

To: Business Editor [For immediate release]

HAIER ELECTRONICS GROUP CO., LTD. (STOCK CODE: 1169)

**ANNOUNCES CONTINUING CONNECTED TRANSACTION AGREEMENTS INCLUDING A
TRADEMARKS LICENSE AGREEMENT WITH HAIER GROUP**

NOMINAL CONSIDERATION FOR USE OF TRADEMARKS TO FACILITATE FUTURE GROWTH

(Hong Kong, 2 November, 2007) – Haier Electronics Group Co., Ltd. (Stock Code: 1169), a company listed on the Main Board of the Hong Kong Stock Exchange (the “Company”), together with its subsidiaries (the “Group”), announced that on 2 November 2007, the Company has entered into a Trademarks License Agreement (the “Trademarks License Agreement”) with Haier Group Corporation and Qingdao Haier Investment and Development Co., Ltd. (collectively the “Haier Group”), which are substantial shareholders of the Company. Pursuant to the Trademarks License Agreement, the Haier Group agreed to grant or procure the grant of a license to use certain trademarks registered in the names of members of the Haier Group to the Group for a nominal consideration of RMB1 only.

In the past, the Group had to pay a license fee to the Haier Group at a rate of 0.8% on certain sales of the Group (excluding the front loading washing machines and water heaters business) in order to use certain trademarks registered in the names of members of the Haier Group for its top loading washing machines business. The total amount of license fees paid to the Haier Group by the top loading washing machines business of the Group for the two years ended 31 December 2006 were approximately RMB27 million (equivalent to approximately HK\$28 million) and RMB33 million (equivalent to approximately HK\$34 million) respectively, representing approximately 15% of the profit before tax from continuing operations of the Group for each of the 2 years. In order to facilitate further growth of the Group, the Haier Group agreed to grant or procure the grant of a license to use certain trademarks registered in the names of members of the Haier Group to the Group with effect from 1 January 2008 for a nominal consideration only.

Through the Trademarks License Agreement, the Group will benefit from the extensive use of the trademarks owned by the Haier Group, as the “Haier” brand is one of the most valuable in the domestic PRC market and one of the world’s leading brand names in the field for the sale of household appliances.

Apart from the Trademarks License Agreement, the Group has also entered into a number of other agreements with the Haier Group which will benefit the ongoing operation of the Group’s business. For instance, the Promotion Agreement will allow the Group to benefit by participating in the concerted marketing and promotion effort of the Haier Group in promoting its products under the collective promotional campaign organized by the Haier Group, the Export Agreement will allow the Group to utilize the overseas sales network of the Haier Group for export sales, whilst the Materials Procurement Agreement will allow the Group to utilize the procurement platform of the Haier Group in the PRC. The above agreements will be effective from 1 January 2008 and will expire on 31 December 2010. As all the above agreements constitute the continuing connected transactions of the Company under the Listing Rules, they are subject to the approval by the independent shareholders at the forthcoming special general meeting of the Company.

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About Haier Electronics Group Co., Ltd.

Haier Electronics Group Co., Ltd. (Stock code: 1169), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, is a subsidiary of Haier Group. The Company is principally engaged in the research, development, production and sale of washing machines and water heaters under the brand name of "Haier".

About Haier Group Corporation

Haier Group Corporation ("Haier Corp") was incorporated in 1984, and is principally engaged in the production of various household electrical appliances. Over the past 20 years, Haier Corp has witnessed significant prosperity and is today one of the world's leading white goods home appliance manufacturers which manufactures a wide range of household electrical appliances and exports products to more than 100 countries. The Haier brand valued at RMB74.9 billion in 2006.

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