



## NEWS RELEASE

**For Immediate Release**

### **PolyOne to Acquire Vinyl Compounder in China**

CLEVELAND – October 26, 2006 – PolyOne Corporation (**NYSE: POL**) announced today that it has signed a definitive agreement to acquire the assets and operations of Ngai Hing PlastChem Company Ltd. This business is the vinyl compounding subsidiary of Ngai Hing Hong Company Limited (The Stock Exchange of Hong Kong: NHH). The current shareholders of Ngai Hing Hong, which is headquartered in Hong Kong, will retain a 5 percent interest in a new company that PolyOne will establish to conduct vinyl compound business in Asia.

“Positioning PolyOne to capture growth within Asia is one of our core strategies,” said Stephen D. Newlin, chairman, president and chief executive officer. “This acquisition will allow us to bring manufacturing for one of our primary businesses, Vinyl Compounds, to China and help to accelerate our business growth there.”

Included in the transaction is the transfer of a manufacturing facility in Dongguan, a city in the Guangdong province of South China. This plant will be PolyOne’s fourth manufacturing site in China; the others make products for its Engineered Materials, Color and Additives, and Polymer Coating Systems businesses.

“We are pleased to welcome the associates of Ngai Hing PlastChem Company to PolyOne,” said Robert Rosenau, senior vice president and general manager, Vinyl Compounds. “We believe the combination of NHPC’s people and assets with our current Asian customer base, broad product line, market knowledge and technology will make for a winning opportunity in China.”

As part of the agreement, PolyOne will also receive 6 million common shares of Ngai Hing Hong Company Limited. The transaction is expected to close during the first half of 2007, pending completion of Stock Exchange of Hong Kong requirements, approval by governmental authorities and other customary closing conditions. PolyOne anticipates the acquisition being accretive to earnings in the first full year of operation.

#### **About PolyOne**

PolyOne Corporation, with 2005 annual revenues of approximately \$2.5 billion, is the world’s premier provider of specialized polymer materials, services and solutions. Headquartered in northeast Ohio, PolyOne has operations in North America, Europe, Asia and Australia, and joint ventures in North America and South America. See [www.polyone.com](http://www.polyone.com) for additional information on PolyOne.

## **About Ngai Hing Hong Company Limited**

Ngai Hing Hong Company Limited, a plastics resin corporation, was established in 1993 and has been listed on The Stock Exchange of Hong Kong since April 1994. Ngai Hing Hong Company Limited has core businesses in trading and manufacturing of pigment blends, color masterbatches and compounding services.

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## **Forward-looking Statements**

In this press release, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions; timing of completion of acquisitions and future financial performance of acquisitions, including the acquisition of Ngai Hing PlastChem Company; prospective changes in raw material costs, product pricing or product demand; future performance or results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings; customer supply agreements; and financial results. Factors that could cause actual results to differ materially include, but are not limited to:

- the effect on foreign operations of currency fluctuations, tariffs, nationalization, exchange controls, limitations on foreign investment in local businesses and other political, economic and regulatory risks;
- changes in U.S., regional or world polymer consumption growth rates affecting PolyOne’s markets;
- changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online in the polyvinyl chloride (PVC), chlor-alkali, vinyl chloride monomer (VCM) or other industries in which PolyOne participates;
- fluctuations in raw material prices, quality and supply and in energy prices and supply, in particular fluctuations outside the normal range of industry cycles;
- production outages or material costs associated with scheduled or unscheduled maintenance programs;
- costs or difficulties and delays related to the operation of joint venture entities;
- lack of day-to-day operating control, including procurement of raw materials, of equity or joint venture affiliates;
- an inability to launch new products and/or services within PolyOne’s various businesses;
- the possibility of further goodwill impairment;
- an inability to maintain any required licenses or permits;
- an inability to comply with any environmental laws and regulations;
- the cost of compliance with environmental laws and regulations, including any increased cost of complying with new or revised laws and regulations;
- unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters, including any developments that would require any increase in our costs and/or reserves for such contingencies;
- an inability to achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to cost reductions and employee productivity goals;
- a delay or inability to achieve targeted debt level reductions;
- an inability to access the receivables sale facility as a result of breaching covenants due to not achieving anticipated earnings performance or for any other reason;
- any poor performance of our pension plan assets and any obligation on our part to fund PolyOne’s pension plan;
- an inability to raise prices or sustain price increases for products;

- an inability to maintain appropriate relations with unions and employees in certain locations in order to avoid disruptions of business, including the current work stoppage at our Avon Lake, Ohio, production facility;
- other factors affecting our business beyond our control, including, without limitation, changes in the general economy, changes in interest rates and changes in the rate of inflation;
- timing of completion of acquisitions, including the acquisition of Ngai Hing PlastChem Company; and
- the future financial performance of acquisitions, including the acquisition of Ngai Hing PlastChem Company.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our reports on Form 10-Q, 8-K and 10-K provided to the Securities and Exchange Commission. It is not possible to predict or identify all risk factors so you should not consider any list to be a complete set of all potential risks or uncertainties. (Ref. #10xx06)