

Haier

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SUBJECT: **CASH OFFER PROVIDES CERTAINTY TO SHAREHOLDERS, SAYS HAIER**

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4 October 2012

MEDIA RELEASE

CASH OFFER PROVIDES CERTAINTY TO SHAREHOLDERS, SAYS HAIER

Haier Group says Fisher & Paykel Appliances Holdings Ltd (**Fisher & Paykel Appliances**) shareholders will need to decide between the certainty of Haier's offer or taking a significant risk on the achievability of the Independent Adviser's valuation range.

Haier Group has made a cash offer of NZ\$1.20 per share through subsidiary Haier New Zealand Investment Holding Company Ltd (**Haier**). Haier continues to believe its offer represents excellent value for shareholders:

- The offer price is a significant 60% premium to Fisher & Paykel Appliances' share price as at the close of trading on Friday 7 September, which was the last trading day before the market was advised of the potential takeover offer from Haier.
- The offer price is a 91% premium to the volume weighted average trading price over the three month period up to and including Friday 7 September.
- If the offer is successful, shareholders will receive a certain cash payment.

In contrast, Haier believes there are significant risks in the achievability of the Independent Adviser's valuation range announced today.

Haier believes the Independent Adviser has placed substantial weight on Fisher & Paykel Appliances' five year strategic plan in determining its valuation. "This is appropriate and we also considered this information when determining our offer," said Mr Liang Haishan, Chairman of Haier New Zealand Investment Holding Company Ltd and President of Haier White Goods Group.

"There is a high degree of risk regarding the implementation of the five year strategic plan and achievement of the goals set out in it. In determining the offer price we have applied our significant, first-hand knowledge of Fisher & Paykel Appliances and the highly competitive global white goods sector, together with a consideration of the economic environments Fisher & Paykel Appliances operates in."

"We assume that the Independent Board of Fisher & Paykel Appliances, and their financial advisers, also considered the risks in implementing the five year strategic plan when they gave their conditional support to our offer of NZ\$1.20."

Mr Liang also noted that Allan Gray Australia Pty Ltd, which is the largest shareholder after Haier Group and holds 17.46% of Fisher & Paykel Appliances shares, has entered into an irrevocable agreement to accept the offer. This represents a strong endorsement of the value of the offer.

Haier believes the Independent Adviser's valuation range is overly optimistic and does not adequately take into account the risks contained in the five year strategic plan.

"Shareholders will need to decide whether they are willing to take the significant risk inherent in Fisher & Paykel Appliances attaining its five year strategic plan, or accept our offer which, if successful, provides shareholders a certain cash payment and is just 6.7% lower than the bottom end of the Independent Adviser's valuation range." said Mr Liang, noting that if Haier's offer for Fisher & Paykel Appliances does not succeed, or if Haier does not receive sufficient acceptances to enable it to invoke the compulsory acquisition provisions of the Takeovers Code, there is likely to be a large decline in the share price from current levels.

Prior to the announcement of Haier's offer, the Fisher & Paykel Appliances' share price had been below the offer price since 22 September 2008 and has traded as low as NZ\$0.33 in the past 12 months.

Mr Liang noted that Haier and Fisher & Paykel Appliances have had a cooperative relationship for a number of years, extending beyond 2009 when Haier supported Fisher & Paykel Appliances' recapitalisation.

Haier is committed to supporting a strong and vibrant New Zealand-based business going forward, based on that history of cooperation.

This media release contains statements of Haier's current intentions. Haier reserves the right to make changes to these intentions, but would only do so after consultation with the Board of Fisher & Paykel Appliances.

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About Haier Group

Haier Group is a global leader in innovative, award-winning consumer electronics and home appliances. Headquartered in Qingdao, Shandong, China, Haier Group employs more than 80,000 people around the world and distributes products in more than 100 countries and regions with global revenues reaching US\$23.3 billion in 2011.

Haier has also been ranked by Euromonitor as the number one major appliance brand in the world with a 7.8% retail volume share in 2011, marking the third consecutive year Haier has been given this honor.

Haier's subsidiary, Qingdao Haier Co. Ltd (600690.SH), is listed on the Shanghai Stock Exchange and Haier's subsidiary Haier Electronics Group Co Ltd. (01169.HK) is listed on the Hong Kong Stock Exchange. Qingdao Haier Co., Ltd. is also an index stock of the Dow Jones China 88 Index.

Haier acquired an approximately 20 percent stake in Fisher and Paykel Appliances in 2009, establishing cooperation agreements in research and development, sourcing, manufacturing and marketing. Haier has two directors on the FPA board.