT OF IFA

An IBC comprising all the independent Supervisors of the Company who have no direct or indirect interest in the Offer, the Ancillary Transactions or the KC Transaction has been established to consider the Offer, the Ancillary Transactions and the KC Transaction and to advise the Shareholders in relation thereto.

The IFA has been appointed by the Company to advise the IBC and the Shareholders in respect of the Offer, the Ancillary Transactions and the KC Transaction.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company that a Composite Document combining the offer document and the offeree board circular will be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will set out details of the Offer (attaching thereto the acceptance and transfer form(s)) and incorporate the respective letters of advice from the IBC and the IFA and other relevant information on the Offeror and the Group as required under the Takeovers Code.

CIRCULAR

A separate circular containing the particulars of the Ancillary Transactions and the KC Transaction, the recommendations of the IBC, the letter of advice from the IFA and the notice of extraordinary general meeting 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 14 June 2011. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 4 July 2011.

POSSIBLE VOLUNTARY CONDITIONAL CASH OFFER

The Offer

The Offeror and the Company jointly announce that Deutsche Bank will, subject to the satisfaction of the Pre-Conditions, make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares in accordance with the Takeovers Code.

As at the date of this Announcement, the Offeror and parties acting in concert with it do not have any interest in the issued share capital or voting rights of the Company. None of the

Offeror and parties in acting in concert with it has dealt with any interest in the issued share capital or voting rights or relevant securities of the Company within the past six months immediately preceding the date of this Announcement.

As at the date of this Announcement, there are 19,905,000 Shares in issue. The Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

The consideration in respect of the Offer is as follows:-

For every Share HK\$78.70 in cash

The Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

On 24 June 2011, pursuant to the terms of the Irrevocable Undertaking, the Controlling Shareholders have respectively undertaken in favour of the Offeror to accept or procure the acceptance of the Offer within 5 business days following the despatch of the Composite Document in respect of all the Shares registered to or beneficially owned by them, being 14,037,000 Shares.

Under the terms of the Irrevocable Undertaking, the Controlling Shareholders shall not withdraw from any such acceptance, notwithstanding that they may become entitled to withdraw any such acceptance by virtue of laws or pursuant to the terms of the Offer itself. For the avoidance of doubt, the Controlling Shareholders shall not withdraw from any such acceptance which is otherwise permitted under the Takeovers Code. The Irrevocable Undertaking will only be terminated on the withdrawal or lapsing of the Offer.

The terms of the Irrevocable Undertaking executed by the Controlling Shareholders are described further in the paragraph headed "Irrevocable Undertaking" of this Announcement. As at the date of this Announcement, 7,900,000 Shares are held by SSCP, 4,385,000 Shares are held by Humble Humanity and 1,752,000 Shares are held by SSCP Holdings (Hong Kong), together representing approximately 70.52% of the issued share capital of the Company.

Value of the Offer

As at the date of this Announcement, there are 19,905,000 Shares in issue. On the basis of the Offer Price of HK\$78.70, the entire issued share capital of the Company (which is the subject of the Offer) is valued at approximately HK\$1,566.52 million. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK\$1,566.52 million.

Confirmation of financial resources

Deutsche Bank, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Comparison with market price

The Offer Price of HK\$78.70 per Share represents:

- a premium of approximately 163.21% over the closing price of HK\$29.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 169.43% over the average of the closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK\$29.21 per Share;
- a premium of approximately 169.57% over the average of the closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK\$29.20 per Share; and
- a premium of approximately 174.52% over the average of the closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK\$28.67 per Share.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$30.00 per Share on 13 May 2011 and HK\$22.00 per Share on 1 April 2011, respectively.

Pre-Conditions to the Offer

The making of the Offer is subject to the satisfaction of the following Pre-Conditions:

- (i) in respect of all the outstanding Exchangeable Bonds which have been issued by Humble Humanity, a legally binding written documentation, from the relevant holders of the Exchangeable Bonds addressing to the Offeror and confirming irrevocably to the satisfaction of the Offeror that all exchangeable or convertible securities, options or other rights to subscribe for the Shares that have been issued by Humble Humanity, will be waived or will otherwise cease to be exercisable, having been obtained;
- (ii) in respect of all encumbrances, liens or pledges of the Shares held by or otherwise beneficially owned by the Controlling Shareholders, a legally binding written documentation, from the relevant pledgees addressing to the Offeror and confirming irrevocably on terms to the satisfaction of the Offeror that such encumbrances, liens or pledges will be fully and absolutely discharged on or prior to the Transfer Date, having been obtained;
- (iii) all relevant merger control clearance in the relevant jurisdictions necessary for the implementation of the Offer having been obtained; and
- (iv) a ruling by the Executive confirming that the acceptance of the Offer by the Controlling Shareholders in respect of their respective shareholding interest in the Company will be counted towards 90% of the "disinterested shares" for the purposes of Rule 2.11 of the Takeovers Code having been obtained.

The Offeror may waive any of the Pre-Conditions. If the Pre-Conditions are not satisfied or waived by the First Long Stop Date (i.e. 28 February 2012), the Offer will not be made (unless the Offeror extends the First Long Stop Date).

Conditions of the Offer

The Offer will be conditional on the satisfaction of the following Conditions:

- (i) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which would result in the Offeror holding at least 95% of the voting rights in the Company and 90% of the disinterested shares as referred to under Rule 2.11 of the Takeovers Code;
- (ii) the Ancillary Transactions and the KC Transaction having been approved by the Remaining Shareholders and the Executive's consent under Rule 25 of the Takeovers Code in relation to the Ancillary Transactions and the KC Transaction having been obtained;
- (iii) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Ancillary Transactions or the KC Transaction void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Ancillary Transactions or the KC Transaction;
- (iv) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date save for any suspension(s) of trading of the Shares of less than 14 days as a result of the Offer and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn;
- (v) the transactions contemplated by the Korean Agreement having been approved by the shareholders of SSCP as required by applicable Korean laws and regulations;
- (vi) if required by applicable Korean laws and regulations, the acceptance of the Offer by SSCP pursuant to the Irrevocable Undertaking having been approved by the shareholders of SSCP;
- (vii) (a) all Consents as are necessary for the Offer and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Group, the concession rights or licences to carry out its operations having been obtained and remaining in full force and effect without variation from all Relevant Authorities and all conditions (if any) to such Consents having been fulfilled; (b) each member of the Group possessing or having obtained all licences and permits from the Relevant Authorities that are necessary to carry on its business; and (c) all mandatory consents from third parties in relation to the Offer required pursuant to any agreement to which any member of the Group is a party (where any failure to obtain a consent would have a material adverse effect on the

business of the Group taken as a whole) having been obtained for the Offer or waived by the relevant party(ies);

- (viii) no event having occurred which would make the Offer void, unenforceable, illegal or prohibit the implementation of the Offer;
- (ix) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offer (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer); and
- (x) since the date of the last audited consolidated financial statements of the Company but save as publicly disclosed by the Company prior to the date of this Announcement, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general operations, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, shareholders' equity or results of operations of the Group taken as a whole, whether or not arising in the ordinary course of business.

For Condition (v), under the applicable Korean law, the transactions contemplated by the Korean Agreement are required to be approved by a special resolution of the shareholders of SSCP (i.e. two-third of the shares present at the extraordinary shareholders' meeting, constituting one-third of all of the issued and outstanding shares of SSCP). The extraordinary general meeting of shareholders of SSCP is expected to take place in August 2011.

For Condition (vi), approval by the shareholders of SSCP may or may not be required under the applicable Korean laws and regulations, and this will be ascertained shortly after this Announcement has been published.

In relation to Condition (vii), other than the specific regulatory approvals set out in paragraphs (iii) and (iv) of the section headed "Pre-Conditions to the Offer" and in paragraphs (ii), (v) and (vi) of the section headed "Conditions of the Offer" above, at this stage the Offeror is not aware of any other consent from other Regulatory Authorities or any mandatory consents from third parties in relation to the Offer.

The Offeror reserves the right to waive Conditions referred to above, save that (a) Condition (i) may only be waived (aa) if the Offeror receives acceptances in respect of the Offer which would result in the Offeror holding more than 50% of the voting rights in the Company, or (bb) if the applicable threshold for compulsory acquisition in Germany has been lowered from 95% to 90% and the acceptances received during the period of 4 months after posting the initial offer document total 90% of the disinterested shares of the Company pursuant to Rule 2.11 of the Takeovers Code; (b) Condition (ii) may only be waived to the extent that the relevant parties to any of the Ancillary Transactions or the KC Transaction decide not to proceed with such transactions prior to obtaining the approval by the Remaining Shareholders in the general meeting of the Company; and (c) Condition (viii) cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which gives rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

In addition, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

The Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

Shareholders and/or potential investors of the Company should note that the making of the Offer is subject to the satisfaction of the Pre-Conditions and the Offer may not be made. In addition, completion of the Offer is subject to the conditions being fulfilled and therefore the Offer may or may not become unconditional and be completed. Accordingly, the issue of this Announcement does not imply that the Offer will become unconditional and Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

Availability of the Offer

The Offeror intends to make available the Offer to all Shareholders, including those who are resident outside Hong Kong, to the extent practicable. The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not resident in Hong Kong should seek professional advice (legal, financial or otherwise) in order to inform themselves about and observe any applicable requirements in their own jurisdictions.

The Offeror reserves the right, subject to the consent of the Executive under Rule 8 of the Takeovers Code and to legal requirements, to make special arrangements regarding the terms of the Offer in relation to the Shareholders whose receipt of the Offer or the Composite Document is subject to the laws of an overseas jurisdiction.

In addition, the Offeror also reserves the right, subject to the consent of the Executive under Rule 8 of the Takeovers Code, to notify any matter, including the making of the Offer, to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction of which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders to receive or see that notice.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome or otherwise not in the best interests of the Offeror or the shareholder of the Offeror as a whole, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. The Offeror will apply for any waivers as may be required by the Executive

pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Extension of the Offer Period

If the Offer has not been declared or has not become unconditional as to acceptances on or before the 60 days after the posting of the Composite Document, and/or the Offer has not been declared or has not become unconditional in all respects on or before the 81 days after the posting of the Composite Document, the Offeror will lapse unless the Offer is extended with the consent of the Executive in accordance with the Takeovers Code.

Hong Kong Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Provided that the Offer has become, or has been declared, unconditional in all respects, payment in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the later of the date on which the Offer has become, or are declared, unconditional in all respects and the date of receipt of a duly completed acceptance. Such information will be contained in detail in the Composite Document.

No dividend or other distribution

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the Closing Date.

Irrevocable Undertaking

On 24 June 2011, pursuant to the terms of the Irrevocable Undertaking, the Controlling Shareholders have respectively undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 5 business days following the despatch of the Composite Document in respect of an aggregate of 14,037,000 Shares beneficially owned by them, representing approximately 70.52% of the issued share capital of the Company as at the date of this Announcement.

Protections to the Group

To protect interests of the Group upon the Transfer Date, the Controlling Shareholders have jointly and severally undertaken in the Irrevocable Undertaking that:-

- (i) except with the prior written permission of the Offeror, they will not, and will procure that none of their associates will, for a period of three years from the Transfer Date, directly or indirectly either on their own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in, or acquire or

hold (in each case whether as a shareholder, partner, agent, or otherwise), the Coating Business outside Korea in any country in which the Group conducted any business or activity on the Transfer Date, including any country in which the Group planned to conduct any business and made investments to realise such plans and the Coating Business in the automotive sector in Korea (collectively, the "**Restricted Businesses**"); provided that the Controlling Shareholders shall not be prevented, restricted or prohibited from directly or indirectly either on their own account or in conjunction with or on behalf of any person, firm or company, carrying on, participating or being interested or being engaged in, or acquiring or holding (in each case whether as a shareholder, partner, agent, or otherwise) any businesses in the world, other than the Restricted Businesses, which businesses include, without limitation, the Non-Coating Business anywhere in the world; provided that nothing shall preclude any of the Controlling Shareholders or their associates from (a) having any interest in not more than 2.5% of the issued shares in any company engaging in any Restricted Business which is or whose holding company is listed on any recognised exchange (as defined under the Securities and Futures Ordinance);

- (ii) SSCP shall procure that Mr. Oh shall enter into an undertaking pursuant to which Mr. Oh personally undertakes not to compete with the Group in respect of the Restricted Businesses as from the Transfer Date. Mr Oh (in his capacity as the chief executive officer of SSCP) shall also guarantee that the Offeror will receive the Shares from the Controlling Shareholders free and clear of encumbrances on the Transfer Date;
- (iii) all intellectual property, currently existing or coming into existence within three years from the Transfer Date, relating to the Coating Business and not already owned by the Group, shall be promptly upon the Transfer Date disclosed by SSCP to AkzoNobel or its nominee, and as from the Transfer Date or (as the case may be) at the date upon which such intellectual property comes into existence, AkzoNobel and all of its subsidiaries shall have the exclusive (under the exclusion of SSCP and its subsidiaries) right to use free of charge such intellectual property anywhere outside Korea and shall also have the non-exclusive right to use free of charge such intellectual property in Korea in connection with its group-wide coatings business without any restrictions;
- (iv) all intellectual property not relating to the Coating Business but exclusively relating to the Non-Coating Business shall not be disclosed and shall be retained by SSCP or its relevant subsidiary;
- (v) SSCP shall procure that for a period of three years from the Transfer Date neither itself nor any of its subsidiaries will disclose to any competitor of AkzoNobel or its subsidiaries operating in the Coating Business; or otherwise utilise, any of the intellectual property of the Coating Business to sell products outside of Korea, unless with the prior written consent of the Group or under a specific licence granted by the Company or such disclosure is required pursuant to applicable laws; and
- (vi) SSCP grants with effect as from the Transfer Date the Company and AkzoNobel and its subsidiaries, solely for purposes of exploiting existing and future customer approvals relating to the Coating Business issued in the name or using the brand of SSCP or "SSCP / Schramm" or "Schramm / SSCP", the irrevocable and royalty-free right to use the name "SSCP" until 31 December 2012 with a one-time option to extend this term until 31 December 2013 if reasonably required by AkzoNobel to sell products within

the Coating Business using the customer approvals of SSCP and its subsidiaries. SSCP and its affiliates shall use all reasonable endeavours to (i) transfer existing customer approvals relating to the Coating Business but currently in the name of SSCP to the Company and/or Akzo Nobel Coatings International B.V. (a subsidiary of AkzoNobel which holds the intellectual property rights of AkzoNobel group of companies, and an international holding company for AkzoNobel's coating business) or its nominees; and (ii) support the Company in obtaining future customer approvals relating to the Coating Business in the name of the Group and/or Akzo Nobel Coatings B.V. or its nominees. AkzoNobel and its subsidiaries agree not to use the name of "SSCP" in any way which is harmful or may have an adverse effect to the reputation of SSCP and/or the Non-Coating Business and to indemnify SSCP for any and all losses in excess of EUR100,000 reasonably incurred by SSCP as a result of such use.

With a view to further protecting interests of the Group upon closing of the Offer, under the terms of the Irrevocable Undertaking, SSCP also agrees with the Offeror and AkzoNobel on certain arrangements as set out in the section headed "Ancillary Transactions" of this Announcement.

All obligations of the Controlling Shareholders under the Irrevocable Undertaking (save as the obligation as to confidentiality) shall forthwith lapse on the withdrawal or lapsing of the Offer.

Separate undertakings

Separately, Mr. Oh irrevocably undertakes to vote in favour of the shareholders' resolutions of SSCP relating to the Korean Agreement and (if required) the Irrevocable Undertaking and the transactions contemplated thereunder, and to encourage certain other shareholders of SSCP to vote in favour of such shareholders' resolutions. SSCP and its board also undertakes with AkzoNobel to take all reasonable actions to support the Korean Agreement and the Offer and to recommend its shareholders to vote in favour of the shareholders' resolutions of SSCP relating thereto. In the event that the Korean Agreement and the transactions contemplated thereunder are not approved by the SSCP's shareholders such that the Korean Agreement and the Offer are not completed, SSCP shall be liable for a payment of EUR5 million to AkzoNobel to cover the costs and expenses incurred by AkzoNobel and as compensation for injury to reputation and credit.

Severance and compensation payment arrangements

The existing service agreements of Mr. Peter Brenner and Mr. Kenny Chae ("**KC's Service Agreement**") (the KC's Service Agreement will be extended for a term of two more years on the same terms, pending the Shareholders' approval being obtained in the annual general meeting of the Company held on 30 June 2011), both being members of the Management Board, the Company would be required to make severance payments and other compensations to Mr. Peter Brenner of EUR16.25 million and Mr. Kenny Chae of EUR9.25 million if there is a change of control or a sale in the Company. Details of the compensation mechanism of the service agreements of Mr. Peter Brenner and Mr. Kenny Chae have been disclosed in the prospectus of the Company dated 15 December 2009, and circulars of the Company dated 23 July 2010 and 30 May 2011, respectively.

The Offer would constitute a change of control or a sale in the Company for the above purposes. In order to reduce the severance and compensation obligations of the Company against Mr.

Peter Brenner and Mr. Kenny Chae as set out above, each of Mr. Peter Brenner and Mr. Kenny Chae has entered into a settlement agreement with the Company, Mr. Oh and the Controlling Shareholders on 17 June 2011 pursuant to which (i) Mr. Peter Brenner agreed to waive and forfeit his rights to terminate his existing service agreements and to receive severance payments and other compensations arising from a change of control and/or a sale in the Company pursuant to the terms of the Irrevocable Undertaking, subject to the payment of a lump sum gross payment in the amount of EUR10.5 million to Mr. Peter Brenner by the Company on the Transfer Date; and (ii) Mr. Kenny Chae agreed to waive and forfeit his rights to receive payments arising from a sale in the Company pursuant to the terms of the Irrevocable Undertaking, subject to the payment of a lump sum gross payment in the amount of EUR3.5 million being paid to Mr. Kenny Chae by the Company on the Transfer Date. Further, Mr. Oh and the Controlling Shareholders declare that, inter alia, they will vote in favour of the proposed extension of the KC's Service Agreement for a term of two more years until 31 December 2013 in the annual general meeting of the Company held on 30 June 2011.

The Controlling Shareholders agree to indemnify AkzoNobel from 100% of any additional cost incurred by any member of the Group or their successors from any payments to Mr. Peter Brenner and Mr. Kenny Chae if there are additional payments required other than the above lump sum gross payments in the aggregate sum of EUR14 million, if not in the ordinary continuance of their respective contracts as members of the Management Board.

As at the date of this Announcement, Mr. Kenny Chae is a shareholder of the Company holding 11,280 Shares (representing approximately 0.06% of the issued share capital in the Company), and Mr. Peter Brenner does not hold any Shares.

The Company considers that entering into the settlement agreements by Mr. Peter Brenner and Mr. Kenny Chae is to waive and forfeit their respective rights to terminate their existing services agreements and to receive severance payments and other compensations arising from a change of control or a sale in the Company, subject to the receipt of lump sum gross payments in the amount of EUR10.5 million and EUR3.5 million by Mr. Peter Brenner and Mr. Kenny Chae, respectively on the Transfer Date, and is in the interests of the Company and the Shareholders as a whole on the basis that Mr. Peter Brenner and Mr. Kenny Chae would receive an amount that is less than those as originally contemplated under their existing service agreements. The extension arrangement relating to the extension of the KC's Service Agreement under the settlement agreement (i.e. the KC Transaction) constitutes a special deal under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. An application will be made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the above extension arrangement.

Such consent, if granted, will be subject to (i) the IFA publicly stating that in its opinion the terms of the KC Transaction is fair and reasonable; and (ii) the approval of the KC Transaction by the Remaining Shareholders by way of a poll at the general meeting of the Company. Mr. Kenny Chae, SSCP, its associates and parties acting in concert with any of them, will be required to abstain from voting on the resolution in respect of the KC Transaction at such general meeting.

Compulsory Acquisition and Withdrawal of Listing of the Company

Pursuant to the relevant German law, there is a right to acquire the shares of a German stock corporation held by minority shareholders if one shareholder holds 95% or more of the

registered capital in such German stock corporation. It is envisaged that such 95% threshold will be lowered to 90%, due to a published proposed change in the law of Germany. It is not clear yet when the change in law will actually take effect.

The Offeror intends to exercise the right to such compulsory acquisition of those Shares not acquired by the Offeror pursuant to the Offer if it manages to acquire not less than 95% (or 90% if the applicable legal threshold for triggering the compulsory acquisition rights in Germany has been lowered to 90%) of the voting rights of the Company and not less than 90% of the disinterested shares of the voting rights of the Company (as at the date which is four months of the posting of the Composite Document) as required by Rule 2.11 of the Takeovers Code.

Should compulsory acquisition rights arise and be exercised in full, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Reasons for the Offer

AkzoNobel believes that the acquisition of the Company as a coatings manufacturer will result in various commercial and strategic benefits to AkzoNobel's global business.

The transaction will be important to AkzoNobel's international strategy by further strengthening its position in several key geographic markets and allowing AkzoNobel to actively participate in the increasing growth in consumer electronics in Asia. The transaction underlines AkzoNobel's determination to accelerate sustainable growth and build global leadership positions across all AkzoNobel's markets. In particular, AkzoNobel can fully utilize the Group's networks and reputation to further access the Korean-OEM mobile phone market and build on the Group's strong position in the German automobile supplier industry.

The Group's product portfolios are complementary with AkzoNobel's current portfolio, both in terms of focus segments and geographic split. In addition, the acquisition of the Company offers an excellent opportunity for AkzoNobel to significantly boost industrial coatings activities and increase its operations in coatings for aluminium coil, a strength of the Company's which currently comprises only a minor portion of AkzoNobel's business.

Intention of the Offeror with regard to the Company

The Offeror intends that the Group will continue its existing principal activities after closing of the Offer, subject to a continuing review of its operations and the development of a plan to realise synergies with AkzoNobel's other operations.

ANCILLARY TRANSACTIONS

Korean Agreement

Date

24 June 2011

Parties

- (a) SSCP, as vendor
- (b) AkzoNobel, as purchaser

Subject matter

Subject to the conditions set out below on or before 30 June 2012, AkzoNobel agrees to enter into a definitive agreement with SSCP on the purchase of the SSCP Coating Business. The form of such definitive agreement is attached to the Korean Agreement, and the major terms of such definitive agreement (including the purchase price, calculation of purchase price and assets to be acquired) will be substantially the same as those in the Korean Agreement. In the definitive agreement, general commercial provisions are included to document in more details respective responsibilities and liabilities of the parties to the agreement. The SSCP Coating Business is in Korea only mainly for general industry coatings and does not involve automotive coatings in Korea.

Conditions

The obligations to enter into a definitive agreement on the sale and purchase of SSCP Coating Business are conditional upon (which may be waived by AkzoNobel):

- (a) completion of the Offer;
- (b) completion of satisfactory due diligence by AkzoNobel; and
- (c) execution of certain transitional agreements to ensure the SSCP Coating Business can operate on a stand alone basis after completion, details of which are set out in the section headed "Transitional agreements" below.

Consideration

The estimated consideration for the sale and purchase of the SSCP Coating Business is between KRW54.25 billion (approximately HK\$389.2 million) and KRW77.50 billion (approximately HK\$556.1 million), the final amount of which will be determined with reference to the year-to-date EBITDA before completion, which would be calculated on a stand-alone basis and including all overheads and other costs necessary to run the SSCP Coating Business as a continuing operation (excluding inter-company sales to the Group).

The estimated consideration for the sale and purchase of the SSCP Coating 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 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.

Transitional agreements

To ensure the SSCP Coating Business can operate on a stand alone basis after completion, the obligations to enter into a definitive agreement on the sale and purchase of the SSCP Coating Business are conditional upon the execution of the below agreements:

- (a) *transitional services agreement* - SSCP shall agree to provide any services (other than those set out in items (c) and (d) below) reasonably required by AkzoNobel in order to run the SSCP Coating Business for a reasonable period after completion until AkzoNobel can make the SSCP Coating Business on a stand alone basis. The costs of providing such services shall be reasonable and no less favourable than the existing basis or allocation of costs for the first six months of 2011 and consistent with such cost as reflected in the accounts of SSCP as at 31 December 2010;
- (b) *intellectual property agreement* - the formulations and all intellectual property and know-how relating to paint resins used exclusively or primarily in the SSCP Coating Business shall be transferred to AkzoNobel, and for the paint resins not primarily used in the SSCP Coating Business, all related intellectual property and know-how shall be licensed to AkzoNobel on a perpetual, world wide irrevocable basis within the field of the SSCP Coating Business;
- (c) *resins toll manufacturing agreement* - for up to 5 years SSCP shall manufacture the paint resins reasonably required by AkzoNobel on no less favourable terms than during the first six months of 2011, with the price to be calculated with reference to raw material costs and manufacturing costs on a fair reasonable basis; and
- (d) *site splitting agreement* - SSCP has a site in Korea which is in part used exclusively or primarily to manufacture products that form part of the SSCP Coating Business. The parties shall use reasonable endeavours to agree on a site splitting agreement, which may include the lease of building and the provision of site services, which shall be on reasonable terms which are no less favourable to the SSCP Coating Business than provided during the first six months of 2011. If site split is infeasible, then SSCP shall manufacture products used in the SSCP Coating Business and manufactured at such site on the same basis as those set out in the resins toll manufacturing agreement as mentioned above.

Further provisions of the above transitional agreements shall be set out in separate agreements. Further announcements will be made as soon as possible before the issue of the circular in compliance with the requirements under the Takeovers Code at the time when all the provisions of the above transitional agreements and the definitive agreement relating to the Korean Agreement have been determined.

As there are existing business relationships between the SSCP Coating Business and the Group's Coating Business and SSCP would cease to have shareholding interest in the Company immediately after the Closing Date, the acquisition of the SSCP Coating Business by AkzoNobel would serve to protect the businesses of the Group after completion of the Offer.

The main difference between the SSCP Coating Business and the Coating Business is that the Coating Business consists of automotive and general industry coatings, coil coatings (for pre-coated metals) and electrical insulation paints and varnishes outside Korea, and automotive coatings in Korea; whereas the SSCP Coating Business is in Korea only mainly for general industry coatings and does not involve automotive coatings in Korea.

Re-enforced CCT Arrangements

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 the following agreements will be entered into by and between SSCP and the Company to further document the terms of the Existing CCT upon or after the Transfer Date. The Re-enforced CCT Arrangements consist of:

1. a new master purchase agreement to replace the existing master purchase agreement dated 10 December 2009 between the Company and SSCP (subject to amendments pursuant to the announcement of the Company dated 9 May 2011), the main purpose of which is to document the terms of the existing master purchase agreement and to secure the Company's supply of the raw materials, intermediary goods and commodities with effect from the Transfer Date;
2. a new toll manufacturing agreement to replace the existing toll manufacturing agreement dated 10 December 2009 between the Company and SSCP (subject to amendments pursuant to the announcement of the Company dated 9 May 2011), the main purpose of which is to document the terms of the existing toll manufacturing agreement and to secure the Company's supply of the products with effect from the Transfer Date;
3. a new technology licence agreement to replace the existing technology licence agreement dated 10 March 2009 between the Company and SSCP, to the effect that the technology, knowhow, trade secrets, methods, processes, recipes and formulations relating to the Non-Coating Business shall be excluded from the scope of technologies provided to the Group under the existing technology licence agreement as from the Transfer Date; and
4. a new technical services agreement to replace various existing SAP licence agreements among SSCP and the PRC subsidiaries of the Company, to the effect that SSCP would agree to (i) provide for a period of three years technical and development services for the Coating Business through its manufacturing & development and automotive development centres in Korea on equivalent and no less favourable terms when compared to those terms which such services have been provided to the Company during the last 12 months prior to the Transfer Date; (ii) for a period of three years grant the Group the right free of charge to use the SAP system and the data within it employed by SSCP and/or its subsidiaries for the sole purpose of transferring data relating to the Coating Business out of such SAP system; and (iii) transfer at its own cost data relating to the Coating Business out of such SAP system to a system specified by AkzoNobel.

Further announcement will be made by the Company as soon as possible before the issue of the circular in compliance with the requirements under the Listing Rules and the Takeovers Code at the time when the above agreements are entered into between the parties.

As the Controlling Shareholders will cease to be the controlling shareholders of the Company immediately after the Closing Date, the Re-enforced CCT Arrangements would serve to protect the businesses of the Group after completion of the Offer.

Carve-out Arrangement

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-Coating Business of the Group to SSCP prior to the Transfer Date.

Details of the Carve-out Arrangement have yet to be agreed between SSCP and the Company, and a further announcement will be made by the Company before the issue of the circular once the Carve-out Arrangement has been agreed between the parties.

The Non-Coating Business is not material to the Group and is not in line with the principal activities of the Group. The Carve-out Arrangement would allow the Group to better allocate its resources into its main business, i.e. the Coating Business.

Listing Rules and Takeovers Code Implications

The Ancillary Transactions, comprising the Korean Agreement, the Re-enforced CCT Arrangements and the Carve-out Arrangement and the transactions contemplated thereunder, and the KC Transaction constitute special deals for SSCP under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. An application will be 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 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 Remaining 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 will be required to abstain from voting on the resolutions in respect of the Ancillary Transactions in such general meeting. Mr. Kenny Chae, SSCP, its associates and parties acting in concert with any of them, will be required to abstain from voting on the resolution in respect of the KC Transaction at such general meeting.

Other than SSCP, its associates and parties acting in concert with any of them and (in the case of the KC Transaction only) Mr. Kenny Chae, the Offeror and the Company are not aware of other shareholders who are interested in or involved in the Ancillary Transactions or the KC Transaction.

GENERAL

Establishment of IBC and Appointment of IFA

The IBC comprising all the independent Supervisors who have no direct or indirect interest in the Offer, the Ancillary Transactions or the KC Transaction has been established to consider the Offer, the Ancillary Transactions and the KC Transaction and to advise the Shareholders in relation thereto.

The IFA has been appointed by the Company to advise the IBC and the Shareholders in respect of the Offer, the Ancillary Transactions and the KC Transaction.

Composite Document

It is the intention of the Offeror and the Company that a Composite Document combining the offer document and the offeree board circular will be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will set out details of the Offer (attaching thereto the acceptance and transfer forms) and incorporate the respective letters of advice from the IBC and the independent financial adviser of the Company and other relevant information on the Offeror and the Group as required under the Takeovers Code.

Circular

An extraordinary general meeting of the Company will be convened to consider and approve the Ancillary Transactions and the KC Transaction.

A separate circular containing the particulars of the Ancillary Transactions, the KC Transaction, the recommendations of the IBC, the letter of advice from the IFA and the notice of extraordinary general meeting 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.

Information on the Group

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

As disclosed in the 2010 annual report of the Company, the Company is run by its Management Board. The Directors of the Management Board is responsible for the daily management of the Company and the entire Management Board makes decisions on all matters of fundamental importance.

The role of the Supervisory Board is to oversee, control and advise the Management Board. The Supervisory Board appoints the Directors. The Supervisory Board is directly involved in decisions on matters of fundamental importance to the Company, advising the Management Board and regularly discussing with the Management Board on the Company's strategic alignment and the implementation status of the business strategy.

Further, since German stock corporation law does not provide for the appointment of independent non-executive directors (INEDs), the Company has appointed three additional Supervisory Board members who meet the independence requirements of the Listing Rules, the Independent Supervisors, and assume the duties and responsibilities of INEDs as set out under the Listing Rules. Accordingly, as the Company does not have any INEDs, the IBC shall comprise all the Independent Supervisors of the Supervisory Board.

Shareholding Structure of the Company

The shareholding structure of the Company (i) as at the date of this Announcement; and (ii) following the completion of the Offer (assuming holders of at least 95% of the Shares tender their acceptances for the Offer and the remaining Shares are compulsorily acquired by the

Offeror) is as follows:-

Name of Shareholder	As at the date of this Announcement		After completion of the Offer	
	No. of Shares held	Approx. % of issued Shares	No. of Shares held	Approx. % of issued Shares
SSCP	7,900,000	39.69	--	--
Humble Humanity	4,385,000	22.03	--	--
SSCP Holdings (Hong Kong)	1,752,000	8.80	--	--
<i>Controlling Shareholders:</i>	14,037,000	70.52	--	--
Offeror and parties acting in concert with it	--	--	19,905,000	100
Mr. Kenny Chae	11,280	0.06	--	--
Public Shareholders	5,856,720	29.42	--	--
Total:	<u>19,905,000</u>	<u>100.00</u>	<u>19,905,000</u>	<u>100.00</u>

As at the date of this Announcement, save for Mr. Kenny Chae, no other Directors hold any Shares.

Information on the Offeror

The Offeror is a wholly-owned subsidiary of AkzoNobel and was incorporated on 6 October 2010 under the laws of Germany.

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. as 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.

Information on the Controlling Shareholders and Mr. Oh

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.

Humble Humanity, an investment holding company, is a company incorporated in Labuan, Malaysia. Through its arrangements with the legal and beneficial owners of Humble Humanity, SSCP maintains the right to control the ownership, management and operations of Humble Humanity.

SSCP Holdings (Hong Kong), an investment holding company, is a company incorporated in Hong Kong and wholly owned by SSCP.

Mr. Oh is the chief executive officer of SSCP and a shareholder of SSCP holding approximately 14.5% of interest in SSCP. Mr. Oh does not directly hold any Shares.

Other Arrangements

As at the date hereof,

- (i) save as disclosed in the section headed "Irrevocable Undertaking" in this Announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offer;
- (ii) the Offeror or parties acting in concert with it do not hold any convertible securities, warrants or options in the Company;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or parties acting in concert with it;
- (iv) save for the Pre-Conditions, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined in the Takeovers Code including persons holding 5% or more of a class of relevant securities) of the Company and the Offeror are reminded to disclose their dealings in the securities in the Company under Rule 22 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure

obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 14 June 2011. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 4 July 2011.

DEFINITIONS

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

"acting in concert"	has the same meanings as given to it in the Takeovers Code
"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
"Ancillary Transactions"	collectively, the Korean Agreement (including the terms of the transitional agreements and the definitive agreement relating thereto), the Re-enforced CCT Arrangements and the Carve-out Arrangement, and the transactions contemplated thereunder
"Announcement"	the joint announcement of the Offeror and the Company dated 30 June 2011
"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 proposed arrangement for SSCP to cause the Company to carve out the Non-Coating Business of the Group to SSCP or its nominees prior to the Transfer Date, pursuant to the terms of the Irrevocable Undertaking
"Closing Date"	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
"Coating Business"	the coating 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)
"Composite Document"	the composite document to be issued jointly by the Company and the Offeror to all Shareholders in connection with the Offer in accordance with the Takeovers Code containing, inter alia, details of the Offer and the acceptance and transfer forms in respect of the Offer
"Conditions"	the conditions of the Offer, as set out in the paragraph headed "Conditions of the Offer" in this Announcement
"Consents"	any consent, approval, authorisation, qualification, waiver, permit, grant, franchise, concession, agreement, licence, exemption or order of, registration, certificate, declaration or permission from, or filing with, or report or notice to, any Relevant Authorities, including those required under or in relation to any concession rights or licences granted by the Relevant Authorities to the Group to carry out its operations, whether under applicable laws or regulations, any agreement or arrangement with such Relevant Authorities, or otherwise
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	the controlling shareholders of the Company, namely SSCP, Humble Humanity and SSCP Holdings (Hong Kong)
"Deutsche Bank"	Deutsche Bank AG, Hong Kong Branch

"Director(s)"	the member(s) of the Management Board
"Exchangeable Bondholders"	collectively, STM Corporation Ltd., an entity wholly owned by Mr. Oh, and Leading Investment & Securities Co., Ltd. (whose ultimate beneficial owner is Leading Value Fund, a private equity fund), which respectively holds US\$17,710,000 and US\$8,000,000 principal amount of the Exchangeable Bonds as at the date of this Announcement
"Exchangeable Bonds"	the exchangeable bonds due 2013 issued by Humble Humanity in an aggregate principal amount of US\$25,710,000, which, upon exercise of the exchange rights attaching thereto, are exchangeable into Shares. Pursuant to the terms and conditions of the Exchangeable Bonds, Humble Humanity is required to deliver a maximum of 4,385,000 Shares upon exercise of the exchange right of all Exchangeable Bondholders. The exchange price, subject to any further adjustments under the terms of the bonds, is HK\$25.11 per Share.
"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 10 December 2009 between the Company (as buyer) and SSCP (as supplier), which is pending to be amended as announced by the Company on 9 May 2011; 2. the toll manufacturing and service agreement dated 10 December 2009 between the Company and SSCP, which is pending to be amended as announced by the Company on 9 May 2011; 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
"First Long Stop Date"	28 February 2012
"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

"Humble Humanity"	The Humble Humanity Limited, a company incorporated in the Federal Territory of Labuan, Malaysia and being one of the Controlling Shareholders
"IBC"	the independent board committee of the Company comprising all the independent Supervisors formed to advise the Shareholders on the Offer, the Ancillary Transactions and the KC Transaction
"IFA"	TC Capital Asia Limited, the independent financial adviser appointed by the Company to advise the IBC and the Shareholders on the Offer, the Ancillary Transactions and the KC Transaction
"Irrevocable Undertaking"	the irrevocable undertaking dated 24 June 2011 given by each of the Controlling Shareholders in favour of the Offeror
"KC Transaction"	the extension arrangement relating to the extension of the KC's Service Agreement under 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 agreement for the sale and purchase of the SSCP Coating Business
"KRW"	Korean won, the lawful currency of Republic of Korea
"Last Trading Day"	13 June 2011, being the last trading day of the Shares prior to its suspension in trading on the Stock Exchange pending the publication of this Announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Board"	the management board of the Company
"Mr. Oh"	Mr. OH Jung Hyun, a Supervisor, the chief executive officer of SSCP and a shareholder of SSCP holding approximately 14.5% of interest in SSCP
"Non-Coating Business"	the businesses of the Group that do not belong to the Coating 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 Coating Business

"Offer"	the possible voluntary conditional cash offer to be made by Deutsche Bank on behalf of the Offeror for all the issued Shares
"Offer Price"	the price at which the Offer will be made, being HK\$78.70 per Share
"Offeror"	Salvador AG, a joint stock company incorporated under the laws of Germany and a wholly-owned subsidiary of Akzo Nobel N.V.
"Pre-Conditions"	the pre-conditions to the making of the Offer, as set out in the paragraph headed "Pre-Conditions of the Offer" in this Announcement
"Re-enforced CCT Arrangements"	collectively, the proposed 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
"Relevant Authorities"	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
"Remaining Shareholders"	In respect of the Ancillary Transactions and the Korean Agreement, 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
"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
"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 Coating Business"	the 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 (i) liquid coatings for leather goods; (ii) powder resins for sale to customers in the powder coatings industry; and (iii) the electronic materials business
"SSCP Holdings (Hong Kong)"	SSCP Holdings (Hong Kong) Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of SSCP and one of the Controlling Shareholders
"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
"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
"%"	per cent.

In this announcement, KRW has been converted to HK\$ at the rate of KRW139.37 = HK\$1 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 board of management of
Akzo Nobel N.V.
Leif Darner
*Member of the board of
management*

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

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

Hong Kong, 30 June 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 Kiyoung 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 is the sole member of the management board of the Offeror.

Independent Supervisors