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NGAI HING HONG COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1047)

Website: <http://www.nhh.com.hk>

DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS, SUBSCRIPTION OF BUYER'S SHARES, SUBSCRIPTION OF SHARES

On 19 October 2006, the Asset Purchase Agreement was entered into among, NH PlastChem, the Buyer, PolyOne, NHH Plastic Materials, Extrabest and the Company. Pursuant to the terms of the Asset Purchase Agreement, (i) NH PlastChem has agreed to and to cause Dongguan Factory to sell and deliver to the Buyer the Disposed Assets for a consideration of HK\$40,200,000 in cash (subject to adjustment); (ii) NH PlastChem shall purchase the Buyer's Shares from PolyOne at a consideration of HK\$2,000,000 in cash; and (iii) PolyOne shall subscribe the Subscription Shares at a price of HK\$0.5 per Share.

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders as soon as possible.

At the request of the Company, trading in the Shares was suspended from 9:41 a.m. on 19 October 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 October 2006.

THE ASSET PURCHASE AGREEMENT

Date

19 October 2006

Parties

(1) NH PlastChem as the seller; (2) PolyOne Vinyl Compounds Asia Holdings Limited as the buyer; (3) PolyOne as the subscriber of the Subscription Shares; (4) NHH

Plastic Materials as the guarantor for NH PlastChem in relation to the return of the Deposit in the event of termination; (5) Extrabest as the party to the Secondment Agreement; and (6) the Company as the issuer of the Subscription Shares.

The Buyer, PolyOne and their ultimate substantial shareholders are, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, independent third parties of the Company who are not connected persons of the Company, and are not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (within the meaning under Rule 1.01 of the Listing Rules).

Disposed Assets

NH PlastChem has agreed to and to cause the Dongguan Factory to sell and deliver to the Buyer the Disposed Assets. The Disposed Assets include all the assets of NH PlastChem and Dongguan Factory (including office equipment, machinery and equipment, furniture and fixture, motor vehicle, leasehold improvement, inventory and cash, bank deposit and prepayment) but exclude the trade receivables and other receivables of NH PlastChem and/or the Dongguan Factory (including receivables from any companies or entities within the Group). The net loss attributable to the Disposed Assets for the two financial years immediately before the date of the Asset Purchase Agreement was HK\$8,697,312 (as at 30 June 2005) and HK\$5,829,918 (as at 30 June 2006) respectively.

The Buyer is not assuming any debts, liabilities, obligations or contracts of NH PlastChem or the Dongguan Factory, and all such debts, liabilities, obligations shall be and remain the sole responsibility of NH PlastChem or the Dongguan Factory.

Neither the Buyer nor the Dongguan Factory owns any land property as part of the Disposed Assets. Nonetheless, in order to assist the Buyer to set up in the PRC, NH PlastChem has agreed to procure the landlord of the property presently occupied by the Dongguan Factory to lease the same to the Buyer or its operating subsidiary in the PRC.

Disposal Consideration

The aggregate consideration of HK\$40,200,000 for the Disposal will be satisfied by the Buyer by cash at Closing. An amount of HK\$20,600,000 was received by NH PlastChem from PolyOne on behalf of the Buyer on 20 October 2006 as deposit for the Disposal. According to the Asset Purchase Agreement, the Deposit will be paid back by NH PlastChem without interest to PolyOne at Closing upon receipt of the full Disposal Consideration from the Buyer. Adjustment to the Disposal Consideration will also be made if the book value of the Disposed Assets is not equal to HK\$27,378,000 as at Closing. The calculations will be prepared by NH PlastChem (based on Hong Kong Generally Accepted Accounting Principles) which will be verified by the Buyer at Closing. If the amount of the book value of the Disposed Assets is greater than HK\$27,378,000, the amount of difference shall be added to the Disposal Consideration. If the amount of book value of the Disposed Assets is less than HK\$27,378,000, the amount of difference shall be deducted from the Disposal Consideration. The Disposal Consideration was arrived at after arm's length negotiations between NH PlastChem and the Buyer by reference to (i) the amount of total liability of NH PlastChem deducting the other receivables from inter-companies and the trade receivables; and (ii) the amount of book value of the Disposed Assets as at 28 February 2006. The value of total liability (unaudited) of NH PlastChem deducting the other receivables from inter-companies and the trade receivables was

approximately HK\$40 million as at 28 February 2006 while the amount of book value of the Disposed Assets was approximately HK\$27.4 million as at 28 February 2006. Since following the Disposal NH PlastChem will cease to engage in the business, the Directors consider that it will be commercially reasonable if the Disposal Consideration will balance out approximately the amount of total liability of NH PlastChem (less its trade receivables and other receivables) at around HK\$40 million as at 28 February 2006.

Transfer of Buyer's Shares

Pursuant to the Asset Purchase Agreement, it is proposed that NH PlastChem or its nominee, Extrabest, shall purchase shares representing 5% of the issued and outstanding shares of the Buyer from PolyOne.

Consideration for the Buyer's Shares

The consideration of HK\$2,000,000 for the purchase of the Buyer's Shares will be satisfied by NH PlastChem or Extrabest by cash at Closing and will be settled by the proceeds received from the Disposal. Such consideration was arrived at after arm's length negotiations between NH PlastChem and PolyOne by reference to the value of the Buyer's Shares upon Closing. The value of the Buyer's Shares is roughly based on a 5% portion in the value of the Disposal Consideration payable by the Buyer for the Disposed Assets which will constitute the main assets of the Buyer and its operating subsidiary in the PRC.

Subscription of Shares

Pursuant to the Asset Purchase Agreement, it is proposed that PolyOne shall subscribe an aggregate of 6,000,000 Shares on Closing. All the Subscription Shares will be credited as fully paid and rank pari passu in all respects with the existing issued Shares, and will be free from all options, liens, charges, claims, and encumbrances. The Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors to issue Shares at the annual general meeting held on 1 December 2005. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. Under the Asset Purchase Agreement, PolyOne is not given any right to nominate appointment of director of the Company.

The Subscription Shares represent approximately 1.67% of the existing issued share capital of the Company and approximately 1.64% of the issued share capital of the Company as enlarged by the Subscription Shares.

Consideration for the Subscription

The Subscription Price of HK\$0.5 per Share was determined after arm's length negotiation between PolyOne and the Company, after taking into account the market price of the Shares. The Subscription Price of HK\$0.5 per Share represented (i) a premium of approximately 5.3% to the closing price of HK\$0.4750 per Share as quoted on the Stock Exchange on 18 October 2006, being the last trading day before the suspension of trading on 19 October 2006; (ii) a premium of approximately 4.8% to the average closing price of HK\$0.4770 per Share as quoted on the Stock Exchange for the last five trading days up to and including the last trading day before the suspension of trading on 19 October 2006; and (iii) a premium of approximately 7.6% to the average closing price of HK\$0.4645 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the last trading day before the suspension of trading on 19 October 2006.

Non-competition undertaking

Pursuant to the Asset Purchase Agreement, the Company and NH PlastChem have covenanted to the Buyer that during the period commencing from Closing and expiring on the later of (i) the fifth anniversary of the Closing; and (ii) the cessation of direct or indirect ownership or interest of the Company and its affiliates in the share capital of the Buyer, the Company and NH PlastChem shall not in Hong Kong and the PRC either on its own account or in conjunction with or on behalf of any entity directly or indirectly carry on or be engaged or interested in (i) the marketing, manufacture or sale of Vinyl Compound and (ii) a business that competes with the business carried on by NH PlastChem before Closing. The Directors are of the view that the terms of the Non-competition Undertaking are fair and reasonable, in view that the Group will have an interest in the business of the Buyer after the Buyer's Shares Purchase.

Secondment Agreement

Pursuant to the Asset Purchase Agreement, Extrabest will become a 5% shareholder of the Buyer after Closing and shall enter into a secondment agreement with the Buyer in respect of a secondment arrangement for the Seconded Employees which is a continual arrangement until terminated by the mutual agreement of the parties or unilaterally by the Buyer with 3 months notice. Both of the Seconded Employees have been directors of NH PlastChem and are responsible for overseeing the Group's manufacturing, marketing and sale of PVC compounds. Mr. YIP Yik Wai, Roy has over 27 years' experience in the plastics and chemical business covering the greater China and South East Asia region while Mr. LAM Kwok Kin, Joseph holds a Ph.D degree in Chemistry and had previously worked for a multinational chemical company for 17 years. He is experienced in application and new product development for a range of industries including PVC, plastics, masterbatch, coating, water-base & solvent-base dispersions, hot-melt and cable & wire. The Seconded Employees have resigned from directorship of NH PlastChem since signing of the Asset Purchase Agreement on 19 October 2006, and shall be transferred from NH PlastChem's employment to Extrabest's on or before Closing.

Conditions Precedent

Closing is conditional upon, inter alia:-

- (i) the Listing Committee of the Stock Exchange approving, or agreeing to grant the approval of the listing of and permission to deal in the Subscription Shares and the Subscription Shares being freely tradable on the Stock Exchange;
- (ii) the Stock Exchange confirming having no further comment on the documents required to be issued or published pursuant to the Listing Rules in connection with the Asset Purchase Agreement and the transactions contemplated thereunder;
- (iii) where required, the Shareholders having approved the execution of the Asset Purchase Agreement and the transactions contemplated thereunder;
- (iv) PolyOne having obtained the approval by its board of directors and final approval by various officers of PolyOne in respect of the Asset Purchase Agreement and the transactions contemplated thereunder;
- (v) the Buyer having obtained the approvals of its board of directors and of its shareholders in respect of the Asset Purchase Agreement and the transactions

contemplated thereunder;

- (vi) NHH Plastic Materials having obtained the approvals of its board of directors and of its shareholders in respect of the Asset Purchase Agreement and the transaction contemplated thereunder;
- (vii) NH PlastChem, the Company and Extrabest having obtained the approval by their respective boards of directors in respect of the Asset Purchase Agreement and the transactions contemplated thereunder;
- (viii) a joint notice of transfer relating to the sale and purchase of the assets proposed to be purchased pursuant to the Asset Purchase Agreement, being published in accordance with the provisions of the Transfer of Business (Protection of Creditors) Ordinance;
- (ix) completion of due diligence on NH PlastChem and the Disposed Assets by the Buyer to its reasonable satisfaction;
- (x)
 - (a) there having occurred no material adverse change in the period between the date of the Asset Purchase Agreement and Closing;
 - (b) nothing having occurred or been omitted which is, or had it occurred or been omitted on or before the date of the Asset Purchase Agreement would have constituted, a breach of the Warranties;
 - (c) no order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Closing, which has the effect of making unlawful or otherwise prohibiting the consummation of the transactions contemplated by the Asset Purchase Agreement;
 - (d) each of NH PlastChem, the Company and NHH Plastic Material having performed or complied with, all covenants, obligations and agreements contemplated by the Asset Purchase Agreement to be performed or complied with by it at or prior to Closing;
 - (e) all necessary notification and filings having been made, the expiry, lapsing or termination of all applicable waiting periods under any applicable legislation or regulations and all the licences, authorisations and approvals necessary for or in respect of the execution of the Asset Purchase Agreement and the consummation of the transactions contemplated thereunder (including for the transfer of the lease of the property presently occupied by the Dongguan Factory to the Buyer or its operating subsidiary in the PRC) having been obtained and such licences, authorisations and approvals remaining in full force and effect;
 - (f) Extrabest having entered into the Secondment Agreement; and
 - (g) the employment of each of the Seconded Employees having been transferred from NH PlastChem to Extrabest under substantially the same terms and conditions as their current employment with NH PlastChem, and the Seconded Employees shall continue in the employment of Extrabest.
- (xi) there not having been imposed any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing.

Regarding (viii) above, while the Disposal encompasses a disposal of assets, but since it is intended that all the liabilities of NH PlastChem will remain with it, for prudence, a notice will be given to the public under the Transfer of Business (Protection of

Creditors) Ordinance in order to protect the interest of the Buyer in case the transaction is deemed to be a transfer of business for the purpose of that Ordinance. Also, since the trademarks of NH PlastChem will be assigned to the Buyer after Closing and that the Buyer may continue to use these trademarks, the parties has agreed to issue such notice in order to avoid any potential confusion that may cause to NH PlastChem's existing or potential customers or the public.

Completion

It is expected that the completion of the Disposal, the Subscription and the Buyer's Shares Purchase shall take place on 2 April 2007 or on such other date as is determined by the parties to the Asset Purchase Agreement. The Subscription, the Buyer's Shares Purchase and the Disposal shall be completed simultaneously. The Asset Purchase Agreement will be terminated if Closing does not take place on or before 30 June 2007.

CHANGES TO THE SHAREHOLDING AS A RESULT OF THE SUBSCRIPTION

The effect of the Subscription on the shareholding structure of the Company is as follows (assuming no further Shares are being issued by the Company during the period):

	Immediately before completion of the Subscription		Immediately after completion of the Subscription	
	Number of Approximate Shares	%	Number of Approximate Shares	%
Good Benefit Limited (Note 1)	196,721,500	54.64	196,721,500	53.75
Ever Win Limited (Note 2)	6,000,000	1.66	6,000,000	1.64
Evergrow Company Limited (Note 3)	2,082,000	0.58	2,082,000	0.57
Mr. HUI Sai Chung, Director	14,721,600	4.09	14,721,600	4.02
Mr. HUI Kwok Kwong, Director	15,642,400	4.35	15,642,400	4.27
Madam LIU Sau Lai, Director	1,323,000	0.37	1,323,000	0.36
PolyOne	0	0.00	6,000,000	1.64
Public	<u>123,509,500</u>	<u>34.31</u>	<u>123,509,500</u>	<u>33.75</u>
	<u>360,000,000</u>	<u>100.00</u>	<u>366,000,000</u>	<u>100.00</u>

Note:

1. Good Benefit Limited is a company beneficially owned as to 45.1%, 45.1%, 0.8% and 9.0% by Ever Win Limited, Evergrow Company Limited, Madam LIU Sau Lai, and other shareholders who are not connected persons to the Company and are not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates (within the meaning under Rule 1.01 of the Listing Rules) respectively.

2. Ever Win Limited is a company incorporated in the British Virgin Islands with limited liability and is held by a trustee (as to 50,000 ordinary shares thereof) on behalf of a discretionary trust, the discretionary objects of which include Mr. HUI Sai Chung and his family members, and by Mr. HUI Sai Chung and his spouse as to 30,834 and 5 class A non-convertible redeemable preferred shares respectively.
3. Evergrow Company Limited is a company incorporated in the British Virgin Islands with limited liability and is held by a trustee (as to 50,000 ordinary shares thereof) on behalf of a discretionary trust, the discretionary objects of which include Mr. HUI Kwok Kwong and his family members, and by Mr. HUI Kwok Kwong as to 30,823 class A non-convertible redeemable preferred shares.

REASONS FOR THE DISPOSAL, THE SUBSCRIPTION AND THE BUYER'S SHARES PURCHASE

The Group is principally engaged in the trading and manufacturing of plastic materials, pigments, colorants, compounded plastic resins, engineering plastic products and PVC compounds. PolyOne is a leading global compounding and North American distribution company with operation in thermoplastic compounds, specialty PVC resins, specialty polymer formulations, color and additive systems and thermoplastic resin distribution with equity investments in manufactures of PVC resins and its intermediates. As at the date of this announcement, the Buyer is a wholly-owned subsidiary of PolyOne. As far as the Directors are aware, the Buyer is a newly incorporated investment holding company, and is intending to set up an entity in the PRC to receive the Disposed Assets for its future business relating to Vinyl Compound. The Directors considered that the proposed Disposal would provide a gain to the Group as the Disposal Consideration represents a premium of approximately HK\$12.8 million (subject to adjustment pursuant to the Asset Purchase Agreement) to the book value of the Disposed Assets. The Disposal, the Subscription and the Buyer's Shares Purchase as a whole would also serve as a bond between the Company and PolyOne through their shareholding interests in each other's group after the Subscription and the Buyer's Share Purchase. The Directors also consider that the shareholding interests of the Group in the Buyer will provide more cooperation opportunities between the two groups. The Subscription would also enable the Company to enlarge and broaden its capital and Shareholders base by introducing a well-known industry player as an investor. The proceeds from the Disposal will be used to repay the existing loans owed by NH PlastChem. The proceeds from the Subscription will be used as general working capital.

Dongguan Factory is a processing factory situated in Dongguan, the PRC which conducts a Vinyl Compound related processing business solely for NH PlastChem. NH PlastChem has entered into a processing agreement with the Dongguan Factory whereby Dongguan Factory has been appointed to process Vinyl Compound exclusively for NH Plastchem and NH Plastchem is the sole and only customer of Dongguan Factory. Certain assets including inventory and plant and machinery have been placed by NH PlastChem in the Dongguan Factory for the processing business and that the Dongguan Factory also owns assets including cash in bank and plant and machinery in the site. Dongguan Factory is, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, an independent third party of the Company who are not connected persons of the Company, and are not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (within the

meaning under Rule 1.01 of the Listing Rules). Pursuant to the Non-competition Undertaking, after Closing, the Group will no longer be engaged in the marketing, manufacture or sale of Vinyl Compound, and since NH PlastChem has decided to dispose of its assets in relation to the business of Vinyl Compound, the Dongguan Factory will no longer require its assets for business, and NH PlastChem will procure the disposal of such assets together with its own. The Disposal Consideration includes value of the assets of the Dongguan Factory, which amount will offset the balance owing by Dongguan Factory to the Group. The receivable due from the Dongguan Factory to the Group are primarily working capital support provided by the Group for the operation of the Dongguan Factory, amounted to approximately RMB14,400,000 as at 31 August 2006. The Disposal will not proceed if the assets of Dongguan Factory cannot be sold with the other assets of NH PlastChem under the Disposal. In the event of disputes on the Disposal regarding the assets of the Dongguan Factory, NH PlastChem will be accountable to the Buyer, however, pursuant to a confirmation in writing issued by the Dongguan Factory dated 25 October 2006, it is the understanding between NH PlastChem and the Dongguan Factory that the Dongguan Factory will co-operate with and (if necessary) compensate NH PlastChem accordingly if and when such circumstances arise. It is also the understanding of NH PlastChem and the Dongguan Factory that the consideration assignable to the assets of the Dongguan Factory under the Disposal will be determined at Closing with reference to their book value as at that date, and accordingly, the difference between such consideration and the Disposal Consideration will be the amount assignable as consideration for the assets of NH PlastChem under the Disposal at Closing. The unaudited book value of the assets of the Dongguan Factory under the Disposal was approximately RMB4.8 million as of 28 February 2006.

Since the Disposed Asset is relatively immaterial as compared to the assets of the Group as a whole, the Directors take the view that the Disposal will not significantly affect the production of the Group as a whole.

The Directors are of the view that, based on, among others, the Disposal Consideration represents a premium over the book value of the Disposed Assets, the terms of the Asset Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended from 9:41 a.m. on 19 October 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 October 2006.

GENERAL INFORMATION

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders as soon as practicable. Further announcement will be made by the Company at Closing regarding the amount of Disposal Consideration (after adjustment) and the consideration assignable to the assets of the Dongguan Factory under the Disposal.

As at the date of this announcement, the board of Directors comprises six executive Directors, namely Mr. HUI Sai Chung, Mr. HUI Kwok Kwong, Dr. WONG Chi Ying, Anthony, Mr. LAI Kam Wah, Mr. CHING Yu Lung and Madam LIU Sau Lai, and three independent non-executive Directors, namely Mr. HO Wai Chi, Paul, Mr. FONG Pong Hing and Mr. CHAN Dit Lung.

DEFINITIONS

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

"Asset Purchase Agreement"	the asset purchase agreement entered into among, inter alia, NH PlastChem as the seller and PolyOne Vinyl Compounds Asia Holdings Limited as the buyer dated 19 October 2006;
"Best Merit"	Best Merit International Limited, a company incorporated in the British Virgin Islands which holds 28% of the issued share capital of NH PlastChem, and it is owned equally by each of the Seconded Employees;
"Buyer's Shares Purchase"	the transfer of the Buyer's Shares from PolyOne to NH PlastChem or Extrabest pursuant to the Asset Purchase Agreement;
"Buyer"	PolyOne Vinyl Compounds Asia Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of PolyOne;
"Buyer's Shares"	the shares representing 5% of the issued and outstanding shares of the Buyer to be transferred from PolyOne to NH PlastChem or its nominee, Extrabest pursuant to the Asset Purchase Agreement;
"Company"	Ngai Hing Hong Company Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"Closing"	completion of the Disposal and the Subscription;
"Deposit"	deposit in the amount of HK\$20,600,000 received by NH PlastChem on 20 October 2006 pursuant to the Asset Purchase Agreement;
"Director(s)"	Director(s) of the Company;
"Disposal Consideration"	consideration for the Disposal, being the amount of HK\$40,200,000 payable in cash (subject to adjustment);
"Disposal"	The disposal of certain assets of NH PlastChem and Dongguan Factory pursuant to the Asset Purchase Agreement;
"Disposed Assets"	the assets to be disposed of pursuant to the Disposal;
"Dongguan Factory"	東莞厚街毅興塑化廠(Dongguan Hou Jie Ngai Hing PlastChem Factory), a factory in Dongguan, the PRC and carrying on a processing trade business;
"Extrabest"	Extrabest Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"NH International"	Ngai Hing (International) Company Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
"NHH Plastic"	Ngai Hing Hong Plastic Materials Limited, a company incorporated in

"Materials"	Hong Kong and an indirect wholly-owned subsidiary of the Company;
"Non-competition Undertaking"	the non-competition undertaking covenanted by the Company and NH PlastChem in favour of the Buyer pursuant to the Asset Purchase Agreement;
"PolyOne"	PolyOne Corporation, a company incorporated in the State of Ohio, United States of America and the sole shareholder of the Buyer, the shares of which are listed on the New York Stock Exchange;
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan;
"PVC"	polyvinylchloride, which is a type of plastic material;
"RMB"	Renminbi, the lawful currency of the PRC;
"Seconded Employees"	YIP Yik Wai, Roy and LAM Kwok Kin, Joseph who, were directors (up to 19 October 2006) of NH PlastChem and are (through Best Merit) substantial shareholders of NH PlastChem as at the date of this announcement;
"Secondment Agreement"	the secondment agreement to be entered into between the Buyer and Extrabest in respect of the secondment of the Seconded Employees;
"Shareholders"	Shareholders of the Company;
"Shares"	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	HK\$0.5 per Share;
"Subscription Shares"	the 6,000,000 Shares to be subscribed by PolyOne pursuant to the Asset Purchase Agreement;
"Subscription"	subscription of an aggregate of 6,000,000 Shares by PolyOne pursuant to the Asset Purchase Agreement;
"subsidiary"	has the meaning ascribed to it under the Companies Ordinance (Chapter 32, Laws of Hong Kong) and "subsidiaries" shall be construed accordingly;
"Vinyl Compound"	any compound where 50% or more by weight of the base polymer used is PVC or chlorinated PVC;
"Warranties"	warranties in relation to, inter alia, the Disposed Assets and their ownership by NH PlastChem represented and warranted by NH PlastChem to the Buyer and PolyOne pursuant to the Asset Purchase Agreement;
"%"	Per cent.

By Order of the Board
HUI Sai Chung
Chairman

Hong Kong, 25 October 2006