

## DEFINITIONS

*In this document, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are defined in the section headed “Glossary”.*

“Articles”	the articles of association of the Company, approved and adopted on 19 June 2009 and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of the share premium account of the Company as referred to in the section entitled “A. Further Information About the Company and Its Subsidiaries – 3. Resolutions in writing of all the Shareholders passed on 19 June 2009” in Appendix V to this document
“CAGR”	compound annual growth rate
“Chigo Air-conditioning”	佛山市志高空調進出口有限公司 (Foshan Chigo Air-conditioning Imports and Exports Co., Ltd.), incorporated as a company with limited liability under the laws of China on 15 September 2005 (in which Guangdong Chigo held a 90% interest) and was dissolved on 6 July 2006
“Chigo Development Holding”	Chigo Development Holding Limited, a company incorporated in BVI with limited liability on 16 May 2006 and a direct wholly-owned subsidiary of the Company
“Chigo Group Holding”	Chigo Group Holding Limited, a company incorporated in BVI with limited liability whose issued share capital is held as to approximately 99.46% by Mr. XH Li and as to approximately 0.54% by Mr. LY Li
“Chigo Electric”	Chigo Electric Co., Limited (志高電器有限公司), a company incorporated in Hong Kong with limited liability on 28 July 2003 and an indirectly wholly-owned subsidiary of the Company

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“Chigo International”	佛山市志高國際貨運代理有限公司 (Foshan Chigo International Freight Forwarders Co., Ltd.), incorporated as a company with limited liability under the laws of China on 8 July 2005 (in which Guangdong Chigo held a 51% interest) and was dissolved on 6 July 2006
“Chigo Wuhu”	志高空調(蕪湖)有限公司 (Chigo Air-conditioning (Wuhu) Co., Ltd.), a limited liability company established in the PRC on 20 December 2006 and an indirectly wholly-owned subsidiary of the Company
“Chigo Jiu Jiang”	志高空調(九江)有限公司 (Chigo Air-conditioning (Jiu Jiang) Co., Ltd.), a limited liability company established in the PRC on 1 June 2007 and an indirectly wholly-owned subsidiary of the Company
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Chigo Holding Limited 志高控股有限公司, a company incorporated in the Cayman Islands under the Companies Law with limited liability on 24 April 2006
“Consumers’ Protection Law”	the law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法) as adopted by the Standing Committee of the 8th National People’s Congress on 31 October 1993, which became effective on 1 January 1994, as the same may be amended, modified or supplemented from time to time
“Controlling Shareholder(s)”	Mr. XH Li and/or Chigo Group Holding and, where the context requires, references to “Controlling Shareholder” may mean one or both of them
“Director(s)”	the director(s) of the Company
“Flavordigit”	Flavordigit Services Limited, a company incorporated in BVI with limited liability on 18 July 2000 and a former indirectly wholly-owned subsidiary of the Company which was dissolved in January 2008

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“Foshan Hing Lung”	佛山市南海豐崗興隆製冷工程維修中心 (Foshan Nanhai Fenggang Hing Lung Air-conditioning Maintenance Centre), an enterprise established under the laws of China on 12 September 2001 and is wholly owned by Mr. XH Li, an executive Director and a Controlling Shareholder of the Company
“Getchance”	Getchance Holdings Limited, a company incorporated in the BVI on 11 February 2005, is an investment holding company, which is in turn ultimately majority owned by Mr. Kwong Chi Shing, an independent third party
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
“Guangdong Chigo”	廣東志高空調有限公司 (Guangdong Chigo Air-Conditioning Co., Limited), an indirect wholly-owned subsidiary of the Company, which was established in the PRC on 18 February 1994 as a collectively-owned enterprise known as Nanhai Chigo Air-Conditioning Appliances Factory, which was changed to Nanhai Chigo Air-conditioning Co., Ltd. on 16 June 1997, and subsequently converted into a joint stock limited company known as Guangdong Chigo Air-Conditioning Joint Stock Co., Ltd. (“Guangdong Chigo JSC”) on 20 February 2001; it was further converted into a limited liability company and a wholly foreign-owned enterprise on 4 August 2006 and 1 September 2006, respectively
“High Surplus”	High Surplus Enterprises Limited, a company incorporated in the BVI on 13 October 2006, is a wholly-owned subsidiary of New World Liberty, an independent third party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HK dollars” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Independent Third Party”	a party which is not connected (as defined in the Listing Rules) to the Directors, chief executive or substantial Shareholders

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“Investors”	High Surplus, Menlo Dynamics, Getchance and Raffles Partners
“Kyoto Protocol”	<i>The Kyoto Protocol to the United Nations Framework Convention on Climate Change</i> signed by various contracting states in 1998 together with its subsequent adjustments or amendments
“Latest Practicable Date”	24 June 2009, being the latest practicable date prior to the bulk printing of this document for the purpose of ascertaining certain information contained in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Menlo Dynamics”	Menlo Dynamics Company Limited, a Hong Kong company incorporated on 22 October 2003, is a wholly-owned subsidiary of Potter Industries Limited, which is in turn ultimately owned by Mr. Zhang Wen Kai, an independent third party
“Mid-sky Enterprises”	Mid-sky Enterprises Limited (中天企業有限公司), a limited liability company incorporated in the Republic of Mauritius on 24 April 2007 and an indirectly wholly-owned subsidiary of the Company
“Montreal Protocol”	<i>Montreal Protocol on Substances that Deplete the Ozone Layer</i> signed by various contracting states and which came into force on 1 January 1989, together with its subsequent adjustments or amendments
“Mr. LY Li”	李隆毅 (Li Longyi), the elder son of Mr. Li Xingji. Mr. Li Xingji is the brother of Mr. XH Li, an executive Director and the Controlling Shareholder of the Company
“Mr. XH Li”	李興浩 (Li Xinghao), an executive Director, the Chairman, Chief Executive Officer of the Company and the Controlling Shareholder

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“New World Liberty”	New World Liberty China Ventures Ltd., a company incorporated in BVI on 31 December 1998, is owned as to 50% by New World China Enterprises Investments Limited (“New World China Enterprises”) and 50% by Liberty New World China Enterprises Investments, L.P. (“Liberty New World”). Liberty New World is a California limited partnership formed by Newport Private Equity LLC as general partner. New World China Enterprises Investment Limited is wholly-owned by New World China Industrial Limited, which is in turn wholly-owned by New World Enterprise Holdings Limited, which is in turn wholly-owned by New World Development Limited (“NWD”). NWD is a company listed on the Stock Exchange (Stock code: 17) and is owned as to 38.61% by Chow Tai Fook Enterprises Limited, which is in turn wholly-owned by Centennial Success Limited which is in turn wholly-owned as to 51% by Cheng Yu Tung Family (Holdings) Limited, an independent third party
“OEM”	original equipment manufacturing whereby products are manufactured in accordance with the customers’ design and specifications and are marketed under the customers’ own brand names
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China” or “mainland” or “mainland China”	the People’s Republic of China which, for the purpose of this document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Civil Law”	the General Principal of the Civil Law of the PRC (中華人民共和國民法通則) as adopted by the 6th National People’s Congress on 12 April 1986, which became effective on 1 January 1987, as the same may be amended, modified or supplemented from time to time
“Product Quality Law”	the Product Quality Law of the PRC (中華人民共和國產品質量法) as adopted by the Standing Committee of the 7th National People’s Congress on 22 February 1993, which became effective on 1 September 1993 and was amended on 8 July 2000
“Raffles Partners”	Raffles Partners Asset Management Limited, incorporated in the BVI on 13 August 2004, the interest of which is held on trust for Raffles Partners Asset Management (Hong Kong) Limited, an independent third party

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“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation arrangements undergone by the Group in preparation for the [●] as described in the paragraph headed “Corporate reorganisation” in Appendix V to this document
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“Sapience Enterprises”	Sapience Enterprises Limited (賢明企業有限公司), a limited liability company incorporated in the Republic of Mauritius on 24 April 2007 and an indirectly wholly-owned subsidiary of the Company
“Saunier”	Saunier Duval Clima, S.A.U., a company incorporated in Spain and is wholly owned by the Vaillant group, an independent third party
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by the Shareholders on 19 June 2009, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix V to this document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Track Record Period”	the periods comprising the three years ended 31 December 2008
“US” or “United States”	the United States of America
“US Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States

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"WTO"	the World Trade Organisation, an international organisation based in Geneva that monitors and enforces rules governing global trade
"Yee Shun"	Yee Shun Services Limited, a company incorporated in BVI with limited liability on 8 September 2000 and a former indirectly wholly-owned subsidiary of the Company which was dissolved in January 2008
"sq.ft."	square foot or square feet
"sq.m."	square metre(s)
"%"	per cent

*Unless otherwise specified, statements contained in this document assume no exercise of the [●].*

*All times refer to Hong Kong time.*

*If there is any discrepancy between the Chinese name of the PRC laws and regulations or PRC entities mentioned in this document and their English translation, the Chinese version shall prevail.*

*For the purposes of this document, unless otherwise specified, conversions of US dollars into RMB and RMB into Hong Kong dollars are based on the approximate exchange rates of US\$1.00 to RMB6.8316 and HK\$1.00 to RMB0.88147, respectively, for the purpose of illustration only. No representation is made that any amount in Hong Kong dollars, US dollars or RMB could have been or could be converted at the above rates or at any other rates.*

*Translated English names of Chinese natural persons, legal persons, governmental authorities, institutions or other entities for which no official English translation exist are unofficial translations for reference only.*