

ACCEPT

HAIER NEW ZEALAND INVESTMENT
HOLDING COMPANY LIMITED'S \$1.20
CASH OFFER FOR ALL YOUR SHARES
IN FISHER & PAYKEL APPLIANCES
HOLDINGS LIMITED.

**CERTAIN CASH IN AN UNCERTAIN MARKET...
REALISE THE VALUE OF YOUR INVESTMENT NOW**

Statement by Haier New Zealand Investment Holding Company Limited in response to Fisher & Paykel Appliances Holdings Limited's Target Company Statement.

Haier New Zealand Investment Holding Company Limited's Offer closes at 5:00 pm on 6 November 2012 (unless extended in accordance with the Takeovers Code) so we encourage you to act now.

Haier

IMPORTANT CONTACTS

If you have any queries in relation to the Offer, or you require a further copy of the Offer document and enclosures (including the Acceptance Form and the reply paid envelope) please call the Offer Information Line on 0800 222 061 (for callers within New Zealand) or +64 9 488 8777 (for callers outside New Zealand).

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LETTER FROM THE CHAIRMAN OF HAIER NEW ZEALAND INVESTMENT HOLDING COMPANY LIMITED

9 October 2012

Dear Fisher & Paykel Appliances shareholder,

HAIER'S \$1.20 CASH OFFER PROVIDES CERTAINTY TO FISHER & PAYKEL APPLIANCES SHAREHOLDERS

On 26 September 2012 Haier New Zealand Investment Holding Company Limited (**Haier**) mailed you its \$1.20 full cash offer (**Offer**) for all of the ordinary shares (**FPA Shares**) in Fisher & Paykel Appliances Holdings Limited (**Fisher & Paykel Appliances**) that Haier does not already own. The Offer closes on 6 November 2012 (**Closing Date**) unless it is extended in accordance with the Takeovers Code.

Subsequently, Fisher & Paykel Appliances has issued its Target Company Statement and the Independent Adviser's Report and valuation. The Independent Adviser's valuation base case (\$1.45) is 230% higher than the three month volume weighted average price for FPA Shares prior to the market being advised of the Offer.

In our view this valuation is overly optimistic.

The Independent Adviser's valuation range places considerable weight on Fisher & Paykel Appliances' five year strategic plan. We believe there is a high degree of risk that the financial forecasts represented in that plan will not be achieved.

Indeed, the earnings before interest and tax (EBIT) in the first year (2013) of the five year strategic plan used by the Independent Adviser is between \$6.2 million and \$14.2 million higher than more recent guidance provided to the market by Fisher & Paykel Appliances' own Board. The Board's downward adjustment to the strategic plan forecasts for 2013 highlights the risks associated with achieving the forecasts for that and each subsequent year, and supports our opinion that the Independent Adviser has been overly optimistic.

The Target Company Statement even indicates some uncertainty regarding the achievability of the Fisher & Paykel Appliances Board's own, less optimistic, guidance for 2013.

"The trading performance of the Appliances business in September 2012 was below expectations, primarily as a result of softer retail market conditions in Australia, while the Finance business traded broadly in line with expectations. Despite that recent trading performance, FPA confirms the previous market guidance issued on 23 August 2012 ... but remains concerned about the potential for market conditions in Australia to deteriorate which would have a negative impact on near term earnings." (Page 16, Target Company Statement)

"Fisher & Paykel Finance is currently in renewal negotiations with a large customer. If this customer does not renew its business with Fisher & Paykel Finance there would be a negative impact on long term earnings." (Page 17, Target Company Statement)

Fisher & Paykel Appliances' failure to meet its own initial profit guidance in each of the 2010, 2011 and 2012 financial years further demonstrates the challenges in delivering against plans in a highly competitive market and uncertain economic environment.

In determining the Offer price Haier has applied its significant, first-hand knowledge of Fisher & Paykel Appliances and the highly competitive global white goods sector, together with a consideration of the economic environments in which Fisher & Paykel Appliances operates.

We believe our Offer provides an opportunity for shareholders to realise cash from their investment at an excellent value. It represents a 60% premium on the share price before the market was advised of our Offer and a 91% premium on the volume weighted average trading price in the three month period prior. It also provides a highly attractive valuation multiple compared to recent transactions.

Our Offer price is supported by Allan Gray Australia Pty Ltd, the largest shareholder after the Haier Group, which holds 17.46% of the FPA Shares.

Shareholders who accept our Offer will receive a cash payment no later than seven days after the later of the date on which their Acceptance Form is received by Haier, the date on which the Offer is declared unconditional, or the Closing Date. No brokerage is payable by shareholders who accept our Offer.

Shareholders will need to decide whether:

- they are willing to take the significant risks inherent in Fisher & Paykel Appliances attaining its five year strategic plan; or
- to accept our Offer which, if successful, provides shareholders a certain cash payment at a level:
 - much higher than the FPA Shares were trading before Fisher & Paykel Appliances announced that it had been approached by Haier; and
 - in our opinion, higher than the FPA Shares will trade if our Offer is unsuccessful (or if we do not receive sufficient acceptances to enable us to invoke the compulsory acquisition provisions of the Takeovers Code).

We greatly respect Fisher & Paykel Appliances' history and achievements. Haier intends to support a strong and vibrant New Zealand-based Fisher & Paykel Appliances business going forward. Haier may change this intention but would only do so after consultation with the Board of Fisher & Paykel Appliances.

You should now have sufficient information to make a decision regarding the Offer. However, if you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser.

If you have any questions in relation to how to accept the Offer, please contact the Offer Information Line on 0800 222 061 (for callers within New Zealand) or +64 9 488 8777 (for callers outside New Zealand).

Yours faithfully,



Liang Haishan
Chairman
Haier New Zealand Investment Holding Company Limited

WHY YOU SHOULD ACCEPT THE OFFER

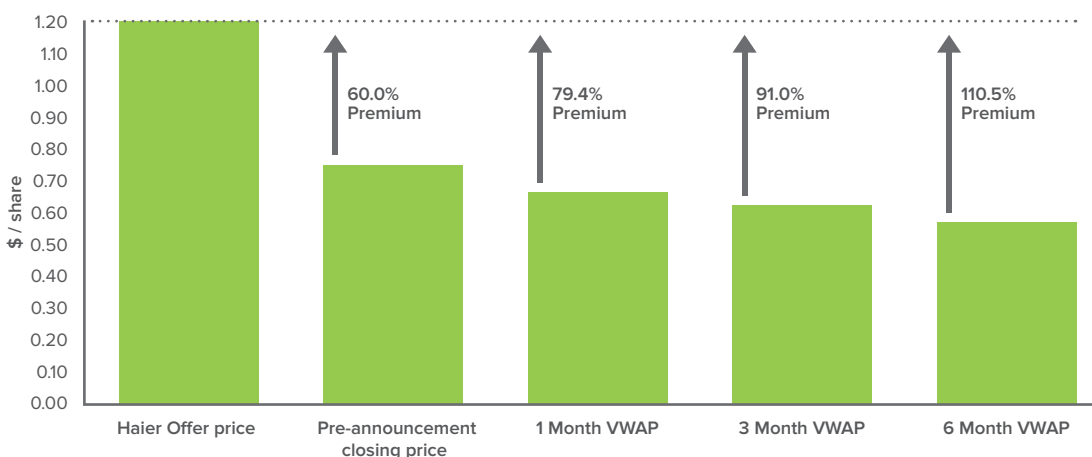
Shareholders will need to decide whether:

- They are willing to take the significant risk inherent in Fisher & Paykel Appliances attaining its five year strategic plan; or
- To accept our Offer which, if successful, provides shareholders a certain cash payment at a level:
 - much higher than the FPA Shares were trading before Fisher & Paykel Appliances announced that it had been approached by Haier; and
 - in our opinion, higher than the FPA Shares will trade if our Offer is unsuccessful (or if we do not receive sufficient acceptances to enable us to invoke the compulsory acquisition provisions of the Takeovers Code).

VERY ATTRACTIVE PREMIUM TO HISTORICAL PRICES

The Offer price represents an attractive:

- 60% premium to the closing price of FPA Shares on the NZX on Friday, 7 September 2012, being the last trading day prior to the announcement by Fisher & Paykel Appliances that it had been approached by Haier expressing an interest in making a takeover offer for the company; and
- 91% premium to the three month volume weighted average of FPA Shares of \$0.63 on the NZX for the period to Friday, 7 September 2012.

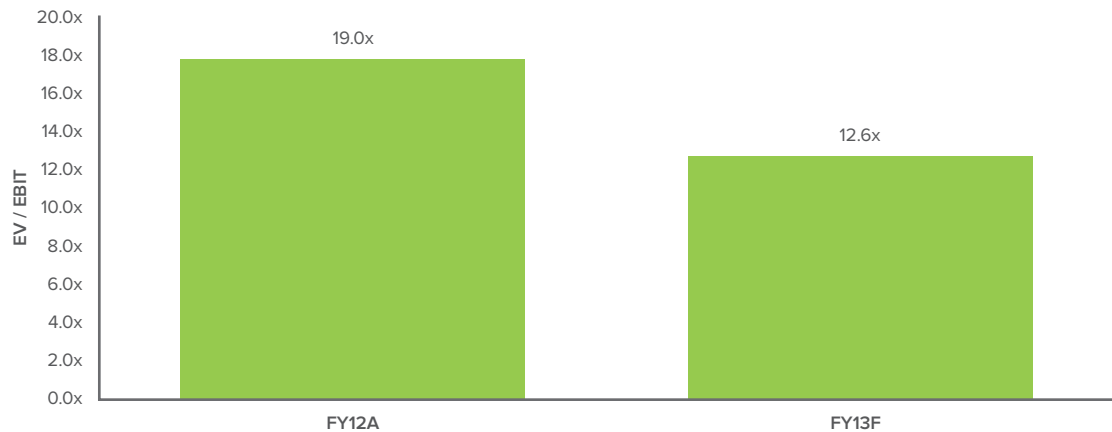


Source: IRESS

Note: VWAP means volume weighted average price.

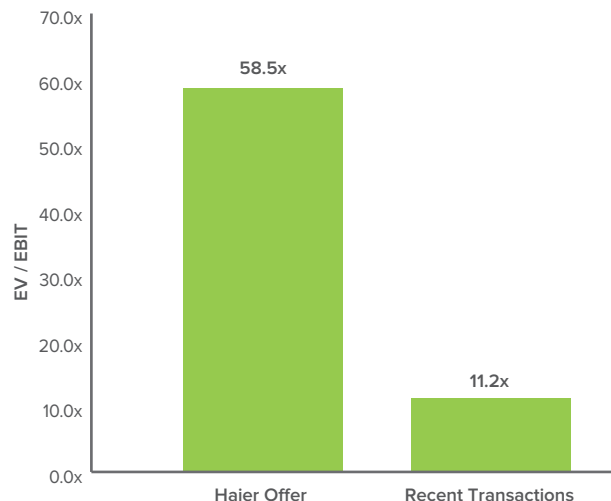
HIGHLY ATTRACTIVE VALUATION MULTIPLE COMPARED TO RECENT TRANSACTIONS

The Offer represents a valuation that should be highly attractive to Fisher & Paykel Appliances shareholders. The Offer price of \$1.20 represents a FY12A EV/EBIT multiple of 19.0x and a FY13F EV/EBIT multiple of 12.6x¹.



The implied valuation multiple for the Appliances division (including Components and Technology) compares favorably to precedent transactions within the Home Appliances industry.

APPLIANCES – HISTORICAL EBIT MULTIPLES ^{2, 3, 4}



APPLIANCES – FORECAST EBIT MULTIPLES ^{2, 3, 4}



Notes:

1. Enterprise value (EV) has been calculated using the Offer price of \$1.20 per share multiplied by the number of FPA Shares of 724,235,162 to provide the Fisher & Paykel Appliances market capitalisation plus net debt as at 31 March 2012 of \$64.5 million. FY12A EBIT is based on normalised earnings before interest and tax (EBIT) from the Fisher & Paykel Appliances 2012 Annual Report. FY13F EBIT is based on the mid-point of the Fisher & Paykel Appliances Board's 2013 guidance of \$70 million to \$78 million.
2. The implied value of the Appliances business was derived using the mid-point of the Independent Adviser's valuation range (\$273 million) for the Finance business.
3. Enterprise value (EV) has been calculated using the Offer price of \$1.20 per share multiplied by the number of FPA Shares of 724,235,162 to provide the Fisher & Paykel Appliances market capitalisation plus net debt as at 31 March 2012 of \$64.5 million less an adjustment for the value of the Finance division as described above. Historical (FY12A) EBIT is based on normalised earnings before interest and tax (EBIT) for the Appliances division from the Fisher & Paykel Appliances 2012 Annual Report. Forecast (FY13F) EBIT is based on the mid-point of Fisher & Paykel Appliances management 2013 guidance of \$35 million to \$40 million for the Appliances division.
4. Recent transaction multiples are the median multiples sourced from the Independent Adviser's Report.

THE OFFER PRICE IS SUPPORTED BY THE LARGEST SHAREHOLDER AFTER THE HAIER GROUP, ALLAN GRAY AUSTRALIA PTY LTD, WHICH HOLDS 17.46% OF THE FPA SHARES

- On 11 September 2012, Allan Gray Australia Pty Ltd entered into an irrevocable agreement to accept the Offer.
- This represents a strong endorsement of the value of the Offer, particularly given Allan Gray Australia Pty Ltd's long association with Fisher & Paykel Appliances and the fact it is a sophisticated investor.

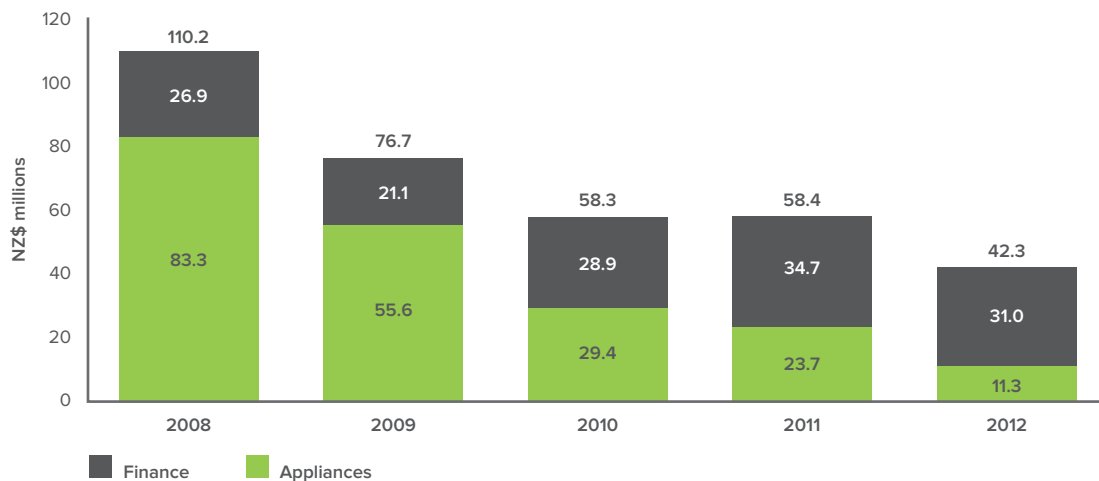
THE INDEPENDENT ADVISER'S VALUATION RANGE IS OVERLY OPTIMISTIC

- The Independent Adviser's valuation base case (\$1.45) is 230% higher than the three month volume weighted average price for FPA Shares prior to the market being advised of the Offer.
- Despite the overly optimistic valuation range proposed by the Independent Adviser, the Offer price is only 6.7% below the bottom of the range.
- FPA Shares have not reached the bottom of the Independent Adviser's range (\$1.28) since 9 September 2008. It is important to note that since the Independent Adviser's Report was released on 4 October, FPA Shares still have not reached the bottom of the range. The Independent Adviser's Report does not provide any definitive time frame for the achievement of the valuation range.
- The earnings before interest and tax (EBIT) in the first year (2013) of the five year strategic plan used by the Independent Adviser is between \$6.2 million and \$14.2 million higher than more recent guidance provided to the market by Fisher & Paykel Appliances' own Board. The Board's downward adjustment to the strategic plan forecasts for 2013 highlights the risks associated with achieving the forecasts for that and each subsequent year. This demonstrates the overly optimistic view that the Independent Adviser has taken in its valuation approach.

THE ACHIEVABILITY OF THE INDEPENDENT ADVISER'S VALUATION RANGE CARRIES A HIGH DEGREE OF RISK RELATIVE TO HAIER'S OFFER

- The economic environment in Fisher & Paykel Appliances' key markets of Australia, New Zealand and USA is currently weak with no certainty regarding the timing or strength of a recovery.
- Competition from global appliance manufacturers with greater scale and resources than Fisher & Paykel Appliances is intense.
- Fisher & Paykel Appliances' historical financial performance has declined significantly since 2008, due to a reduction in the profitability of the Appliances division. Moreover, Fisher & Paykel Appliances has not paid a dividend since December 2008.

Historical Fisher & Paykel Appliances EBIT



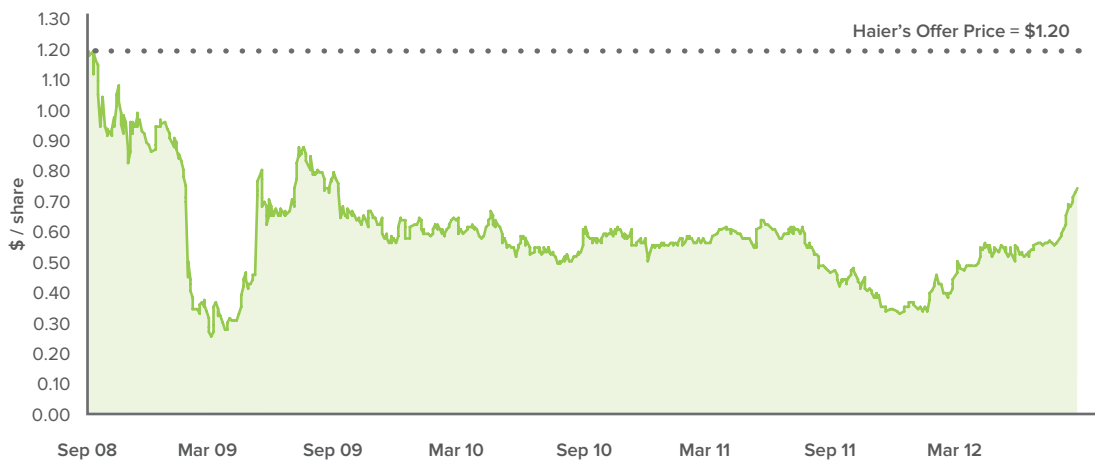
Source: Fisher & Paykel Appliances Annual Report 2012

Notes: EBIT calculated as normalised operating profit before interest and taxation.

- Fisher & Paykel Appliances has missed initial profit guidance in each of the 2010, 2011 and 2012 financial years.
- The trading performance of the Appliances business in September 2012 was below Fisher & Paykel Appliances' expectations, primarily as a result of softer retail market conditions in Australia. This highlights the ongoing economic and competitive challenges Fisher & Paykel Appliances faces in its core markets.
- The Independent Adviser's valuation has relied on management's five year strategic plan which forecasts earnings five years into the future. There is significant difficulty in forecasting earnings five years into the future (as Fisher & Paykel Appliances track record and the Board's downward adjustment to the first year of the five year strategic plan demonstrates).
 - This is particularly the case within the underperforming Appliances division where much of the improvement in financial performance occurs from business units that are either, relatively new and therefore "untested", or require a turnaround.
- The Independent Adviser's Report highlights several risks associated with its valuation range including:
 - Foreign exchange: each 1% change in the foreign exchange rate has approximately a \$0.03 to \$0.04 per share impact on value;
 - Motors business: if the sales of motors was reduced by 25% (currently there are three motors customers so a reduction of 25% could be considered to represent the loss of one major customer) the reduction in value would be approximately \$0.10 per share; and
 - Australian and New Zealand economy: a 5% reduction in the Appliances division sales forecast for New Zealand and Australia would reduce the valuation by approximately \$0.11 per share. The Fisher & Paykel Appliances Board has highlighted that recent performance by the Appliances division in Australia has been below expectations.

FISHER & PAYKEL APPLIANCES' SHARE PRICE IS LIKELY TO FALL IF THE OFFER IS NOT SUCCESSFUL, OR HAIER DOES NOT RECEIVE SUFFICIENT ACCEPTANCES TO ENABLE IT TO INVOKE THE COMPULSORY ACQUISITION PROVISIONS OF THE TAKEOVERS CODE

- If the Offer is not successful, or Haier does not receive sufficient acceptances to enable it to invoke the compulsory acquisition provisions of the Takeovers Code, Haier believes it is likely Fisher & Paykel Appliances' share price will fall significantly.
- If the Offer is successful but Haier does not receive sufficient acceptances to enable it to invoke the compulsory acquisition provisions of the Takeovers Code, liquidity and trading in FPA Shares may be negatively impacted.
- Prior to the announcement of the Offer, the Fisher & Paykel Appliances share price had been below the Offer price since 22 September 2008 and had traded as low as \$0.33 in the last 12 months.



7-DAY CASH PAYMENT

- Shareholders will be paid in cash no later than 7 days after the later of the date on which their Acceptance Form is received by Haier, the date on which the Offer is declared unconditional or the Closing Date.

AN ATTRACTIVE OPPORTUNITY TO SELL YOUR FPA SHARES WITH NO BROKERAGE PAYABLE BY ACCEPTORS

- Shareholders accepting the Offer will not be charged brokerage.
- In contrast, shareholders selling their FPA Shares on the NZX through a share broker may be charged brokerage.

**THE OFFER CLOSES AT 5:00 PM
ON 6 NOVEMBER 2012 (UNLESS EXTENDED
IN ACCORDANCE WITH THE TAKEOVERS CODE)
SO WE ENCOURAGE YOU TO ACT NOW**

HOW TO ACCEPT THE OFFER

CLOSING DATE

The Offer closes at 5:00 pm on 6 November 2012 (unless extended in accordance with the Takeovers Code).

If you wish to **ACCEPT** the Offer, you must ensure that your acceptance is sent **AS SOON AS POSSIBLE**, but in any event so that it is received by Haier on or before 5:00 pm on the Closing Date.

HOW TO ACCEPT

Complete the previously mailed Acceptance and Transfer form (**Acceptance Form**) in accordance with the instructions set out on that form.

Post, fax or email the form to:

Haier New Zealand Investment Holding Company Limited
C/- Computershare Investor Services Limited
Private Bag 92119, Auckland 1142, New Zealand
Facsimile: +64 9 488 8787
Email: corporateactions@computershare.co.nz

or post to:

Haier New Zealand Investment Holding Company Limited
C/- Computershare Investor Services Pty Limited
GPO Box 52, Melbourne, Victoria 8060 Australia

If you have sent the Acceptance Form by fax or email you should also send the original by post to one of the above addresses (although if you do not your acceptance will still be valid).

IF YOU HOLD YOUR FPA SHARES IN A CHESS HOLDING, TO ACCEPT THE OFFER YOU CAN EITHER:

- instruct your Controlling Participant directly – normally your share broker. If you do this, you will need to sign and return the Acceptance Form to your Controlling Participant; or
- authorise Haier to contact your Controlling Participant on your behalf, which you can do by signing and returning the Acceptance Form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by 5:00 pm on 6 November 2012 (which will authorise Haier and Computershare to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf). By signing and returning the Acceptance Form you will be deemed to have authorised Haier to contact your Controlling Participant directly via the CHES system. Neither Haier nor Computershare will be responsible for any delays incurred by this process.

IF YOU HAVE SOLD ALL YOUR FPA SHARES

Please hand the Offer document and the accompanying Acceptance Form to:

- the purchaser(s) of your FPA Shares; or
- to the agent (e.g. the broker) through whom the sale was made requesting that the Offer document and the accompanying Acceptance Form be passed to the purchaser(s).

IF YOU HAVE SOLD SOME OF YOUR FPA SHARES

Please alter the total holding on the Acceptance Form to the number of FPA Shares which you have retained, initial the change and post, fax or email the amended Acceptance Form to Haier as per the instructions above.

On receipt of the amended Acceptance Form, Haier will recalculate the amount of cash to be paid to you to reflect the number of FPA Shares sold by you.

Please also advise the purchaser(s) of your FPA Shares, or request the agent (e.g. the share broker) through whom you made the sale to advise the purchaser(s) of your FPA Shares, of the Offer. Please also advise them that a copy of the Offer is available from Computershare Investor Services Limited or Computershare Investor Services Pty Limited. You should also advise Computershare Investor Services Limited or Computershare Investor Services Pty Limited of the number of FPA Shares sold and the agent (e.g. the share broker) involved.

IF YOU HAVE LOST YOUR ACCEPTANCE FORM

Please contact:

Computershare Investor Services Limited on 0800 222 061 (for callers within New Zealand) or +64 9 488 8777 (for callers outside New Zealand) or email corporateactions@computershare.co.nz and they will provide you with a new form.



SUMMARY OF THE OFFER

Haier New Zealand Investment Holding Company Limited (**Haier**) is offering to acquire all the ordinary shares (**FPA Shares**) in Fisher & Paykel Appliances Holdings Limited (**Fisher & Paykel Appliances**) not already held by Haier (**Offer**).

Haier's parent company, Haier (Singapore) Management Holding Co. Pte Limited (**Haier Singapore**), owns 20% of the FPA Shares as at the date of the Offer and has granted Haier a power of attorney authorising Haier to exercise all of its rights and powers in relation to these FPA Shares. On 11 September 2012, Haier also entered into a lock-up agreement with a shareholder of Fisher & Paykel Appliances for a further 17.46% of the FPA Shares.

The key terms of the Offer are:

1 OFFER PRICE FOR SHARES
The consideration offered for each outstanding FPA Share is \$1.20 in cash.

2 FULL OFFER
The Offer is for 100% of the FPA Shares.

3 OFFER PERIOD
The Offer is dated 23 September 2012 (**Offer Date**) and closes at 5:00 pm on 6 November 2012 (**Closing Date**) (unless extended in accordance with the Takeovers Code).

4 LOCK-UP AGREEMENT
On 11 September 2012, Haier entered into a lock-up agreement, to accept the Offer, with Allan Gray Australia Pty Limited, which owns 17.46% of the FPA Shares.

5 PAYMENT DATE

If you accept the Offer you will be paid the consideration for your shares no later than seven (7) days after the later of:

- the date on which your Acceptance Form is received by Haier;
- the date on which the Offer becomes unconditional; or
- the Closing Date.

6 BROKERAGE COSTS

You will not pay any brokerage costs if you accept the Offer.

7 CONDITIONS

The Offer is conditional on the conditions set out in paragraphs 4 and 5 of the terms and conditions of the Offer.

The material condition(s) include:

- the receipt by Haier of acceptances which will result in Haier becoming the holder or controller of more than 50% of the voting rights in Fisher & Paykel Appliances, noting that Haier is, through the power of attorney mentioned above, the controller of the FPA Shares which are currently owned by Haier Singapore;
- Haier obtaining all necessary consents required under the Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 for Haier to complete the acquisition of the FPA Shares in accordance with the Offer on terms which are usual for the granting of such consents or otherwise consistent with Haier's intentions in relation to Fisher & Paykel Appliances as set out in paragraph 8.1 of Schedule A of the Offer;
- pursuant to Clayton Act Section 7A, 15 USC 18a, any waiting periods under the Hart-Scott Rodino Antitrust Improvements Act of 1976 with respect to the Offer or any matter arising from the Offer having expired or being terminated;
- Haier having obtained all approvals, consents or orders necessary from the National Development and Reform Commission of the People's Republic of China for Haier to complete the acquisition of the FPA Shares in accordance with the Offer;
- Haier having obtained all approvals, consents or orders necessary from the Ministry of Commerce of the People's Republic of China for Haier to complete the acquisition of the FPA Shares in accordance with the Offer; and
- no changes being made to New Zealand legislation in respect of non-bank deposit takers that require an approval, or lack of objection, from the Reserve Bank of New Zealand to the change of control on completion of the Offer.



**ACCEPT
THE
OFFER**

OFFER CLOSES: 6 NOVEMBER 2012

www.haier.com