

DEFINITIONS

In this prospectus, 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
"BNP Paribas" or "Sponsor"	BNP Paribas Capital (Asia Pacific) Limited, acting as the sponsor of the Global Offering, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"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 prospectus
"CAGR"	compound annual growth rate
"CCASS"	Central Clearing and Settlement System
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant

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“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
“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

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“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
“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
“Global Offering”	the Public Offering and the International Placing
“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

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“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“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
“International Offer Shares”	an aggregate of 65,250,000 Shares initially being offered for subscription at the Offer Price under the International Placing with any additional Shares issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“International Placing”	the conditional placing of the International Offer Shares by the International Underwriters for cash at the Offer Price, as further described in the section headed “Structure and conditions of the Global Offering” in this prospectus

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“International Underwriters”	the underwriters of the International Placing, led by the Joint Global Coordinators, who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the conditional placing and underwriting agreement relating to the International Placing and to be entered into by, among others, the Company and the International Underwriters on or about the date of the Price Determination Agreement
“Investors”	High Surplus, Menlo Dynamics, Getchance and Raffles Partners
“Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers”	First Shanghai Securities Limited and Sun Hung Kai International Limited
“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 prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	the date, expected to be on or about 13 July 2009, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“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

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“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 and the Chief Executive Officer of the Company and a Controlling Shareholder
“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

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“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) at which Shares are to be subscribed or purchased pursuant to the Global Offering, which will be not more than HK\$2.27 and is expected to be not less than HK\$1.50, to be determined as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“Offer Shares”	the Public Offer Shares and the International Offer Shares
“Over-allotment Option”	the option to be granted by the Company to First Shanghai Securities Limited under the International Underwriting Agreement pursuant to which the Company may be required to issue up to an aggregate of 10,875,000 additional new Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) to cover over-allocations in the International Placing, details of which are described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“Over-allotment Shares”	up to 10,875,000 Shares which the Company may be required to issue at the Offer Price pursuant to the Over-allotment Option
“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 prospectus, 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
“Price Determination Agreement”	the agreement to be entered into among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to fix the Offer Price
“Price Determination Date”	the date, expected to be at or about 12:00 noon on Tuesday, 7 July 2009 (Hong Kong time) when the Offer Price is determined and in any event not later than Thursday, 9 July 2009

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“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
“Public Offer Shares”	the 7,250,000 new Shares initially being offered for subscription by the Company at the Offer Price under the Public Offering, subject to reallocation as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offering whose names are set out in the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 29 June 2009 relating to the Public Offering entered into by, among others, the Company, Mr. LY Li, the Controlling Shareholders, the Sponsor, the Joint Global Coordinators and the Public Offer Underwriters
“Public Offering”	the offer by the Company of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in the prospectus and the related application forms
“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
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation arrangements undergone by the Group in preparation for the Listing as described in the paragraph headed “Corporate reorganisation” in Appendix V to this prospectus
“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

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“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 prospectus
“Stock Borrowing Agreement”	the agreement to be entered into by Chigo Group Holding with First Shanghai Securities Limited in respect of the borrowing of up to 10,875,000 Shares from Chigo Group Holding by First Shanghai Securities Limited to cover over-allocation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Track Record Period”	the periods comprising the three years ended 31 December 2008
“Underwriters”	the International Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Public Offer Underwriting Agreement
“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
“WTO”	the World Trade Organisation, an international organisation based in Geneva that monitors and enforces rules governing global trade

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“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 prospectus assume no exercise of the Over-allotment Option.

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 prospectus and their English translation, the Chinese version shall prevail.

For the purposes of this prospectus, 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.