

Dated 10 January 2005

1. **WIN MATCHING LIMITED**

2. **SKY BEYOND INVESTMENTS LIMITED**

SALE AND PURCHASE AGREEMENT
in respect of shares in

Starway Management Limited

ARCULLI AND ASSOCIATES
in association with Gilbert + Tobin
2012 Hutchison House
Central
Hong Kong

THIS AGREEMENT is made on 10 January 2005

BETWEEN:

- (1) **WIN MATCHING LIMITED**, a company incorporated in the British Virgin Islands whose registered office is at Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands and correspondence address at Unit 2702, 27th Floor, No.9 Queen's Road Central, Hong Kong (the "Seller"); and
- (2) **SKY BEYOND INVESTMENTS LIMITED**, a limited liability company incorporated in the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola British Virgin Islands and whose correspondence address is at Room 201, Block 1, No.2003 Shishanan, Futian District, Shenzhen, Guangdong Province, People's Republic of China (the "Buyer").

WHEREAS:

- (A) Starway Management Limited (the "Company") is a limited liability company incorporated in the British Virgin Islands, the particulars of which are set out in the Schedule.
- (B) As at the date hereof, the Seller is the legal and beneficial owner of 35 ordinary shares of US\$1 each in the Company which, to the best present knowledge of the Seller, collectively represent 35% of the entire issued shares of the Company (the "Sale Shares").
- (C) The Seller has agreed to sell, and the Buyer has agreed to purchase, the Sale Shares upon the terms and conditions set out herein.

IT IS HEREBY AGREED as follows:

1. **SALE AND PURCHASE**

- 1.1 The Seller hereby agrees to sell to the Buyer and the Buyer agrees to purchase from the Seller the Sale Shares, on condition that relevant approval having been duly obtained from shareholders of Medtech (as defined below) in general meeting in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") regarding the signing of, and carrying out the transaction contemplated under, this Agreement.
- 1.2 The consideration for the sale and purchase of the Sale Shares shall be the amount of HK\$52,000,000.00 (Hongkong Dollars fifty-two million) in cash.
- 1.3 Completion of the sale and purchase of the Sale Shares shall take place on the third business day after the fulfillment of the condition set out in Clause 1.1 and at which all (but not part) of the following business shall be simultaneously transacted:
 - (a) the Buyer shall pay (or procure payment) to the Seller in cash the amount of HK\$52,000,000.00 for the Sale Shares; and
 - (b) the Seller shall deliver (or procure the delivery) to the Buyer originals of the (i) instrument(s) of transfer in favour of the Buyer (or its nominee) in respect of the Sale Shares duly executed by the Seller; and (ii) share certificate in respect of the Sale Shares.

2. REPRESENTATIONS AND WARRANTIES

2.1 The Seller hereby represents and warrants to the Buyer that:

- (a) the Sale Shares shall be sold to the Buyer free from all claims, charges, liens, encumbrances, equities and third party rights and together with all rights attached thereto and all dividends and distributions declared, paid or made in respect thereof immediately on and after the date hereof; and
- (b) as at the date hereof, the Seller is a wholly-owned subsidiary of Medtech Group Company Limited ("Medtech") whose shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 1031).

2.2 The Buyer hereby represents to the Seller that the Buyer is wholly-owned by 李慶星, who is a citizen of the People's Republic of China ("PRC") and holding a valid PRC identity card (number: 432930197304210017) and the Buyer, as well as its ultimate beneficial owner, are third parties independent of the Company and its connected persons and are not connected persons (pursuant to the Listing Rules) of the Company.

3. MISCELLANEOUS

- 3.1 Each party shall pay its own costs in relation to the negotiations leading up to the purchase of the Sale Shares and to the preparation, signing and carrying into effect of this Agreement and of all other documents referred to in it.
- 3.2 All stamp duty (if payable) in respect of the carrying into effect of this Agreement shall be borne by the Seller and the Buyer equally.
- 3.3 No announcement or communication concerning this Agreement or the transactions referred to herein shall be made or despatched by the Buyer without the consent of the Seller unless required by any laws, regulations or requirements of any authorities, regulatory bodies or governments.
- 3.4 No failure to exercise or delay in exercising any right or remedy under this Agreement shall constitute a waiver thereof and no single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.
- 3.5 Any notice required or permitted to be given hereunder shall be given in writing delivered personally or sent by post (air mail if overseas) or by facsimile to the party due to receive such notice at its registered office or correspondence address from time to time (or such address as it may have notified to the other parties in accordance with this Clause).
- 3.6 Any notice delivered personally shall be deemed to be received when delivered to the address provided herein and any notice sent by post shall be deemed (in the absence of evidence of earlier receipt) to be received two days after posting (six days if sent air mail) and in proving the time of despatch it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and posted. A notice sent by facsimile shall be deemed to have been received on receipt of the sender of the "OK" transmission report.
- 3.7 This Agreement shall be binding on and ensure for the benefit of the personal representatives or successors of the parties. The parties shall not be entitled to assign or transfer or purport to assign or transfer any of their rights or obligation under this Agreement save that the benefit of

the Warranties may be assigned in whole or in part and without restriction by the person for the time being entitled thereto.

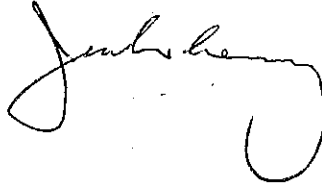
- 3.8 The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the continuation in force of the remainder of this Agreement.
- 3.9 Time shall be of the essence of this Agreement.
- 3.10 This Agreement constitutes the entire agreement in relation to the subject matter contained herein. No variation of this Agreement or of any of the documents in the agreed form shall be valid unless it is in writing and signed by or on behalf of each of the parties hereto.
- 3.11 This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed and delivered shall constitute an original, but all of which shall together constitute one and the same instrument.

4. GOVERNING LAW AND JURISDICTION

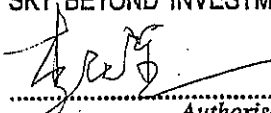
This Agreement shall be governed by and construed accordance with the laws of Hong Kong and the parties hereto agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.

IN WITNESS whereof the parties hereto have executed this Agreement the day and year first above written.

SIGNED by)
for and on behalf of)
WIN MATCHING LIMITED)
in the presence of:)

A handwritten signature in black ink, appearing to be 'J. W. H.', written over a dotted line.

SIGNED by)
for and on behalf of)
SKY BEYOND)
INVESTMENTS LIMITED)
in the presence of:)

For and on behalf of)
SKY BEYOND INVESTMENTS LIMITED)
)
.....)
Authorised Signature(s))

SCHEDULE

Particulars of the Company

1. Company Number : 294528
2. Date and place of incorporation : 15 September 1998, British Virgin Islands
3. Registered office : The Lake Building, 1st Floor, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
4. Correspondence address : 22/F, Morrison Commercial Building, 31 Morrison Hill Road, Wanchai, Hong Kong
5. Authorized share capital : US\$50,000 divided into shares of US\$1 each
6. Issued share capital : US\$100 divided into 100 shares of US\$1 each
7. Director : Ms. Sim Lai Fun
8. Registered and ultimate beneficial owners of Shares:

<u>No. of Shares</u>	<u>Registered Holder</u>
65	China Energy Savings Technology, Inc.
35	Win Matching Limited

9. Subsidiaries :
 - (a) Shenzhen Dicken Industrial Development Limited 深圳市德勤實業開發有限公司, a wholly foreign-owned enterprise established under the laws of the PRC on 20 November 1996 and entirely owned by the Company, and is responsible for the operation and sales of energy-saving projects.
 - (b) Shenzhen Dicken Technology Development Limited 深圳市德勤科技開發有限公司, a limited liability company established under the laws of the PRC on 9 November 1999 which is owned as to 90% by Shenzhen Dicken Industrial Development Limited and the remaining 10% by Mr. Zhang Shu Wen (holding as a custodian for and on behalf of Shenzhen Dicken Industrial Development Limited), and is responsible for patent and technological development of energy-saving projects.