

Execution copy

DATE : 19 February 2005

NGAN IN LENG
CHAN WAI IAN
NGAN IEK
NGAN IEK CHAN
NGAN IEK PENG

(the Vendors)

and

NEXT CHAMPION LIMITED

(the Purchaser)

AGREEMENT

Preston|Gates|Ellis

SOLICITORS

普蓋茨律師事務所

35th Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong

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Our ref: 50249-00003/NKA/EF

THIS AGREEMENT is made on the 19th day of February 2005

BETWEEN:

- (1) **NGAN IN LENG** of Est. Sete Tanques S/N R/C-G, Edif, Villa Delle Rose, Taipa, Macau;
- CHAN WAI IAN** of Est. Sete Tanques S/N R/C-G, Edif, Villa Delle Rose, Taipa, Macau;
- NGAN IEK** of Est. Sete Tanques S/N R/C-G, Edif, Villa Delle Rose, Taipa, Macau;
- NGAN IEK CHAN** of Est. Sete Tanques S/N R/C-G, Edif, Villa Delle Rose, Taipa, Macau;
- NGAN IEK PENG** of Est. Sete Tanques S/N R/C-G, Edif, Villa Delle Rose, Taipa, Macau;
- (together, the "Vendors" and each a "Vendor"); and
- (2) **NEXT CHAMPION LIMITED**, a 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 (the "Purchaser").

WHEREAS:

- (A) Hang Huo (BVI) was incorporated in the British Virgin Islands on 22 October 2002 and has an authorised share capital of US\$50,000 divided into 50,000 Hang Huo (BVI) Shares, of which 5 Hang Huo (BVI) Shares have been issued and are fully paid up. The Vendors are the beneficial owners of the Hang Huo (BVI) Sale Shares, representing 100% of the issued share capital of Hang Huo (BVI). Further information and particulars concerning Hang Huo (BVI) are set out in Part A of Schedule 1.
- (B) The Company was incorporated in Macau on 6 November 2002 and has corporate share capital of MOP 100,000, all of which are fully paid up. Hang Huo (BVI) and Ngan Iek Chan are the beneficial owners of the Company, holding 99% and 1% of the corporate capital of the Company respectively. Further information and particulars concerning the Company are set out in Part B of Schedule 1.
- (C) The HK Co. was incorporated in Hong Kong on 22 August 2003 and has an authorised share capital of HK\$10,000 divided into 10,000 HK Co. Shares, of which 2 HK Co. Shares have been issued and are fully paid up. Hang Huo (BVI) and Ngan Iek Chan are the beneficial owners of 2 HK Co. Shares, representing 100% of the issued share capital of the HK Co.. Further information and particulars concerning the HK Co. are set out in Part C of Schedule 1.
- (D) The Purchaser wishes to purchase from the Vendors and the Vendors wish to sell to the Purchaser the Sale Shares, subject to and in accordance with the terms and conditions of this Agreement.
- (E) On 6 January 2005, the Vendors and the Purchaser entered into the Preliminary S&P in relation to the transaction contemplated hereunder.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.01 Definitions

In this Agreement (including the Schedules and the Recitals), unless the context otherwise requires:

- "Accounts"** means :
- (i) the unaudited balance sheet of Hang Huo (BVI) made up as at the Balance Sheet Date and the unaudited profit and loss statements of Hang Huo (BVI) for the year ended on the Balance Sheet Date;
 - (ii) the unaudited balance sheet of the Company made up as at the Balance Sheet Date and the unaudited profit and loss statements of the Company for the year ended on the Balance Sheet Date; and
 - (iii) the unaudited balance sheet of the HK Co. made up as at the Balance Sheet Date and the unaudited profit and loss statements of the HK Co. for the year ended on the Balance Sheet Date;
- "Agreement"** means this agreement;
- "Balance Sheet Date"** means 31 December, 2004;
- "Bank Loan"** means the bank borrowings by the Company on the Completion Date;
- "Business Day"** means a day (other than Saturday and days on which a tropical cyclone warning No.8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong or Macau at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong and for general banking business;
- "Casa Real Hotel"** means the hotel known as Casa Real Hotel and described at the Macau Land Registry as the building named "Centro Internacional de Macau – Edificio II", registered with the Macau Land Registry under no. 22616, folio 53 – Book B64K, registered under the separate units system with a total of 74 units, with a total aggregate area of 2,677 square meters, situated

	at Avenida do Dr. Rodrigo Rodrigues No. 1086 and Rua de Malaca No. 192, Macau;
“Companies Ordinance”	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	means Hang Huo Hotel Company Limited, a company incorporated in Macau with limited liability, further information and particulars of which are set out in Part B of Schedule 1;
“Completion”	means completion of the sale and purchase of the Sale Shares in accordance with <u>Clause 5</u> ;
“Completion Accounts”	means the audited balance sheet of each of Hang Huo (BVI), the Company and HK Co. as at the Completion Accounts Date and the audited profit and loss statement of each of Hang Huo (BVI), the Company and HK Co. for the period from 1 January 2005 to the Completion Accounts Date (together with all the notes thereto), which shall be prepared in accordance with the relevant statements of Hong Kong Accounting Standards and Statements of Auditing Standards of the Hong Kong Institute of Certified Public Accountants, save and except for the tax provisions therein in relation to Hang Huo (BVI) and the Company, which shall be prepared in accordance with Macau accounting principles;
“Completion Accounts Date”	means the day immediately preceding the Completion Date and to include transactions up to 11:59 p.m. on that day;
“Completion Date”	means 6 April 2005 or, where the terms of this Agreement provide, the First Extended Completion Date referred to in Clause 4.04 or the Second Extended Completion Date referred to in Clause 5.04(a), but which, in any event, shall be no later than 6 June 2005 (or such other date as the Vendors and the Purchaser may agree in writing prior to Completion);
“Conditions”	the conditions specified in Clause 4.01;
“Consideration”	means the total consideration for the sale of the Sale Shares specified in <u>Clause 3</u> ;
“Consideration Shares”	means 1,100,000,000 of new ordinary shares of HK\$0.01 each to be issued and allotted by Medtech to the Vendors pursuant to Clause 3;
“Director’s Loan”	means the loan from Ngan In Leng to any of the Company, Hang Huo (BVI) and HK Co.

and details of which will be set out in the Completion Accounts;

“Encumbrance”

means and includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance);

“Existing Leases”

means :

- (i) the lease agreement dated 26 August 2003 in relation to the sauna situated in the Casa Real Hotel;
- (ii) the lease agreement dated 26 September 2004 in relation to the money exchange business situated in the Casa Real Hotel;
- (iii) the lease agreement dated 2 October 2004 in relation to the jewelry shop situated in the Casa Real Hotel; and
- (iv) the lease agreement dated 28 September 2004 in relation to the travel agency situated in the Casa Real Hotel;

“Escrow Agent”

Leonel Alberto Alves, the escrow agent appointed by the Vendors and the Purchaser to hold the deposits paid by the Purchaser prior to the date of this Agreement;

“Force Majeure”

any event of force majeure affecting Hong Kong, Macau, any other jurisdiction in which Hang Huo (BVI), the Company or the HK Co. operates, or Casa Real Hotel or the Hotel Casino, including, without limitation, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out or any escalation of hostilities, which shall or could reasonably be expected to materially and adversely affect Hang Huo (BVI), the Company and the HK Co., as a whole or Casa Real Hotel or the Hotel Casino, or damage or destruction of Casa Real Hotel or the Hotel Casino or any part thereof by fire or otherwise, or any governmental or regulatory authorities in Macau prohibiting the completion of this Agreement or the

	transactions contemplated under this Agreement;
“Hang Huo (BVI)”	means Hang Huo Hotel Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, further information and particulars of which are set out in Part A of Schedule 1;
“Hang Huo (BVI) Shares”	means ordinary shares of US\$1.00 each in the capital of Hang Huo (BVI);
“Hang Huo (BVI) Sale Shares”	means 5 Hang Huo (BVI) Shares, representing 100% of the issued share capital of Hang Huo (BVI);
“Hang Huo (Macau) Sale Shares”	means 1% of the corporate capital of the Company beneficially owned and registered in the name of Ngan Iek Chan;
“HK Co.”	means Hang Huo Hotel Company Limited, a company incorporated in Hong Kong with limited liability, further information and particulars of which are set out in Part C of Schedule 1;
“HK Co. Shares”	means ordinary shares of HK\$ 1.00 each in the capital of HK Co.;
“HK Co. Sale Shares”	means 1 HK Co. Share beneficially owned and registered in the name of Ngan Iek Chan, representing 50% of the issued share capital of HK Co.;
“HK\$”	means Hong Kong dollars;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hotel Casino”	means the casino in the Casa Real Hotel;
“Intellectual Property”	means patents, trademarks, service marks, trade names, registered designs, designs, copyrights and other forms of intellectual or industrial property (in each case in any part of the world and whether or not registered or registrable and for the full period thereof and all extensions and renewals thereof and applications for registration of or otherwise in connection with the foregoing), know-how, inventions, formulae, confidential or secret processes and information, computer programs and software, and any other protected rights and assets, and any licences and permissions in connection therewith;

"Leased Property"	means the property leased by the HK Co., the details of which are set out in Schedule 3 hereto;
"Liabilities"	means all the indebtedness, obligations and liabilities (whether actual, contingent, current, deferred or otherwise) of Hang Huo (BVI), the Company and HK Co. as at the Completion Accounts Date and set out in the Completion Accounts, including but not limited to : <ul style="list-style-type: none"> (i) outstanding costs and expenses for the Renovation; (ii) amounts payable to suppliers (whether already due or not); (iii) liabilities in relation to the termination of the Existing Lease; and (iv) the Bank Loan and the Director's Loan;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	means the Macau Special Administrative Region of the People's Republic of China;
"Macau Auditor"	means Chui Sai Cheong & Associates, the Macau auditor appointed by the Vendors for the purpose of reviewing and confirming the tax provisions in the Completion Accounts;
"Macau Legal Opinion"	means the legal opinion to be issued by the Escrow Agent as of the Completion Date in substantially the same form as set out in Schedule 5 of this Agreement or such other form by such other Macau lawyer as may be agreed by the Purchaser in writing;
"Macau Licenses"	<ul style="list-style-type: none"> (i) the license issued by the Macau Department of Tourism for Casa Real Hotel (without unusual qualifications or conditions) stating it is a 4-star hotel with 381 rooms with the facilities as currently included in it, which shall be valid until not earlier than 31 December 2005; and (ii) the individual restaurant licences for Restaurant Pena, Imperial Restaurant and Knight Bar and an administrative permit for the sauna (each, without

unusual qualifications or conditions), which shall be valid until not earlier than 31 December 2005;

“Medtech”

means Medtech Group Company Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange and the holding company of the Purchaser;

“MOP”

means Pataca, the lawful currency of Macau;

“Net Amount”

means, in the context of the Completion Accounts, the Current Assets less the Liabilities. For this purpose, the “Current Assets” would mean the sum of the current assets of each of Hang Huo (BVI), the Company, and HK Co. as set out in the Completion Accounts but excluding the SJM Receivables. In the calculation of “Current Assets”, receivables where the aging is more than 120 days from the date of invoice will be excluded for the purpose of computation of the Net Amount. For this purpose, “Liabilities” would mean the sum of the Liabilities of each of the Company, Hang Huo (BVI) and HK Co. as set out in the Completion Accounts but excluding the Bank Loan and the Director’s Loan;

“New Leases”

means :

- (i) the new lease agreement to be entered into by the Company with the existing tenant in relation to the sauna situated in the Casa Real Hotel replacing the existing lease agreement with effect from the Completion Date on terms and conditions similar to the existing lease but :
 - (a) the monthly rental shall be MOP300,000;
 - (b) the Company shall be entitled to terminate the lease at any time by giving 2 month’s notice to the tenant, in which event the tenant shall deliver possession of the leased premises to the Company on an “as is” basis and without any penalty nor compensation on the part of the Company; and

- (c) written consent of the Company is required for any renewal of the lease;
- (ii) the new lease agreement to be entered into by the Company with the existing tenant in relation to the money exchange business situated in the Casa Real Hotel replacing the existing lease agreement with effect from the Completion Date on terms and conditions similar to the existing lease but the Company shall be entitled to terminate the lease at any time by giving 3 month's notice to the tenant, in which event the tenant shall deliver possession of the leased premises to the Company on an "as is" basis and without any penalty nor compensation on the part of the Company; and written consent of the Company is required for any renewal of the lease;
- (iii) the new lease agreement to be entered into by the Company with the existing tenant in relation to the jewelry shop situated in the Casa Real Hotel replacing the existing lease agreement with effect from the Completion Date on terms and conditions similar to the existing lease but the Company shall be entitled to terminate the lease at any time by giving 3 month's notice to the tenant, in which event the tenant shall deliver possession of the leased premises to the Company on an "as is" basis and without any penalty nor compensation on the part of the Company; and written consent of the Company is required for any renewal of the lease;
- (iv) the new lease agreement to be entered into by the Company with the existing tenant in relation to the travel agency situated in the Casa Real Hotel replacing the existing lease agreement with effect from the Completion Date on terms and conditions similar to the existing lease but the Company shall be entitled to terminate the lease at any time by giving 3 month's notice to the tenant, in which event the tenant shall deliver possession of the leased

	premises to the Company on an “as is” basis and without any penalty nor compensation on the part of the Company; and written consent of the Company is required for any renewal of the lease;
“Post Completion Date”	bears the meaning ascribed thereto in Clause 3.02;
“Preliminary S&P”	means the provisional sale and purchase agreement signed between the Vendors and the Purchaser on 6 January 2005 (as amended and supplemented from time to time);
“Property” or “Properties”	means the property interest of Hang Huo (BVI), the Company and HK Co., the particulars of which are set out in <u>Schedule 3</u> ;
“Property Damage”	means any damage to any of the Properties or any asset of Hang Huo (BVI), the Company or HK Co. prior to Completion;
“Purchaser’ Solicitors”	means Preston Gates & Ellis, 35 Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong;
“Retention Monies”	bears the meaning ascribed thereto in Clause 3.01;
“Renovation”	means the renovation and decoration works carried out to the Casa Real Hotel (including but not limited to the conversion of offices to hotel rooms and the renovation and decoration of the Hotel Casino) since such time as the Vendors became the ultimate owners of the Casa Real Hotel;
“Renovation Contracts”	means contracts in relation to the Renovation;
“Sale Shares”	means the Hang Huo (BVI) Sale Shares, the Hang Huo (Macau) Sale Shares, and the HK Co. Sale Share to be bought and sold pursuant to <u>Clause 2</u> ;
“SJM”	means Sociedade de Jogos de Macau, S.A., a company incorporated in Macau, 1 of the gaming concessionaires which has been granted a concession by the Macau Government to operate casinos in Macau;
“SJM Agreement”	means :-

- (i) the agreement between the Company and SJM dated 15 March 2004 in relation to the main gaming hall of the Hotel Casino;
- (ii) the agreement to be entered into between the Company and SJM in relation to the operation of slot machines in the Hotel Casino, pursuant to which the Company shall be entitled to receive a fee of no less than 30% of gross profit;
- (iii) the rental agreement to be entered into between the Company and SJM in relation to the rental of the VIP gaming floor area located on the 2nd floor of the Casa Real Hotel at the monthly rental of not less than HK\$1.8 million; and
- (iv) the agreement between the Company and SJM dated 30 September 2004 in relation to the cleaning services, etc to be provided by the Casa Real Hotel to SJM in the Hotel Casino,

each for a term expiring on 31 March 2020 (other than the agreement under (iv));

“SJM Receivables”

means receivables from SJM to the Company including but not limited to (1) reimbursement of renovation costs; and (2) amounts receivable under the SJM Agreement for the period up to and including the Completion Accounts Date;

“Stock Exchange”

means The Stock Exchange of Hong Kong Limited;

“Taxation” or “Tax”

means and includes all forms of tax, rate, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority in any part of the world and includes any interest, additional tax, penalty or other charge payable or claimed in respect thereof;

“Vendors’ Solicitors”

means Richards Butler of 20 Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong;

“Warranties”

means the representations, warranties and undertakings contained or referred to in Clause

6 and Schedule 2 and “Warranty” means any of the Warranties where the context permits.

1.02 Construction of certain references

In this Agreement where the context admits:

- (a) where any statement is qualified by the expression “so far as the Purchaser/Vendor(s)/ is aware” or “to the best of knowledge and belief of the Purchaser/Vendor(s)” or any similar expression, that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry;
- (b) references to Clauses, Schedules and Recitals are references to clauses hereof, schedules and recitals hereto, references to paragraphs are, unless otherwise stated, references to paragraphs of the relevant Schedule and references to this Agreement include the Schedules;
- (c) unless otherwise stated, all warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one person are given or entered into jointly and severally;
- (d) unless otherwise stated, all warranties, representations, indemnities, covenants, agreements and obligations given to or in favour of more than one person are given to or in favour of them jointly and severally; and
- (e) references to this Agreement shall be construed as references to this Agreement as it may be amended or supplemented from time to time.

1.03 Headings

The headings and sub-headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.04 Schedules

Each of the Schedules shall have effect as if set out herein.

2. SALE AND PURCHASE OF SALE SHARES

- 2.01 Subject to the terms and conditions of this Agreement, the Vendors, as ultimate shareholders of Hang Huo (BVI), the Company and HK Co. and as beneficial owners in the manner set out in Schedule 1, shall sell and the Purchaser shall purchase the Sale Shares free from all Encumbrances and third party rights of any kind and together with all rights attaching thereto as from the Completion Date.
- 2.02 Simultaneous with the signing of this Agreement, the Escrow Agent shall release the First Deposit (as referred to in Clause 3.01(b)(i)) to the Vendors.

3. CONSIDERATION

3.01 Subject as otherwise provided in this Clause 3.01, the Consideration shall be HK\$1,250,000,000 and the Net Amount, and the sum of HK\$1,250,000,000 shall be satisfied by the Purchaser in the following manner :-

- (a) as to HK\$500 million by the allotment and issue of the Consideration Shares by Medtech to the Vendors, in equal proportion, credited as fully paid at approximately HK\$0.4545 per Consideration Share ("Share Consideration") on Completion and which will rank pari passu with all the shares of Medtech then in issue; and
- (b) as to HK\$750 million in cash ("Cash Consideration") by the Purchaser as follows :
 - (i) the sum of HK\$50 million ("First Deposit") which has been paid by the Purchaser to the Escrow Agent and is released to the Vendors simultaneously with the signing of this Agreement;
 - (ii) the sum of HK\$75 million ("Second Deposit") which has been paid by the Purchaser to the Escrow Agent pursuant to the Preliminary S&P, to be released to the Vendors in accordance with the terms of this Agreement;
 - (iii) the sum of HK\$615 million on Completion (which shall be applied first in settlement of the Bank Loan as referred to Clause 5.03(i)(1)); and
 - (iv) the sum of HK\$10 million on Completion to be paid to the Escrow Agent who will hold such sum as escrow agent pending the determination of the Net Amount ("Retention Monies").

(The sum of HK\$10 million is determined based on the warranty and undertaking as hereby given by the Vendors that the Net Amount shall not be a negative figure in excess of HK\$10 million)

3.02 Immediately after the Completion Date, the Vendors and the Purchaser shall jointly instruct Graham H.Y. Chan & Co. ("Auditors") to complete the following as soon as reasonably practicable thereafter but no later than 20 Business Days after the receipt of all the papers from the Completion Date ("Post Completion Date"):

- (a) audit and prepare the Completion Accounts (prepared based on accounts audited under in accordance with the relevant statements of Hong Kong Accounting Standards and Statements of Auditing Standards of the Hong Kong Institute of Certified Public Accountants save and except for the tax provisions therein in relation to Hang Huo (BVI) and the Company which shall be prepared in accordance with Macau accounting principles and reviewed and confirmed by the Macau Auditor);
- (b) certify the Completion Accounts as giving a true and fair view of the state of affairs and profits and losses of each of Hang Huo (BVI), the Company and HK Co. as at the Completion Accounts Date and for the period from 1 January 2005 to the Completion Accounts Date respectively, and deliver the Completion Accounts and certificate to the Vendors and the Purchaser;
- (c) prepare and certify as correct a computation of the amount of the Net Amount

and deliver to the Vendors and the Purchaser such certified computation together with the Completion Accounts. For the purpose of computation of the Net Amount, the following prepayments and accruals shall be apportioned as to the Vendors for the period up to the Completion Accounts Date and the Purchaser as from and including the Completion Date :

- (i) property tax and rent in respect of Casa Real Hotel;
- (ii) utilities charges and other outgoings in respect of Casa Real Hotel;
- (iii) social security fund contributions;
- (iv) insurance premiums;

(For the avoidance of doubt, the SJM Receivables are excluded for the purpose of computation of the Net Amount. The Purchaser shall pay to the Vendors in cash upon receipt by the Company from SJM after Completion in respect of the SJM Receivables accrued for the period up to the Completion Accounts Date. The Purchaser shall be entitled to the SJM Receivables as from and including the Completion Date.)

- (d) the Vendors and the Purchaser shall ensure that all papers are promptly provided to the Auditors and the terms of the Auditors appointment will be on the basis that the Auditors gives each of the Vendors and the Purchaser reasonable access to its working papers with respect to its tasks as aforesaid for the sole and exclusive purpose of ascertaining the Net Amount prior to their written agreement to the Net Amount as stipulated in the paragraph following 3.02 (e). In addition, it is agreed that the tax related matters in the Completion Accounts would, in respect of Hang Huo (BVI) and the Company, be reviewed and confirmed by the Macau Auditor; and
- (e) the costs of the Auditors shall be borne as to one-half by the Vendors and the other half by the Purchaser. In performing their aforesaid tasks, such firms of accountants shall be deemed to act as experts and not as arbitrators.

Within one week of the receipt by the Purchaser and the Vendors of the Completion Accounts (and if the Accounts were received at different times, within 7 Business days of the dispatch by the Auditors of such Completion Accounts to the Purchaser), the Vendors and Purchaser shall agree, in writing, the Net Amount. In the event that the relevant parties do not agree on the Net Amount, an independent firm of auditors as agreed by the Vendors and the Purchaser and failing which, as nominated by the President of the Hong Kong Institute of Certified Public Accountants, shall be appointed on the same terms as set out in Clause 3.02 (a) to (e) and for such other auditor's opinion to be available no later than 30 day from the Post Completion Date. In the absence of manifest error, such other auditor's certificate shall be binding and conclusive on the parties hereto.

3.03 In the event that the Net Amount is:-

- (a) a negative figure, the relevant amount shall first be deducted from the Retention Monies and released to the Purchaser and after that is reduced to zero, the Vendors shall pay the Purchaser in cash HK\$1 for every HK\$1 shortfall thereafter; or
- (b) zero or a positive figure, (i) an amount equivalent to the amount in excess of zero

shall be paid by the Purchaser to the Vendors in cash; and (ii) the Retention Monies deposited with the Escrow Agent shall be immediately released to the Vendors.

This settlement by reference to the Completion Accounts shall take place within five Business Days of the relevant agreement on the Net Amount or independent auditor's certificate being issued, as the case may be, at Casa Real Hotel at 2:00p.m. (or such other time and place as the Purchaser and Vendors may agree).

4. CONDITIONS

4.01 Completion is conditional upon:

- (a) the receipt by the Purchaser of the Macau Legal Opinion;
- (b) (where required as a result of a change in law in Macau after the date hereof) all necessary consents, approvals and authorisations (together "Approvals") having been obtained from all relevant governmental and regulatory authorities in Macau (together "Relevant Authorities") in connection with the SJM Agreement (unconditionally or subject to conditions that the Purchaser shall not unreasonably object) to the intent that the Hotel Casino can be operated in accordance with the SJM Agreement which shall not become invalid or ineffective as a result of Completion and the transactions contemplated under this Agreement and all the conditions and requirements as the Relevant Authorities shall stipulate in relation to the SJM Agreement having been duly complied with;
- (c) the termination of the Existing Leases and the New Leases having been entered into;
- (d) the receipt by the Purchaser of the Macau Licenses which shall continue to be valid, effective and not being revoked as at Completion;
- (e) the passing of the necessary resolution(s) by the shareholders of Medtech in general meeting approving this Agreement and the transactions contemplated hereunder and the allotment and issue of the Consideration Shares in accordance with the bye-laws of Medtech and the requirements of the Listing Rules; and
- (f) the listing committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares.

4.02 The Purchaser shall have the discretion to waive any of the Conditions (a) to (d) set out in Clause 4.01 and any waiver so granted may be subject to such conditions as the Purchaser and the Vendors may agree and each party shall inform the other party as soon as possible on the fulfilment of any of the Conditions. Save as so waived, the parties shall use their respective best endeavours to ensure that the conditions set out in Clause 4.01 shall be fulfilled as soon as possible after execution of this Agreement, and in any event no later than the time referred to in Clause 4.03.

4.03 Save as otherwise stated, if the conditions set out in Clause 4.01 shall not have been fulfilled or waived by 3:00 p.m. (Hong Kong time) on 6 April, 2005 (or such later date as the parties may agree in writing) ("Long Stop Date"), subject to Clause 4.04 & 5.04(a), this Agreement and everything herein contained shall be null and void and of no

effect. In that case and without prejudice to 5.04(c) & 6.05, any and all deposits received by the Vendors and the Escrow Agent shall be dealt with as follows:-

- (a) all such deposits shall be repaid within 3 Business Days to the Purchaser if Completion does not take place as a result of :-
 - (i) rescission of this Agreement by reason of Force Majeure in accordance with Clause 5.04(c); or
 - (ii) non-fulfilment of any of the Conditions (a) to (d); or
 - (iii) non-fulfilment of Conditions (e) or (f) by reason of material default on the part of the Vendors under Clause 9.03; or
 - (iv) rescission of this Agreement by reason of Clause 6.05;
- (b) without prejudice to Clause 5.04(b), in the circumstances that Conditions (e) or (f) remain unfulfilled on 6 April 2005, provided that such non-fulfilment is not due to material default on the part of the Vendors under Clause 9.03, the Vendors shall be entitled to retain, subject as referred to in (c)(i) and (ii) below, the First Deposit and the Second Deposit. The Escrow Agent shall on 6 April 2005 release the Second Deposit to the Vendors in such event;
- (c) without prejudice to Clause 5.04(b), in the circumstances that either Conditions (e) or (f) remain unfulfilled on 6 June 2005, provided that such non-fulfilment is not due to material default on the part of the Vendors under Clause 9.03 and there is no Completion with a substitute purchaser (or the Purchaser) as referred to in Clause 5.04 (other than due to the default of the Vendors), the Vendors shall be entitled to retain, subject as referred to in (i) or (ii) below, the First Deposit and the Second Deposit. The only circumstances where the Vendors are obliged to return HK\$125 million to the Purchaser are where :-
 - (i) there is a material breach of the Warranties given by the Vendors on or prior to the Completion Date; or
 - (ii) there occurs an event of Force Majeure on or prior to the Completion Date

in any case, without further liability to each other.

- 4.04 Notwithstanding any other provisions contained herein, if Completion does not take place on 6 April 2005 by reason of Condition (e) or (f) not being fulfilled by whatever reason (including reasons relating to the Stock Exchange), the Purchaser may on or before 6 April 2005, by written notice to the Vendors, defer Completion for a period of up to 6 May 2005 ("First Extended Completion Date"), in which event, the Completion Date and the Long Stop Date referred to in Clause 4.03 shall be 6 May 2005.

5. COMPLETION

5.01 Completion Date

Subject to this Clause 5, Completion shall take place at Casa Real Hotel in Macau at or before 3:00 p.m. on the Completion Date (or at such other place, on such other time and/or day as the parties may agree), when all (but not part only) of the businesses set out

in Clauses 5.02 and 5.03 shall be transacted. The Escrow Agent shall simultaneously with Completion and the performance by the Vendors and the Purchaser of their relevant obligations under Clauses 5.02 & 5.03 release the Second Deposit (as referred to in Clause 3.01(b)(ii)) to the Vendors. Neither the Vendors nor the Purchaser shall be obliged to perform their relevant obligations under Clauses 5.02 & 5.03 if the other does not simultaneously perform (or has not already performed) all its relevant obligations thereunder. The Vendors and the Purchaser expressly agree that notwithstanding any other conditions herein, unless otherwise waived by the Purchaser in writing, in the event the Vendors shall be unable to deliver to the Purchaser on or prior to Completion any of the documents referred to in 5.02(a) below, the Purchaser shall not be obliged to complete the sale and purchase of the Sale Shares and shall be entitled to rescind this Agreement, whereupon the Vendors shall repay, and cause the Escrow Agent to repay, to the Purchaser HK\$125 million as soon as practicable but in any event no later than 3 Business Days from the date of rescission and, subject to Clause 5.04(b), thereafter no party shall have any liability to the others.

5.02 Vendors's obligations

On Completion, the Vendors shall:

- (a) deliver or procure to be delivered to the Purchaser :
 - (i) instruments of transfer in respect of the Sale Shares or such other documents as necessary for the transfer of the Sale Shares duly executed by the registered and beneficial holder(s) thereof in favour of the Purchaser or (if requested by the Purchaser in writing at least 5 Business Days prior to Completion) such other person(s) as it may direct together with the relevant certificates (other than in relation to the Company);
 - (ii) contract notes recording the sale and purchase of the HK Co. Sale Shares duly executed by the beneficial owner(s) thereof;
 - (iii) (if the same has not been provided prior to Completion or waived by the Purchaser in writing) (1) the SJM Agreement duly entered into between the Company and SJM, which shall continue to be valid, effective and not being terminated as at Completion, (2) a letter from SJM in substantially the form set out in Schedule 7 hereto or, if not substantially in the form set out in Schedule 7, such other form as may be agreed by the Purchaser in writing; and (3) the original SJM Agreement;
 - (iv) a waiver or consent from Hang Huo (BVI) in respect of the transfer of the Hang Huo (Macau) Sale Shares contemplated under this Agreement;
 - (v) if the same has not been provided prior to Completion, such documents as the Purchaser may require evidencing the fulfilment of the Conditions (a) to (d);
 - (vi) all statutory and other books (duly written up to date) of Hang Huo (BVI), the Company and HK Co., their certificates of registration and securities and common seals;
 - (vii) all books and accounts and other records, including without limitation, the cheque books and bank records of Hang Huo (BVI), the Company and HK Co.;

- (viii) written confirmation from each of the Vendors that it is not aware of any matter or thing which is in breach of or inconsistent with any of the Warranties; and
- (b) cause:
- (i) the approval by the board of directors of Hang Huo (BVI), the Company and HK Co. of the transfers of the Sale Shares to the Purchaser or its nominee(s) (as the case may be), its / their registration as a member of Hang Huo (BVI), the Company and HK Co. in respect of the Sale Shares (as the case may be) and (other than in relation to the Company) the issue of the new share certificate(s) in relation thereto; and the change of all bank signatures mandates to such persons as the Purchaser may nominate provided that the particulars of such persons are provided by the Purchaser to the Vendors in writing at least 5 Business Days prior to Completion;
 - (ii) such persons as the Purchaser may nominate to be validly appointed as directors of Hang Huo (BVI), the Company and HK Co. with effect from the Completion Date provided that the particulars of such persons are provided by the Purchaser to the Vendors in writing at least 5 Business Days prior to Completion;
 - (iii) all directors and the secretary of Hang Huo (BVI), the Company and HK Co. to resign from all their offices with Hang Huo (BVI), the Company and HK Co. with effect from the Completion Date, delivering to the Purchaser' Solicitors a letter under seal from each of such persons acknowledging that he / she has no claim outstanding for compensation or otherwise against Hang Huo (BVI) and/or the Company and/or HK Co.; and
 - (iv) the waiver of the Director's Loan if the same has not been completed prior to Completion and deliver or procure to be delivered to the Purchaser such written waiver in substantially the form set out in Schedule 6;
- (c) cause:
- (i) repayment of the Bank Loan, upon receipt of the balance of the Cash Consideration from the Purchaser under Clause 5.03(i)(1) and release of the Disclosed Charge (as defined in Schedule 2) provided that where the Purchaser requires the release to be effective from the Completion Date, it shall deliver to the Vendors on Completion a bank draft drawn on the Bank of China (Macau Branch) and made payable to the Bank of China (Macau Branch) or effect payment in such other manner as may be agreed between the Vendors and the Purchaser; and
 - (ii) an undertaking from the Escrow Agent that the release document for the Disclosed Charge be registered with the Macau Land Registry and provided to the Purchaser within 30 days from Completion, or (if requested by the Purchaser in writing at least 3 Business Days prior to Completion) delivery of the release document for the Disclosed Charge with effect from the Completion Date duly executed by the Bank of China (Macau Branch) provided that the Purchaser shall deliver a bank draft drawn on the Bank of China (Macau Branch) to the Vendors on

Completion or effect payment in such other manner as may be agreed between the Vendors and the Purchaser.

5.03 Purchaser's obligations

On Completion, the Purchaser shall:

- (i) deliver or cause to be delivered :-
 - (1) to the Vendors a bank draft drawn on a bank in Macau in favour of Bank of China (Macau Branch) or effect payment in such other manner as may be agreed between the Vendors and the Purchaser for the settlement of the Bank Loan and the release of the Disclosed Charge (as defined in Schedule 2) (the bank statement setting out the amount of the Bank Loan and the amount required for the release of the Disclosed Charge as of the Completion Date shall be provided to the Purchaser 7 Business Days prior to Completion);
 - (2) to the Escrow Agent a cheque made payable to the Escrow Agent for the sum of HK\$10 million, being the Retention Monies; and
 - (3) to the Vendors such number (not more than five) of bank drafts drawn on a licensed bank in Macau, in favour of such person(s) as the Vendors may direct for his/her portion of payments due to them at Completion under this Agreement, (particulars of the payees and breakdown shall be provided to the Purchaser 2 Business Days prior to Completion),

for the aggregate sum of HK\$625 million;
- (ii) deliver to the Vendors certified copy of the board resolutions of the Purchaser approving this Agreement and the transactions contemplated hereunder;
- (iii) deliver to the Vendors certified copy of the board resolutions of Medtech approving the issue and allotment of the Consideration Shares credited as fully paid up to the Vendors and which rank pari passu with all other ordinary shares of Medtech then in issue on the Completion Date; and
- (iv) deliver or cause to be delivered to the Vendors share certificates for the Consideration Shares in such denominations as directed by the Vendors in writing (particulars of the denominations shall be provided to the Purchaser 3 Business Days prior to Completion).

5.04 Failure to complete

- (a) If Condition (e) or (f) is not fulfilled in accordance with Clause 4, (whether or not the Purchaser has exercised the right to defer Completion pursuant to Clause 4.04 and Completion does not take place on or before 6 May 2005), the Purchaser shall be entitled to procure a third party on or before 6 June 2005 (the "Second Extended Completion Date") to substitute for the Purchaser in respect of this Agreement (by way of novation on the same terms herein) and all amounts paid by the Purchaser under this Agreement shall be deemed and taken as amounts paid by the third party PROVIDED that:-
 - (i) the Purchaser is entitled to complete the acquisition of the Sale Shares on or before the Second Extended Completion Date;

- (ii) the Purchaser shall be entitled to provide information in relation to Hang Huo (BVI), the Company or the HK Co. on a confidential basis to a proposed third party purchaser without prior consent with the Vendors;
- (iii) in the event a third party proceeds with Completion, then instead of the Consideration Shares, such third party substitute shall pay the equivalent amount of HK\$500 million in cash unless the Vendors otherwise agree;
- (iv) the Completion Date shall be deferred to a date not later than the Second Extended Completion Date;
- (v) such third party substitute purchaser accepts all such disclosures and terms previously agreed to by the Purchaser; and
- (vi) in the event a third party proceeds with Completion, then Conditions (e) & (f) shall be deemed waived and all references to Medtech shall be deleted.

Without prejudice to Clause 5.04(b), in the event, the Purchaser shall be unable to effect Completion (other than due to the default of the Vendors) or procure such third party to substitute for the Purchaser in respect of this Agreement (by way of novation) and effect Completion on or before the Second Extended Completion Date, any and all deposits paid by the Purchaser shall be retained by the Vendors. The only circumstances where the Vendors are obliged to return HK\$125 million to the Purchaser are where :-

- (i) there is a material breach of the Warranties given by the Vendors on or prior to the Completion Date; or
- (ii) there occurs an event of Force Majeure on or prior to the Completion Date.

In those circumstances, the Vendors and the Purchaser shall have no further liability to each other thereafter. (For the avoidance of doubt, upon the third party's substitution, the Purchaser shall have no further liabilities whatsoever under this Agreement.)

- (b) If this Agreement becomes unconditional, and the Vendors do not proceed with Completion and do not comply with all its obligations under Clause 5.02(a), (b) and (c) (other than due to the default of the Purchaser), the Vendors shall pay HK\$250 million to the Purchaser and thereafter the Vendors and the Purchaser shall have no further liability to each other. It is, however, acknowledged and agreed between the Purchaser and the Vendors that, notwithstanding the aforesaid, if the Vendors are unable to comply with obligations under Clause 5.02(a) by reason of matters not within the Vendors' control after the Vendors making their best efforts and endeavours and Completion does not take place for this reason alone, this would not be considered a default by the Vendors and the Vendors' only obligation would, in that event, be to repay and cause the Escrow Agent to repay, an aggregate of HK\$125 million to the Purchaser. Thereafter, none of the parties shall have any further liability to the other.
- (c) Notwithstanding any other provisions contained herein, in the event of happening of an event of Force Majeure, the Purchaser may, prior to the

Completion Date, rescind this Agreement by notice in writing to the Vendors setting out details of such event and the Vendors shall within 3 Business Days repay and cause the Escrow Agent to within 3 Business Days repay to the Purchaser the amounts paid by the Purchaser under Clause 3.01 and thereafter, neither party(ies) shall have further liability to the other(s).

6. REPRESENTATIONS AND WARRANTIES

6.01 Warranties

- (a) The Vendors (jointly and severally) hereby represent, warrant and undertake, to the Purchaser (to the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding Completion) in the terms set out in part A of Schedule 2.
- (b) The Vendors acknowledge that the Purchaser in entering into this Agreement is relying on the representations, warranties and undertakings referred to in this Clause 6.01. The Vendors (jointly and severally) represent and warrant to the Purchaser that such respective representations, warranties and undertakings are true and accurate in all material respects on the execution of this Agreement and will be true and accurate in all material respects and shall be deemed to be repeated as at Completion as if all references therein to the date of this Agreement were references to the Completion Date.
- (c) The Purchaser hereby represents, warrants and undertakes, to the Vendors (to the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding Completion) in the terms set out in part B of Schedule 2.
- (d) The Purchaser acknowledges that the Vendors in entering into this Agreement are relying on the representations, warranties and undertakings referred to in this Clause 6.01. The Purchaser represents and warrants to the Vendors that such representations, warranties and undertakings are true and accurate in all material respects on the execution of this Agreement and will be true and accurate in all material respects and shall be deemed to be repeated as at Completion as if all references therein to the date of this Agreement were references to the Completion Date.

6.02 Warranties to be independent

Each of the Warranties shall be separate and independent and, save as expressly provided, shall not be limited by reference to any other Warranty.

6.03 Pending Completion

The parties hereto shall procure that (save only as may be necessary to give effect to this Agreement) none of them will do, allow or procure any act or omission before Completion which would constitute a breach of any of the Warranties if they were given at any and all times from the date hereof to Completion or which would make any of the Warranties inaccurate or misleading if they were so given.

6.04 Disclosure

The parties hereto shall forthwith disclose to the other party in writing any matter or thing which may become known to it after the date hereof and before Completion which

is inconsistent with any of the Warranties or which would make any of them inaccurate or misleading if they were given at any and all times from the date hereof up to Completion.

6.05 Right of rescission

Notwithstanding any other provisions contained herein, in the event of it becoming apparent on or before Completion that any of the Warranties or information given by the Vendors or any other term of this Agreement is inaccurate or incorrect or misleading or breached by any of the Vendors in any material respect, or there is any defects in title in the Vendors' shareholdings (direct or indirect) in the Company by reason of any breach of paragraphs 4(B)(i) or (ii) of Part A of Schedule 2; or default on the part of any of the Vendors in any material respect, the Purchaser may rescind this Agreement by notice in writing to the Vendors setting out details of such incorrectness or breach and the Vendors shall within 3 Business Days repay and cause the Escrow Agent to within 3 Business Days repay to the Purchaser the amounts paid by the Purchaser under Clause 3.01. Thereafter, the Vendors and the Purchaser shall have no further liability to the other. Should the Purchaser proceed with Completion, notwithstanding a breach by the Vendors of the Warranties, the Purchaser shall, after Completion, be entitled to make a claim pursuant to Clause 6 hereof (but subject always to Clause 6.08).

6.06 The parties hereto have entered into this Agreement upon the basis of the Warranties and the same together with any provision of this Agreement which shall not have been fully performed at Completion shall remain in force notwithstanding that Completion shall have taken place.

6.07 Knowledge and waiver

- (a) No information relating to any of Hang Huo (BVI) or the Company or Hang Huo (HK) of which the Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Purchaser under the Warranties or operate to reduce any amount recoverable and it shall not be a defence to any claim against any of the Vendors that the Purchaser knew or ought to have known or had constructive knowledge of any information relating to the circumstances giving rise to such claim.
- (b) The Vendors hereby agrees with the Purchaser to waive any right which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any of Hang Huo (BVI) or the Company or Hang Huo (HK) or its officers, employees or advisors in enabling the Vendors and each of them to give the Warranties.

6.08 The liability of the Vendors in respect of any claims for breach of any of the Warranties and under Clauses 7 and 8 after Completion shall be limited as follows:

- (a) the aggregate maximum liability of all of the Vendors in respect of all claims for breach of the Warranties and under Clauses 7 and 8 shall be HK\$1,250,000,000 (other than claims in respect of fraud) and shall be satisfied as follows:-
 - (i) first in cash for up to HK\$750 million in aggregate;

- (ii) to the extent the Vendors' liability is in excess of HK\$750 million, then and only then are the Vendors obliged to satisfy the relevant claim by transfer of such number of shares in Medtech to the Purchaser so as to satisfy such claim and for valuation purposes, it is agreed by the parties hereto that any such share in Medtech so transferred to the Purchaser will be done so at HK\$0.4545 per Medtech share (and if there is any consolidation or sub-division of shares in Medtech after Completion, an appropriate adjustment to the price per Medtech share shall be made);
 - (b) no liability shall in any event attach to any of the Vendors in relation to any claim not relating to Tax unless the amount of all claims (in aggregate) exceeds HK\$ 1 million, in which case, the Vendors shall be liable for the whole amount of all such claims;
 - (c) the Vendors shall have no liability in respect of a claim for breach of Warranty to the extent that provision or reserve in respect of the matter or thing giving rise to such claim has been provided for or disclosed in the Completion Accounts and an adjustment of Consideration in respect thereof has been made in accordance with Clause 3;
 - (d) no claims may be brought against the Vendors in respect of a breach of the Warranties after the date falling 1 year in relation to claims not relating to Tax and 5 years in relation to claims relating to Tax after the Completion Date (the "Cut-Off Date") and the Vendors shall not be liable in respect of any such breach unless the Vendors shall have received written notice from the Purchaser on or prior to the Cut-Off Date giving particulars of the relevant claim.
- 6.09
- (a) If this Agreement becomes unconditional and the Purchaser fails to proceed with Completion (other than due to the default of the Vendors hereunder and without prejudice to Clauses 4.03, 5.04(c) and 6.05), the Vendors shall be entitled to retain the First Deposit and the Second Deposit paid. Thereafter, the Vendors and the Purchaser shall have no further liability to the other.
 - (b) If, prior to Completion, the Purchaser breaches any or all of the Warranties in Part B of Schedule 2 in any material respect and (i) the Vendors do not proceed with Completion, the Vendors shall return all deposits paid to the Purchaser and thereafter, the Vendors and the Purchaser shall have no further liability to the other; or (ii) the Vendors proceed with Completion, this shall be without prejudice to any right of the Vendors to claim any damage suffered provided that no claim shall be made if the damage of all claims (in aggregate) is less than HK\$1 million. If damage is in excess of HK\$1 million, the claim shall be for the whole and not just the excess.

7. TAX INDEMNITY & OTHER INDEMNITIES

7.01 In this Clause unless the context otherwise requires:

- (a) "event" includes (without limitation) any omission, event, action or transaction whether or not any of Hang Huo (BVI) or the Company or HK Co. is a party thereto, the death of any person, a change in the residence of any person for any Tax purpose, a failure to make sufficient dividend payments to avoid an apportionment or deemed distribution of income and the entering into and completion of this Agreement and references to the result of events on or before the Completion Date shall include the combined result of two or more events one or more of which shall have taken place on or before the Completion Date;

- (b) "relief" includes (without limitation) any relief, allowance, credit, set off, deduction or exemption for any Tax purpose;
- (c) reference to income or profits or gains earned, accrued or received shall include income or profits or gains deemed to have been or treated as or regarded as earned, accrued or received for the purposes of any legislation;
- (d) reference to any Tax liability shall include not only any liability to make actual payments of or in respect of Tax but shall also include:
 - (i) the loss or reduction in the amount of, or the setting off against income, profits or gains, or against any Tax liability, any relief which would (were it not for the said loss, reduction or setting off) have been available to any of Hang Huo (BVI), the Company and HK Co.;
 - (ii) the loss or reduction in the amount of, or the setting off against any Tax liability, a right to repayment of Tax; and
 - (iii) the loss or reduction in the amount of, or the setting off against income, profits or gains earned, accrued or received on or before Completion, or against any Tax liability of, any relief which is not available before Completion but which arises in respect of an event occurring after Completion in circumstances where, but for such loss, reduction or setting off, any of Hang Huo (BVI), the Company and HK Co. would have had a Tax liability in respect of which the Purchaser would have been able to make a claim under this Clause 7.01-7.03;

and in such a case the amount of Tax which could otherwise be saved or relieved, by the relief so lost, reduced or set off (calculated by reference to the rates of Tax in force at the date of this Agreement) or the amount of repayment which would otherwise have been obtained shall be treated as the amount of a Tax liability which has arisen;

- (e) reference to a payment in respect of Tax includes (without limitation) a payment for the surrender of losses or other amounts by way of group relief or for the surrender or transfer of any other relief, a repayment of any such payment and a payment by way of reimbursement, recharge, indemnity or damages.

7.02 Subject as hereinafter provided, the Vendors hereby jointly and severally covenant with and undertake to pay on demand to the Purchaser (at its election, for itself and as trustee for its successors in title), a sum equal to the amount of:

- (a) any Tax liability of any of Hang Huo (BVI), the Company and HK Co. resulting from or by reference to any income, profits or gains earned accrued or received on or before the Completion Date or any event on or before the Completion Date whether alone or in conjunction with other circumstances and whether or not such Tax is chargeable against or attributable to any other person; and
- (b) any Tax liability of any of Hang Huo (BVI), the Company and HK Co. which is regarded as such pursuant to the provisions of Clause 7.01(d); and
- (c) any Tax liability of any of Hang Huo (BVI), the Company and HK Co. that arises after Completion as a result of an act, omission or transaction by a person other than any of Hang Huo (BVI), the Company and HK Co. and which liability

to Tax falls upon any of Hang Huo (BVI), the Company and HK Co. as a result of its having been in the same group for Tax purposes as that person at any time before Completion;

- (d) any Tax liability of any of Hang Huo (BVI), the Company and HK Co. that would not have been payable had there been no breach of any Tax Warranties and which is not the subject of the covenants above; and
- (e) all costs and expenses which are incurred by the Purchaser or any of Hang Huo (BVI), the Company and HK Co. in connection with any of the matters referred to in this Clause 7.01-7.03 or in taking or defending any action under the covenants contained in this Clause 7.01-7.03 (including, without prejudice to the generality of the foregoing, all legal and other professional fees and disbursements).

7.03 Within 1 year after the Completion Date, the Vendors shall give all such assistance and provide such information as the Purchaser shall reasonably request from time to time for the purpose of enabling the Purchaser to make returns and provide information as required to any Tax authority and to negotiate any liability to Tax.

7.04 The indemnity contained in this Clause 7.01-7.03 does not cover any claim in respect of Taxation:

- (a) to the extent that provision has been made for such Taxation in the Completion Accounts; or
- (b) as a result of transactions entered into since the Completion Date.

In the event that :-

- (a) the actual Taxation for the year ended 31 December 2004 is less than the provision for Taxation in the Accounts; or
- (b) the actual Taxation for the period from 1 January 2005 up to the Completion Accounts Date is less than the provision for Taxation in the Completion Accounts,

and the provision for Taxation had been included in the computation of the Net Amount, then, the Purchaser shall, as soon as the relevant Taxation has been assessed by the relevant Macau authorities, repay an amount equivalent to the over-provision to the Vendors as soon as practicable thereafter. For this purpose, the Purchaser shall advise the Vendors when the formal assessment is made and provide such documentary evidence as the Vendors may reasonably require.

7.05 The Vendors unconditionally and irrevocably undertakes with the Purchaser that it will assume and be responsible for any losses, claims, damages, obligations and/or liabilities (including all other costs, fees and expenses on a full indemnity basis) in connection with the termination of the Existing Leases, the Renovation Contracts, the Renovation (including but not limited to any such works not being carried out in compliance with all applicable laws and regulations), the period before Completion the businesses of Casa Real Hotel not being carried out with proper licenses (including but not limited to the Macau Licenses) or otherwise in compliance with all applicable laws and regulations (where applicable), any Property Damage and the Liabilities to the extent they are not reflected in the Completion Account or adjusted for the computation of the Net Amount in accordance with Clause 3.01 and shall indemnify and keep indemnified the Purchaser

on a full indemnity basis and hold it harmless from and against all losses, costs, expenses, claims, suits, actions, proceedings, damages and liabilities (including any diminution in the value of the assets of Hang Huo (BVI), the Company and/or the HK Co.) and any payment made or required to be made by the Purchaser or any of Hang Huo (BVI), the Company and/or the HK Co. as a result of or arising therefrom.

- 7.06 No claim under the indemnity contained in this Clause 7 shall be made if and to the extent that the Purchaser has been compensated pursuant to a claim made under other terms of this Agreement.

8. FURTHER OBLIGATIONS

- 8.01 Between the date of this Agreement and the Completion Date, the Vendors shall, subject to Clause 8.02, procure that each of Hang Huo (BVI), the Company and HK Co. does not, without the prior consent of the Purchaser :

- (a) issue or agree to issue any shares, warrants or other securities or loan capital or grant or agree to grant any option over or right to acquire or convert into any share or loan capital or otherwise take any action which might result in the Purchaser acquiring on Completion a percentage interest in any of Hang Huo (BVI), the Company and HK Co. lower than that contemplated in this Agreement; or
- (b) borrow any moneys or alter the terms of any existing financing/lending documents or lending arrangements for an amount exceeding HK\$ 1,000,000 in aggregate; or
- (c) purchase or redeem any shares in any of Hang Huo (BVI) or the Company or HK Co. or provide financial assistance for any such purchase; or
- (d) make any advances or other credits to any third party(ies) or give any guarantee, indemnity, surety or security for an amount exceeding HK\$1,000,000 in aggregate or otherwise in the ordinary and usual course of business; or
- (e) compromise, settle, release, discharge or compound any material civil, criminal, arbitration or other proceedings or any material liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing of an amount exceeding HK\$1,000,000; or
- (f) release, compromise or write off any material amount recorded in the books of account of any of Hang Huo (BVI) or the Company or HK Co. as owing by any of its debtors of an amount exceeding HK\$1,000,000; or
- (g) purchase, take on lease or assume possession of any real property or assign underlet or otherwise part with possession of Casa Real Hotel or any part thereof in any way whether by way of sub-letting lending sharing or other means (other than pursuant to the SJM Agreement, the New Leases, the agreements with the 3 mobile phone operators and rooms occupied by guests in the usual and ordinary course of business of Casa Real Hotel); or
- (h) dispose or agree to dispose of or acquire or agree to acquire any material asset which could reasonably be expected to materially and adversely affect the business of Hang Huo (BVI) or the Company or HK Co., as a whole, or enter into any contract which is not in their ordinary and usual course of business; or

- (i) enter into or amend any service agreements with directors or officers or increase the remuneration payable thereto; or
- (j) enter into any contract or transaction or arrangement or undertake or incur any liability (whether actual or contingent), other than in the ordinary and usual course of business and on arm's length terms; or
- (k) in any respect depart from the ordinary and usual course of its day to day business; or
- (l) create or permit to arise any lien, charge, pledge, mortgage or other security interest on or in respect of any of its undertaking, property or assets which is not in the ordinary and usual course of its day to day business; or
- (m) declare, pay or make any dividends or other distributions; or
- (n) appoint any directors; or
- (o) do any act or thing which would have or which would reasonably be expected to have a material and adverse effect on the financial, trading and operation position or prospects of any of Hang Huo (BVI) or the Company or the HK Co.; or
- (p) permit any insurance policies to lapse or expire without renewal.

8.02 Between the date hereof and the Completion Date, the Vendors shall procure that the HK Co. shall obtain consent from the landlord of the Leased Property in respect of the transactions contemplated under this Agreement to the intent the tenancy agreement for the Leased Property shall continue to be valid and effective after Completion.

8.03 The Purchaser shall pay the proportion of the insurance premiums as from the Completion Date. The risk in respect of the Casa Real Hotel and all the assets of Hang Huo (BVI), the Company and the HK Co. shall only pass to the Purchaser on Completion to the intent that if there shall be any damage or destruction to any of them before Completion, the Vendors shall, subject to the provisions in Clause 6.08, indemnify and keep indemnified the Purchaser by the payment of a sum to the Purchaser which if paid to the Purchaser would, in light of all the circumstances, be necessary to put the Purchaser into the same position in which it would have been had such damage or destruction did not occur.

8.04 The Vendors (jointly and severally) represent, warrant and undertake to the Purchaser that the Company shall be entitled to continue to use the name "Hang Huo" or "恒和" for a period of 2 years after Completion.

9. ACCESS TO INFORMATION

9.01 From the date of this Agreement and until the Completion Date, the Purchaser, its professional advisers and appointed representatives shall have the right, upon reasonable prior notice and causing as little disturbance as possible, to visit the facilities of Hang Huo (BVI), the Company and HK Co. as they reasonably require so as to:

- (a) verify the accuracy of the Warranties;

- (b) check the existence and condition of the assets thereat; and
 - (c) verify the outstanding matters in relation to the due diligence exercise conducted by or on behalf of the Purchaser.
- 9.02 The Vendors hereby undertakes with the Purchaser to use its best endeavours to procure that any information and documents reasonably required by the Purchaser or its professional advisers or appointed representatives for the purposes of such review and investigation as are referred to in Clause 9.01 shall be made available within a reasonable time after request including, but not limited to the following:
- (a) the books of account of each of Hang Huo (BVI), the Company and HK Co., including all accounts ledgers;
 - (b) the statutory books of each of Hang Huo (BVI), the Company and HK Co. or copies thereof;
 - (c) details of all bank accounts of each of Hang Huo (BVI), the Company and the HK Co. (including, the name and address of the bank with whom the account is kept and the number and nature of the account) and a statement of the credit and debit balance thereon;
 - (d) copies of all material licences, agreements and agency agreements granted and entered into after the signing of this Agreement by Hang Huo (BVI), the Company and HK Co.;
 - (e) copies of all banking facility documentation entered into by each of Hang Huo (BVI), the Company and HK Co. after the signing of this Agreement; and
 - (f) copies of all guarantees and any security documents entered into by each of Hang Huo (BVI), the Company and HK Co. after the signing of this Agreement.
- 9.03 The Vendors acknowledge that the transactions contemplated under this Agreement constitute a very substantial acquisition for Medtech under the Listing Rules and is accordingly subject to approval of the shareholders of Medtech in a general meeting to be convened. The Vendors shall procure Hang Huo (BVI), the Company and the HK Co. to take all necessary action and provide all information (including financial information and accounts) in a timely manner reasonably required by Medtech to prepare the circular (including the audited accounts of each of Hang Huo (BVI), the Company and the HK Co.) in accordance with the Listing Rules. The Vendors shall agree and procure each of Hang Huo (BVI), the Company and the HK Co. to agree to the disclosure of all necessary information concerning this Agreement, and each of Hang Huo (BVI), the Company and the HK Co. in such circular.
- 9.04 Subject to Clause 9.03, the Purchaser hereby undertakes with the Vendors that it will not, prior to Completion and save as required by law, the Listing Rules, the Stock Exchange, the Hong Kong Securities and Futures Commission or other governmental authorities, make use of or disclose or divulge any confidential information relating to Hang Huo (BVI), the Company and HK Co. obtained by it or its representatives pursuant to this Clause 9 to any person other than its own officers, employees or professional advisors who the Purchaser shall procure also to abide by this duty of confidentiality.

10. COSTS

- 10.01 Each party to this Agreement shall pay its own costs of and incidental to this Agreement and the sale and purchase hereby agreed to be made unless otherwise provided herein.
- 10.02 Stamp duty in respect of the transfer of the Sale Shares (where applicable) shall be paid equally by the Vendors and the Purchaser and the Vendors shall pay the Purchaser one half of the total stamp duty at Completion and one half of any additional stamp duty assessed to be payable by the Stamp Office in respect of the transfer of the Sale Shares after Completion.

11. PROVISIONS RELATING TO THIS AGREEMENT

11.01 Assignment

This Agreement shall be binding upon and enure for the benefit of the successors of the parties but shall not be assignable.

11.02 Whole agreement

- (i) This Agreement (together with any documents referred to herein) constitutes the whole agreement between the parties hereto relating to its subject matter and extinguishes any prior drafts, agreements, undertakings, representation, warranties and arrangements of any nature whatsoever, whether or not in writing, relating thereto, including without limitation the Preliminary S&P (the "Pre-contractual Statements").
- (ii) Each party hereto acknowledges that in entering into this Agreement on the terms set out herein it is not relying upon any Pre-contractual Statement which is not expressly set out in the Warranties.
- (iii) This Agreement may only be varied in writing signed by each party to this Agreement.

11.03 Agreement survives Completion

The Warranties and all other provisions of this Agreement, in so far as the same shall not have been performed at Completion, shall remain in full force and effect notwithstanding Completion.

11.04 Further assurance

Each party shall do and execute or procure to be done and executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

11.05 Invalidity

If any provision of this Agreement shall be held to be illegal or unenforceable, the enforceability of the remainder of this Agreement shall not be affected.

11.06 Notices

Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Vendors : Hang Huo Enterprise Group Limited
Fax Number : (853) 7995565
Attention : Franky Ngan/Christopher Siew

To the Purchaser :
Fax Number : (852) 2110 1032
Attention : Mr. Jenkin Cheung

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address; and (b) if given or made by fax, when despatched.

11.07 Counterparts

This Agreement may be executed in one or more counter parts each of which shall be binding on each party by whom or on whose behalf it is so executed, but which together shall constitute a single instrument. For the avoidance of doubt, this Agreement shall not be binding on any party hereto unless and until it shall have been executed by or on behalf of all persons expressed to be party hereto and delivered to the other parties.

11.08 Time of essence

Time shall be of the essence as regards any date or period mentioned in this Agreement and any date or period substituted for the same by agreement of the parties hereto or otherwise.

12. LAW AND JURISDICTION

12.01 Law

This Agreement shall be governed by, and construed in all respects in accordance with, the laws of Hong Kong.

12.02 Jurisdiction

In relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement ("proceedings") each of the parties irrevocably submits to the jurisdiction of the courts of Hong Kong and waives any objection to proceedings in such courts on the grounds of venue or on the grounds that the proceedings have been brought in any inconvenient forum.

12.03 Submissions not exclusive

These submissions shall not affect the right of any party to take proceedings in any other jurisdiction nor shall the taking of proceedings in any jurisdiction preclude any party from taking proceedings in any other jurisdiction.

12.04 Process agent

- (a) The Vendors irrevocably appoint the Vendors' Solicitors as their agent to receive and acknowledge on their behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successor) no longer serves as agent of the Vendors for this purpose, the Vendors shall promptly appoint a successor agent satisfactory to the Purchaser and notify the Purchaser thereof provided that until the Purchaser receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of the Vendors for the purposes of this Clause. The Vendors agree that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Vendors.
- (b) The Purchaser irrevocably appoints Medtech (for the attention of Mr. Jenkin Cheung) of Unit 2702, 27/F., No. 9 Queen's Road Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successor) no longer serves as agent of the Purchaser for this purpose, the Purchaser shall promptly appoint a successor agent satisfactory to the Vendors and notify the Vendors thereof provided that until the Vendors receive such notification, they shall be entitled to treat the agent named above (or its said successor) as the agent of the Purchaser for the purposes of this Clause. The Purchaser agree that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Purchaser.

SCHEDULE 1

Part A

PARTICULARS OF HANG HUO HOTEL HOLDINGS LIMITED

1.	Registered number	:	518265
2.	Date of incorporation	:	22 October 2002
3.	Place of incorporation	:	British Virgin Islands
4.	Address of registered office	:	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
5.	Authorised share capital	:	US\$50,000
6.	Issued share capital	:	US\$5
7.	Directors	:	Ngan In Leng Chan Wai Ian Ngan Iek Ngan Iek Chan Ngan Iek Peng
8.	Secretary	:	N/A
9.	Shareholders	:	Ngan In Leng – 1 share (20%) Chan Wai Ian – 1 share (20%) Ngan Iek – 1 share (20%) Ngan Iek Chan – 1 share (20%) Ngan Iek Peng – 1 share (20%)
10.	Financial year end	:	31 December
11.	Subsidiaries & Associated companies	:	Hang Huo Hotel Company Limited

Part B

PARTICULARS OF HANG HUO HOTEL COMPANY LIMITED

1. Registered number : 16178 (SO)
2. Date of incorporation : 6 November 2002
3. Place of incorporation : Macau
4. Address of registered office : Rue de Foshan, No. 51, San Kin Ip,
Seong Ip Chung Sam, 17 Andar,
Macau
5. Principal place of business : Avenida Do Dr Rodrigo Rodrigues,
No. 1086, Rua De Malaca, No. 192,
Macau
6. Corporate capital : MOP 100,000, all of which is paid up
7. Directors : Ngan In Leng
Chan Wai Ian
Ngan Iek
Ngan Iek Chan
Ngan Iek Peng
8. Secretary : N/A
9. Shareholders : Hang Huo Hotel Holdings Limited
(99%)
Ngan Iek Chan (1%)
10. Financial year end : 31 December
11. Subsidiaries & Associated companies : Nil

Part C

PARTICULARS OF HK CO.

1.	Registered number	:	858537
2.	Date of incorporation	:	22 August 2003
3.	Place of incorporation	:	Hong Kong
4.	Address of registered office	:	Shop 3137, 3/F Podium, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong
5.	Principal place of business	:	Shop 333-334, 3/F Podium, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong
6.	Authorised share capital	:	HK\$10,000.00
7.	Issued share capital	:	HK\$2.00
8.	Directors	:	NGAN Iek Chan NGAN Iek Peng
9.	Secretary	:	Union Secretarial Services Limited
10.	Shareholders	:	NGAN Iek Chan – 1 share (50%) Hang Huo Hotel Holdings Limited – 1 share (50%)
11.	Financial year end	:	31 December
12.	Subsidiaries & Associated companies	:	Nil

SCHEDULE 2

WARRANTIES

Part A – Warranties of the Vendors

1. INTERPRETATION

- (A) In this schedule where the context admits:-

"**Disclosed Charge**" means the mortgage of the Casa Real Hotel in favour of the Bank of China (Macau Branch) as security for the Bank Loan and which remain, as at the date of this Agreement and shall be discharged provided that where the Purchaser requires the release to be effective from the Completion Date, it shall deliver a bank draft drawn on the Bank of China (Macau Branch) to the Vendors on Completion or effect payment in such other manner as may be agreed between the Vendors and the Purchaser;

- (B) All references in this Schedule 2 to the Company, other than those in paragraphs 4(A) and 4(B) shall be read and construed as a reference to each of Hang Huo (BVI), the Company and HK Co..

2. INFORMATION

Disclosures

The facts and information set out in the recitals and the Schedules are true and accurate in all material respects. All information which is the subject of the Warranties, was when given and is now true and accurate in all material respects. There is no fact or matter which has not been disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which could reasonably affect the willingness of a willing purchaser to purchase the Sale Shares in accordance with the provisions of this Agreement.

3. COMPLIANCE AND ABILITY TO SELL

- (A) Constitution of the Company

The copy of the memorandum and articles of association of the Company supplied to the Purchaser is true and complete in all respects and has embodied in it or annexed to it a copy of every such resolution and agreement required by law to be annexed to it and the Company has at all times carried on its business and affairs in all respects in accordance with its memorandum and articles of association and all such resolutions and agreements.

- (B) Statutory compliance

The Company is a duly organised limited liability, company validly existing under the laws of the place of its incorporation and has the corporate powers and authorities to carry on the business presently carried on by it and to own and hold the assets used therewith. The Company has, subject to the issue of the Macau Licenses on or before Completion, complied with the provisions of all applicable laws, regulations (and all

orders notices and directions made thereunder) and all applicable codes or practices. All returns, particulars, resolutions and other documents required to be filed with or delivered to the registrar of companies or to any other authority whatsoever by the Company have been correctly and properly prepared and so filed or delivered.

(C) Power to sell

Each of the Vendors has full power to enter into and perform this Agreement and this Agreement will constitute, binding obligations on each such party, enforceable in accordance with their terms and Ngan In Leng has full legal right and power and authority to execute and deliver the waiver of the Director's Loan on Completion, such waiver shall be valid, effective and enforceable.

4. CAPITAL STRUCTURE

(A) Capital of the Company

- (i) The Hang Huo (BVI) Sale Shares constitute 100% of the issued share capital of Hang Huo (BVI) and are fully paid up. There is no Encumbrance or other form of agreement (including conversion rights and rights of pre-emption) on, over or affecting the Hang Huo (BVI) Sale Shares or any unissued shares, debentures or other securities of Hang Huo (BVI) and there is no agreement or commitment to give or create any of the foregoing, and no claim has been made by any person to be entitled to any of the foregoing, and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the Hang Huo (BVI) under any of the foregoing.

Hang Huo (BVI) has no, and never has had, any subsidiary or shares in any company other than the 99% corporate capital of the Company and 1 HK Co. Share ("Hang Huo (BVI) Subsidiary Shares") legally and beneficially owned by it. The Hang Huo (BVI) Subsidiary Shares constitute 99% of the corporate capital of the Company and 50% of the issued share capital of the HK Co and are fully paid up. There is no Encumbrance or other form of agreement (including conversion rights and rights of pre-emption) on, over or affecting the Hang Huo (BVI) Subsidiary Shares and there is no agreement or commitment to give or create any of the foregoing, and no claim has been made by any person to be entitled to any of the foregoing. Save for the holding of the Hang Huo (BVI) Subsidiary Shares and transactions with the Company (which are not material), Hang Huo (BVI) does not carry on any business or own any asset and has not entered into any agreement or arrangement to conduct any business or purchase any asset and is not under any obligation in relation to any of the foregoing.

- (ii) The Hang Huo (Macau) Sale Shares constitute 1% of the corporate capital of the Company and are fully paid up. There is no Encumbrance or other form of agreement (including conversion rights and rights of pre-emption) on, over or affecting the Hang Huo (Macau) Sale Shares or any unissued shares, debentures or other securities of the Company and there is no agreement or commitment to give or create any of the foregoing, and no claim has been made by any person to be entitled to any of the foregoing, and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the Company under any of the foregoing.

- (iii) The HK Co. Sale Shares constitute 50% of the issued share capital of HK Co. and are fully paid up. There is no Encumbrance or other form of agreement (including conversion rights and rights of pre-emption) on, over or affecting the HK Co. Sale Shares or any unissued shares, debentures or other securities of the HK Co. and there is no agreement or commitment to give or create any of the foregoing, and no claim has been made by any person to be entitled to any of the foregoing, and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the HK Co. under any of the foregoing. Save for the Leased Property and 2 Hong Kong staff, the HK Co. does not carry on any business or own any asset and has not entered into any agreement or arrangement to conduct any business or purchase any asset and is not under any obligation in relation to any of the foregoing.

(B) Ownership

- (i) All the Hang Huo (BVI) Sale Shares are solely legally and beneficially owned by and registered in the names of the Vendors in the proportions set out in Part A of Schedule 1; all the shares in the Company ("Subsidiary Shares") are solely legally and beneficially owned as to 99% by Hang Huo (BVI) and as to 1% by Ngan Iek Chan and all the shares in the HK Co. ("HK Subsidiary Shares") are solely legally and beneficially owned as to 50% by Hang Huo (BVI) and as to 50% by Ngan Iek Chan and the Hang Huo (BVI) Sale Shares, the Subsidiary Shares, the HK Subsidiary Shares and the unissued share capital of Hang Huo (BVI), the Company and the HK Co. are free from any Encumbrance and there are no arrangements in force or claims entitling or allegedly entitling any person to any Encumbrance.

There has been no change in the contents and information contained in the certificate of incumbency issued in connection with Hang Huo (BVI) dated 13 January 2005.

- (ii) All the Hang Huo (Macau) Sale Shares are solely legally and beneficially owned by and registered in the name of Ngan Iek Chan and the Hang Huo (Macau) Sale Shares and the unissued share capital of the Company are free from any Encumbrance and there are no arrangements in force or claims entitling or allegedly entitling any person to any Encumbrance.
- (iii) All the HK Co. Sale Shares are solely legally and beneficially owned by and registered in the name of Ngan Iek Chan and the HK Co. Sale Shares and the unissued share capital of HK Co. are free from any Encumbrance and there are no arrangements in force or claims entitling or allegedly entitling any person to any Encumbrance.

(C) Reorganisation of share capital

The Company has not at any time:

- (i) repaid, redeemed or purchased or agreed to repay, redeem or purchase any of its shares, or otherwise reduced or agreed to reduce its issued share capital or any class of it; or
- (ii) capitalised or agreed to capitalise in the form of shares, debentures or other securities or in paying up any amounts unpaid on any shares, debentures or other securities, any profits or reserves of any class or description or passed or agreed

to pass any resolution to do so.

(D) Connected business

The Company:

- (i) is not and has not agreed to become the holder or beneficial owner of any class of any shares, debentures or other securities of any other company (wherever incorporated) other than as expressly set out in this Agreement;
- (ii) has not been and has not agreed to become a subsidiary of any other company or under the control of any group of companies or consortium other than as expressly set out in this Agreement;
- (iii) is not and has not at any time been and has not agreed to become a member of any partnership, joint venture, consortium or other unincorporated association (other than the SJM Agreement and the Company's memberships of Macau Hotel Association, Macau Hoteliers and Inkeepers Associates and Chinese Hotel Association); and
- (iv) has no branch, place of business, permanent establishment or substantial assets outside Macau and Hong Kong.

5. ACCOUNTS

(A) General

Save as disclosed in the Accounts, the Accounts:

- (i) were prepared in accordance with the requirements of all relevant laws, statutes, with good accounting principles and practices generally accepted at the date hereof in Macau, comply with the relevant applicable legislation and all relevant statements of standard accounting practice and accounting guidelines and are prepared on a basis consistent with preceding accounting periods of the Company and with the books of account of the Company and are true and accurate in all material respects;
- (ii) disclose a true and correct view of the assets and liabilities of the Company at the Balance Sheet Date and of its profits for the financial year ended on such date;
- (iii) contain full provision or reserve for bad and doubtful debts, burdensome contracts or other obligations, obsolescent or slow moving stocks and for depreciation on fixed assets, which provision or reserve was when made and is now adequate;
- (iv) contain a note of all capital commitments of the Company at the Balance Sheet Date, which note was when made and is now adequate, fair and not misleading; and
- (v) contain full provision or reserves (as appropriate) for all applicable Taxation.

(B) Liabilities

Save as disclosed in the Accounts, at the Balance Sheet Date the Company had no liabilities known, actual or contingent (including contingent liabilities) which were not disclosed, noted or provided for in the Accounts.

(C) Plant and machinery etc.

Save as disclosed in the Accounts, all the fixed and loose plant and machinery, equipment, furniture, fittings and vehicles used by the Company at the Balance Sheet Date are reflected in the Accounts, were at the Balance Sheet Date and (except for such items as have been disposed of or realised by the Company in the ordinary and usual course of business) remain in the absolute beneficial ownership of the Company and are free from any Encumbrance, hire or hire purchase agreement or leasing agreement or agreement for payment on deferred terms.

(D) Depreciation

Save as disclosed in the Accounts, depreciation of the fixed assets of the Company (other than Hang Huo (BVI)) has been made at the relevant rates prescribed by the tax authorities in Macau.

(E) Books of account

All accounts, books, ledgers, financial and other necessary records of whatsoever kind of the Company (including all invoices and other records required for tax) collectively :-

- (i) have been fully, properly and accurately maintained, are in the possession of the Company and contain true and accurate records of all matters including those required to be entered in them by applicable laws and no notice or allegation that any of the same is incorrect or should be rectified has been received;
- (ii) do not contain or reflect any material inaccuracies or discrepancies;
- (iii) give and reflect a true and fair view of the matters which ought to appear in them and in particular of the financial, contractual and trading position of the Company and of its plant and machinery, fixed and current assets and liabilities (actual and contingent), debtors and creditors; and
- (iv) contain accurate information in accordance with the generally accepted accounting principles in Macau relating to all transactions to which the Company has been a party.

(F) Completion Accounts

- (i) At the Completion Accounts Date, the Company will have no liabilities known, actual or contingent (including contingent liabilities) which are not disclosed, noted or provided for in the Completion Accounts or included for the computation of the Net Amount in accordance with Clause 3.01.
- (ii) The Net Amount shall not be a negative figure in excess of HK\$10 million.

6. POST BALANCE SHEET DATE EVENTS

Since the Balance Sheet Date the Company, other than as disclosed in the Accounts or as contemplated under this Agreement :

(A) Business

has carried on its business in the ordinary and usual course and without entering into any transaction, assuming any liability or making any payment which is not in the ordinary and usual course of business and without any material interruption or alteration in the nature, scope or manner of its business and nothing has been done which would be likely to prejudice the interests of the Purchaser as a purchaser of the Sale Shares;

(B) Financial position

has not experienced any deterioration in its financial or trading position or turnover or suffered any diminution of its assets by the wrongful act of any person and the Company has not had its business adversely affected by the loss of any important source of supply and there are no facts which are likely to give rise to any such effects;

(C) Assets and liabilities

has not acquired or disposed of or agreed to acquire or dispose of any assets or assumed or incurred or agreed to assume or incur any liabilities (actual or contingent) otherwise than in the ordinary and usual course of business;

(D) Distributions and loan repayments

has not declared, made or paid any dividend, bonus or other distribution of capital or income (whether a qualifying distribution or otherwise) and (excluding fluctuations in overdrawn current accounts with bankers) no loan or loan capital of the Company has been repaid in whole or in part or has become due or is liable to be declared due by reason of either service of a notice or lapse of time or otherwise howsoever;

(E) Liability to tax

has not carried out or entered into any transaction and no other event has occurred in consequence of which (whether alone or together with any one or more transactions or events occurring before, on or after the date of this Agreement) any liability of the Company to Taxation has arisen or will arise (or would have arisen or would or might arise but for the availability of any relief, allowance, deduction or credit) other than profits tax on the actual income (not chargeable gains or deemed income) of the Company arising from transactions entered into in the ordinary and usual course of business;

(F) Employees

save as already disclosed to the Purchaser in writing in respect of salary adjustments for 2005, has not made any change to the remuneration, terms of employment, emoluments or pension benefits of any present or former director, officer or employee of the Company and has not appointed or employed any additional director, officer or employee entitled as aforesaid;

(G) Debts

save for the Director's Loan to be waived as contemplated under this Agreement, has not waived or released any debts in whole or in part and has not written off debts in an amount exceeding HK\$1,000,000 (or its equivalent in any other currency) in the aggregate;

(H) Contracts

has not entered into contracts involving capital expenditure in an amount exceeding in the aggregate HK\$1,000,000 (or its equivalent in any other currency);

(I) Resolutions

(including any class of its members) has not passed any resolution whether in general meeting or otherwise;

(J) Third party rights

(other than the consent from the landlord of the Leased Property to the intent the tenancy agreement for the Leased Property shall not be terminated as a result of Completion, which will be obtained by the Vendors prior to Completion), has not become aware that any event has occurred which would entitle any third party to terminate any contract or any benefit enjoyed by it or call in any money before the normal due date therefor;

(K) Borrowings

(other than the Director's Loan, which shall be effectively waived on or prior to Completion and the Bank Loan which shall be repaid on Completion), has not borrowed or raised any money or taken any financial facility (except such short term borrowings from bankers as are within the amount of any overdraft facility which was available to the Company at the Balance Sheet Date) or since the Balance Sheet Date renegotiated or received any notice from any banker that such banker wishes to renegotiate any overdraft facility available to the Company at the Balance Sheet Date.

7. TRANSACTIONS WITH VENDORS, DIRECTORS AND CONNECTED PERSONS

(A) Loans and debts

Other than the Director's Loan, which shall be effectively waived on or prior to Completion, there is not outstanding:

- (i) any indebtedness or other liability (actual or contingent) owing by the Company to any of the Vendors or any director of the Company or any Connected Person (as that expression is defined in the Listing Rules) of any of them or owing to the Company by any of the Vendors or any director of the Company or any Connected Person of any of them; or
- (ii) any guarantee or security for any such indebtedness or liability as aforesaid.

(B) Contracts and arrangements

- (i) There is not now outstanding, any agreement, arrangement or understanding (whether legally enforceable or not) to which the Company is a party or has an interest and in which any of the Vendors, or any director of the Company or any Connected Person of any of them is interested whether directly or indirectly, other than the followings which will be terminated on or prior to Completion and all liabilities of the Company in respect thereof will have been fully settled prior to the Completion Accounts Date :-
- (aa) agreement between the Company and Hang Huo Properties Investment & Management Co., Ltd. dated 27 January, 2003 in relation to the management of Casa Real Hotel's car park toll services;
 - (bb) lease between the Company and Man Tai Tourism & Entertainment Services Limited dated 26 September, 2004;
 - (cc) arrangement between the Company and Hang Huo Enterprise Group Limited in relation to provision of 5 carpark spaces for free;
 - (dd) the lease dated 28 September 2004 in relation to the travel agency situated in the Casa Real Hotel.

It is however, acknowledged that the agreements in (aa) to (dd) may continue or be replaced by new agreements after Completion if they are subject to termination on 3 months' notice given by the Company without penalty nor compensation on the part of the Company.

- (ii) The Company is not a party to nor has its profits or financial position during the last one year been affected by any agreement or arrangement which is not entirely of an arm's length nature.

(C) Intellectual Property

None of the Vendors nor any director of the Company nor any of their respective Connected Persons either individually, collectively or with any other person or persons are interested in any way whatsoever in any Intellectual Property used and not wholly owned by the Company.

(D) Benefits

None of the Vendors nor any director of the Company, nor any of their respective Connected Persons, is entitled to or has claimed entitlement to any remuneration, compensation or other benefit from the Company.

8. FINANCE

(A) Borrowings

- (i) Other than the Director's Loan, which shall be effectively waived on or prior to Completion and the Bank Loan which shall be repaid from the proceeds at Completion, the Company does not have any borrowings.
- (ii) The Company has no outstanding loan capital or loan stock.

(B) Debts owed to the Company

The Company does not own the benefit of any debt (whether present or future) other than debts which have accrued to it in the ordinary and usual course of business.

(C) Bank accounts

Particulars of the balances on all the Company's bank accounts as at the Completion Date will be reflected in the Completion Accounts and since the Balance Sheet Date there have been no payments out of any such bank accounts except for payments in the ordinary and usual course of its business, contractual obligations and the settlement of related parties' accounts as required by the Purchaser.

(D) Financial facilities

Other than the Disclosed Charge which shall be discharged provided that where the Purchaser requires the release to be effective from the Completion Date, it shall deliver a bank draft drawn on the Bank of China (Macau Branch) to the Vendors on Completion or effect payment in such other manner as may be agreed between the Vendors and the Purchaser, there is no Encumbrance to which any asset of the Company is subject in relation to debentures, acceptance lines, overdrafts, loans or other financial facilities outstanding or available to the Company.

(E) Options, guarantees etc.

The Company is not responsible for the indebtedness of any other person, and in particular but without prejudice to the generality of the foregoing is not a party to any option or pre-emption right or a party to any guarantee or suretyship or any other obligation (whatever called) to pay, purchase or provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities or the purchase of assets or services or otherwise) for the payment of, or as an indemnity against the consequence of default in the payment of, any indebtedness of any other person.

9. TAXATION

(A) General

(i) Notices and returns

All notices, returns and computations of the Company for the purposes of Taxation have been made punctually on a proper bases and are correct and none of them is, or is likely to be, the subject of any dispute with any fiscal authority.

(ii) Payment of tax due

All Taxation which the Company is liable to pay prior to Completion and to the extent the due date for payment was prior to the Completion Date has been or will be so paid prior to Completion. To the extent the due date for payment is after the Completion Date, the relevant amount shall be reflected in the Completion Accounts for the computation of the Net Amount.

(iii) Penalties or interest on tax

The Company has not paid or become liable to pay any penalty, fine or interest charged by virtue of the provisions of any Taxation statute, law, rule or regulation.

(iv) Compliance with tax collection obligations

(a) all tax deductible and payable under any Taxation statute, law, rule or regulation has, so far as is required to be deducted, been deducted from all payments made or treated as made by the Company and all amounts due to be paid to all relevant Taxation authorities prior to the date of this Agreement have been so paid.

(b) all payments by the Company to any person which ought to have been made under deduction of tax have been so made and the Company (if required by law to do so) has accounted to the relevant fiscal authority for the tax so deducted.

(c) Proper records have been maintained in respect of all such deductions and payments and all applicable regulations have been complied with.

(v) No back duty investigation

The Company has not, save and except for random checks carried out by the Macau tax authorities in the ordinary course, in the last 2 years been the subject of a discovery, audit or investigation by any Taxation authority and there are no facts which are likely to cause a discovery, audit or investigation to be made.

(vi) Calculation of tax liability

The Company has sufficient records to permit accurate calculation of the tax liability or relief which would arise upon a disposal or realisation on completion of each asset owned by the Company at the Balance Sheet Date or acquired by the Company before Completion.

(vii) Claims and disclaimers

The Company has duly submitted, where required, all claims and disclaimers the making of which has been assumed for the purposes of the Accounts and the Completion Accounts.

10. THE PROPERTIES

(A) General

The Properties comprise all the properties which are beneficially owned, leased, used or occupied by the Company and the particulars set out in Schedule 3 are true and accurate in all respects.

(B) Title

- (i) The Company is the registered and beneficial owner of and has a good and marketable title to the Property numbered 1 in Schedule 3 ("the Owned Property"). The term of the government grant is 25 years from 20 March 1981 renewable subsequently for periods of 10 years up to 19 December 2049.
- (ii) The Property numbered 2 in Schedule 3 ("the Leased Property") is occupied by the Company under lease.

(C) Encumbrances

Save for the Disclosed Charge which shall be discharged provided that where the Purchaser requires the release to be effective from the Completion Date, it shall deliver a bank draft drawn on the Bank of China (Macau Branch) to the Vendors on Completion or effect payment in such other manner as may be agreed between the Vendors and the Purchaser, the Owned Property and the documentation relating thereto (if any) are not subject to any debenture (whether fixed or floating), option, agreement for sale, condition, covenant, agreement, claim, overriding interest or any other Encumbrance, nor is there any person in possession or occupation of or who has or claims any right or easement of any kind in respect of the Owned Property adversely to the estate, interest, right or title therein of the Company, other than pursuant to the Existing Leases which shall be terminated and replaced by the New Leases on or before Completion, the SJM Agreement or customers staying at the Casa Real Hotel in the ordinary and usual course of business of the Casa Real Hotel.

(D) Restrictions

There are no rights, interests, covenants, restrictions, reservations, licences or easements, nor any disputes or outstanding notices nor in the case of the Leased Property save and except as set out in the tenancy agreement in respect thereof, rights for the lessor to break the term nor (without prejudice to the generality of the foregoing) any other matters or things which adversely affect the value of the Properties or the proper use and enjoyment of the Properties for the purpose of the business now being carried on at the Properties by the Company.

(E) Possession and occupation

There are no circumstances which would entitle or require a lessor or any other person to exercise any power of entry upon or of taking possession of the Properties or which would otherwise restrict or terminate the continued possession or occupation thereof.

(F) Matters affecting the Properties

The Company has, subject to the issue of the Macau Licences, duly performed, observed and complied with all covenants, restrictions, reservations, conditions, agreements, statutory requirements, bye-laws, orders, building regulations and other stipulations and regulations affecting the Properties and their use, including the terms of any grant or lease or tenancy agreement under which any part of the Properties is held, and the use of the Properties does not contravene the same and (without prejudice to the generality of the foregoing) all outgoing have been paid to date and, in the case of the Leased Property, all rents and service charges have been paid to date and no notice of any alleged breach of any of the terms of any such lease or tenancy agreement has been served on the Company.

(G) Vacant possession

- (i) Subject to the issue of the Macau Licences, the Existing Leases which shall be terminated and replaced by the New Leases on or before Completion and the SJM Agreement, the Company is entitled to and has exclusive vacant possession of the Properties and no part of the Properties is subject to any lease, tenancy or licence or any agreement to grant such lease, tenancy or licence and no person has a right to occupy or enter upon any of the Properties other than the rights of landlords pursuant to tenancy agreements relating to the Leased Property or customers staying at the Casa Real Hotel in the ordinary and usual course of business of the Casa Real Hotel.
- (ii) There are no closing, demolition or clearance orders, enforcement notices or stop notices affecting the Properties and there are no circumstances likely to lead to any being made.
- (iii) Subject to the issue of the Macau Licenses, building regulation and all other applicable regulatory consents have been obtained with respect to the development/restructuring of the Owned Property and any alterations and improvements to them.
- (iv) The buildings and other structures on the Properties are in good and substantial repair and fit for the purpose for which they are used.
- (v) No building or structure on the Properties has been affected by structural damage or electrical defects.

(H) Disposal

Pending Completion, the Company will not transfer, sell, assign or otherwise dispose of the Properties or any part thereof or any interest therein or sub-divide, lease, or in any other way deal with or part with the possession of or make any arrangement for the sharing of any of the Properties or any part thereof or any interest therein or enter into any agreement so to do or accept the surrender of any lease or tenancy without the prior written consent of the Purchaser other than pursuant to the Existing Leases which shall be terminated and replaced by the New Leases on or before Completion, the SJM Agreement, and customers staying at the Casa Real Hotel in the ordinary and usual course of business of the Casa Real Hotel.

(I) Claims and liabilities

There is no outstanding monetary claim or liability, contingent or otherwise, affecting the Properties other than those in relation to the Renovation, which will have been fully settled prior to the Completion Accounts Date and in the case of the Leased Property there are no rent reviews in the course of being determined or exercisable by the lessor from a date prior to the date of Completion.

(J) Use of the Properties

Subject to the issue of the Macau Licenses on or before Completion :-

- (i) the existing use of each of the Properties is the lawful permitted use;
- (ii) the current use of each of the Properties is in compliance with the provisions, covenants, terms and conditions of any conditions and any regulations in force

relating to the Properties, and all necessary certificates of compliance, occupation permits and other consents and authorities for such use have been issued and are in force and there are no circumstances known or which would on reasonable enquiry be known to the Vendors which are likely to result in the forfeiture, avoidance, withdrawal or non-renewal of or restriction on or amendment to the same; and

- (iii) so far as the Vendors are aware there are no outstanding complaints or orders of any district or other authority affecting the Properties or the use thereof or the owner and there are no pending applications in respect of the Properties.

(K) Insurance

- (i) The Properties have at all material times been and are insured against fire in the manner required by Bank of China (Macau Branch) under the Disclosed Charge.
- (ii) Particulars of all policies of insurance of the Company now in force have been disclosed and such particulars are true and correct and all premiums due on such policies have been duly paid and all such policies are valid and in force and (so far as the Company and the Vendors are aware) there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased and there is no claim outstanding under such policy nor are the Company and the Vendors aware of any circumstances likely to give rise to a claim or cause an application for renewal of such policy to be refused.
- (iii) No insurance company has refused to insure the Properties or has imposed conditions (by way of increased premiums or otherwise) for such insurance.

(L) Reinstatement

Other than as provided in the tenancy agreements relating to the Leased Property, there is no obligation to reinstate any of the Properties by removing or dismantling any alteration made to it by the Company.

(M) Taxes

The rates, property tax and all other outgoings in respect of the Properties have been duly paid up to the date hereof and will be paid up to the date of Completion.

(N) Casa Real Hotel

- (i) On or before Completion, the Macau Licenses will have been issued by the relevant authorities, which shall be for a period until 31 December 2005. In particular the Macau Licenses will confirm Casa Real Hotel as a 4-star hotel with 381 rooms. The Macau Licenses constitute all the licenses required by the Company for the proper and effective carrying on of its business at Casa Real Hotel and in the manner in which such business is now carried on and all such licences, permits, consents and authorities are valid and subsisting and shall not be terminated or become invalid or ineffective as a result of Completion and the transactions contemplated under this Agreement.
- (ii) On or before Completion, the Renovation will have been completed in full compliance with the relevant applicable laws and regulations and the final approval or acceptance in respect thereof will have been obtained from all

relevant governmental authorities and departments.

- (iii) The terms, conditions or provisions of each of the Renovation Contracts has been duly complied with by the relevant parties save for late payments by the Company. There is no breach of or default by (or waiver of any breach or default) by any party of the terms, conditions or provisions of each of the Renovation Contracts. All amounts payable by the Company under the Renovation Contracts will be fully settled prior to the Completion Accounts Date or reflected in the Completion Accounts.

(O) Hotel Casino

- (i) There are approximately 55 gaming tables at the main gaming hall, no less than 120 slot machines and no less than 6 VIP rooms in the Hotel Casino. The SJM Agreement is valid, effective and enforceable in accordance with their respective provisions as at the Completion Date with a term expiring on 31 March 2020 and shall not be terminated or become invalid or ineffective as a result of Completion and the transactions contemplated under this Agreement.
- (ii) The terms, conditions or provisions of each of the SJM Agreement has been duly complied with by the relevant parties since signing.
- (iii) There is no change in the terms, conditions or provisions of each of the SJM Agreement after signing of the SJM Agreement.
- (iv) There is no breach of or default by (or waiver of any breach or default) by any party of the terms, conditions or provisions of each of the SJM Agreement after signing of the SJM Agreement save that no payment has been made by SJM under the cleaning services agreement dated 30 September 2005.

(P) Leases

- (i) The Existing Leases will be terminated and replaced by the New Leases on or before Completion. All liabilities of the Company in respect thereof will have been fully settled prior to the Completion Accounts Date. The New Leases are valid and effective and enforceable in accordance with their respective provisions.
- (ii) (where applicable) The terms, conditions or provisions of each of the New Leases has been duly complied with by the relevant parties.
- (iii) There is no change in the terms, conditions or provisions of each of the New Leases after signing of the New Leases.
- (iv) (where applicable) There is no breach of or default by (or waiver of any breach or default) by any party of the terms, conditions or provisions of each of the New Leases.

11. OTHER ASSETS

(A) Assets and charges

- (i) All assets of the Company which are included in the Accounts or have otherwise been represented as being the property of the Company or which were at the Balance Sheet Date used or held for the purposes of its business were at the Balance Sheet Date in the absolute beneficial ownership of the Company free from all Encumbrances and (except for assets disposed of or realised by the Company in the ordinary and usual course of business) the Company is the absolute beneficial owner of and has good, marketable title to all such assets and all such assets are in the possession and control of the Company.
- (ii) All assets which have been acquired by the Company since the Balance Sheet Date are (except as aforesaid) now in the absolute beneficial ownership of the Company and in the possession and control of the Company and none is the subject of any Encumbrance (excepting only liens arising in the normal course of trading) nor has the Company created or agreed to create any Encumbrance or entered into any factoring arrangement, hire-purchase, conditional sale or credit sale agreement.
- (iii) Save for the holding of the Hang Huo (BVI) Subsidiary Shares, Hang Huo (BVI) does not have any assets or liabilities (whether current, future, contingent or otherwise).

Save as set out in the Accounts, the HK Co. does not have any assets or liabilities (whether current, future, contingent or otherwise).

(B) Condition of assets

The plant and machinery (including fixed plant and machinery) and all vehicles and office and other equipment and assets shown in the Accounts and acquired during such time the Vendors became ultimate owners of the Casa Real Hotel or acquired since the Balance Sheet Date or otherwise used in connection with the business of the Company which have not been disposed of in the ordinary course of business:

- (i) do not contravene any requirement or restriction having the force of law;
- (ii) are in good repair, regularly maintained and in good working order;
- (iii) are not dangerous, unsuitable or in need of renewal or replacement (save for fair wear and tear) and the vehicles owned by the Company are road-worthy and duly licensed for the purposes for which they are used.

There are no maintenance contracts in existence in respect of the assets owned or used by the Company.

(C) Insurance

- (i) All the assets of the Company, to the extent required by law, have been insured.
- (ii) Particulars of all policies of insurance of the Company now in force have been disclosed and such particulars are true and correct and all premiums due on such policies have been duly paid and all such policies are valid and in force and (so far as the Company and the Vendors are aware) there are no circumstances

which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased and there is no claim outstanding under such policy nor are the Company and the Vendors aware of any circumstances likely to give rise to a claim or cause an application for renewal of such policy to be refused.

- (iii) No insurance company has refused to insure the assets or risks of the Company or has imposed conditions (by way of increased premiums or otherwise) for such insurance.

(D) Retention of title

The Company has not acquired or agreed to acquire any material asset on terms that title to such asset does not pass to the Company until full payment is made.

(E) Equipment leases etc

Rentals payable by the Company under any leasing, hire-purchase or other similar agreement to which it is a party have not been and are not likely to be increased and all such rentals are fully deductible by the Company for tax purposes.

(F) Computer System

- (i) The computer system and software of the Company has not been reconditioned, has been properly used maintained and serviced, has not been (and the Vendors has no reason to believe will be) susceptible to breakdown malfunction or failure and has at all material times functioned in a manner which would be satisfactory to a reasonably skilled person engaged in the same type of business. Subject to the aforesaid, no warranty is given as to the condition of the computer system and software of the Company.
- (ii) The Company does not have in place back up arrangements to ensure continuance of its business without loss of customers and data, in the event of computer hardware or software breakdown or malfunction.

12. TRADING

(A) Licences, permits, consents and authorities

Subject to the issue of the Macau Licenses on or before Completion :-

The Company has all statutory licences and permits for the carrying on of its business in the manner in which such business is now carried on and all such licences and permits are valid and subsisting on the date of this Agreement and on the Completion Date and none of the Vendors knows of any reason why any of them (including the Macau Licenses) should be suspended, cancelled or revoked whether in connection with the purchase by the Purchaser or otherwise and so far as the Vendors are aware there are no factors that might in any way prejudice the continuance or renewal of any of those licences and permits and the Company is not restricted by contract from carrying on any activity in any part of the world.

(B) Litigation and arbitration

- (i) The Company is not now engaged in any litigation or arbitration proceedings and there are no lawsuits or arbitration proceedings pending or threatened by or against the Company or any person for whose acts or defaults the Company may be vicariously liable.
- (ii) No injunction has been granted against the Company.
- (iii) The Company is not subject to any order or judgment given by any court or governmental agency which is still in force.
- (iv) The Company has not given any undertaking to any court or to any third party arising out of any legal proceedings.
- (v) There is no matter or fact in existence which might give rise to any legal proceedings or arbitration involving the Company including any which might form the basis of any criminal prosecution against the Company.
- (vi) No current director of the Company has had a bankruptcy petition presented against him, is party to any arrangement or compromise under any insolvency legislation, or has been disqualified from acting as a director of a company for any period or has been convicted of or is at present or has been charged with and not acquitted of any criminal offence (other than traffic offences the subject of a fixed penalty fine):
- (vii) No governmental or other investigation or inquiry is in progress or threatened in respect of the Company or its business and there are no circumstances likely to lead to any of the same.

(C) Delegation of powers

There are in force no powers of attorney given by the Company nor any other authority (express, implied or ostensible) given by the Company to any person to enter into any contract or commitment or do anything on its behalf other than any authority of employees to enter into routine trading contracts in the normal course of their duties.

(D) Customers and Suppliers

- (i) No significant client, customer or supplier of the Company has ceased or indicated an intention to cease or to the best of the knowledge and belief of the Vendors might prior to or as a result of Completion cease to contract with or supply to the Company or might substantially reduce its business with the Company.
- (ii) No circumstance exists which would or might enable any third party to raise any set off or counterclaim against the Company or cause any third party to withhold or delay payment to the Company or cause any supplier to withhold or delay the provision of any service to the Company.

(E) Unpresented cheques

Other than as reflected in the Completion Account, the Company will not have unpresented cheques as of the Completion Date.

(F) Business names

The Company does not use on its letterhead, books or vehicles or otherwise carry on its business under any name other than its corporate name, its restaurant names and hotel name, i.e. Casa Real Hotel.

(G) Records of the Company

All the accounting records, statutory and other books and records (including the register of members), and other deeds documents records, data and information of the Company and its pension and benefit schemes (if any) are, and have since its incorporation been, kept up to date, properly, accurately and consistently completed and are a complete and accurate record of all acts and transactions of the Company and of all matters required by law or best business practice to be recorded or registered therein; the Company has not received any application or request for rectification of any such registers which are in the possession of the Company.

(H) Winding up, insolvency and receivership

- (i) No order has been made or petition presented or resolution passed for the winding up of the Company and no distress, execution or other process has been levied on any of its assets.
- (ii) The Company has not stopped payment and is not insolvent nor unable to pay its debts as they fall due.
- (iii) No administrative or other receiver has been appointed by any person of the business or assets of the Company or any part thereof, nor has any order been made or petition presented for the appointment of an administrator in respect of the Company.
- (iv) There has been no delay by the Company in the payment of any material obligation due for payment.

(I) Guarantees, warranties and sureties

- (i) The Company has not given any guarantee or warranty or made any representation in respect of articles or trading stock sold or contracted to be sold or service provided or contracted to be provided by it save for any warranty or guarantee implied by law and (save as aforesaid) has not accepted any liability or obligation to service, maintain, repair, take back or otherwise do or not do anything in respect of any articles, stock or service that would apply after any such article or stock has been delivered by it or service performed by it, as the case may be.
- (ii) No person has given any guarantee of or security for any overdraft, loan or loan facility granted to the Company other than the Vendors who have given personal guarantees in respect of the Bank Loan, which will be released as soon as practicable after the Bank Loan is repaid on the Completion Date.

(J) Documents

All title deeds and other documents required to show title to the assets of the Company (duly stamped where necessary) (other than the Owned Property for which there are no title documents) and all other documents and agreements to which the Company is a party and all other documents, records and correspondence of the business owned by, or which ought to be in the possession of, the Company are in the possession of the Company.

13. CONTRACTS

(A) Onerous contracts

- (i) Other than the Existing Leases which shall be terminated and replaced by the New Leases on or before Completion, the SJM Agreement and the Renovation Contracts, there are no long term contracts (i.e. contracts not terminable by the Company without penalty on six months' notice or less) or contracts for capital commitments or contracts differing from those necessitated by the ordinary and usual course of business) binding upon the Company, nor is the Company a party to any contract which contains any provision material for disclosure to a purchaser of the Sale Shares and no expenses or liabilities of a material amount have been incurred before the date of this Agreement by the Company otherwise than for the purpose of the Company's business.
- (ii) Hang Huo (BVI) is not a party to or subject to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which is subsisting.
- (iii) Other than the Leased Property and 2 Hong Kong staff, Hang Huo (HK) is not a party to or subject to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which is subsisting.

(B) Material contracts

There are no material contracts to which the Company is a party (being contracts in excess of HK\$1,000,000 other than the Existing Leases which shall be terminated and replaced by the New Leases on or before Completion, the SJM Agreement and the Renovation Contracts. Subject to the aforesaid, there are no contracts which are not entered into in the ordinary and usual course of business, which remains subsisting.

(C) Performance of contracts

- (i) The terms of all material contracts of the Company (including but not limited to the Existing Leases, (where applicable), the SJM Agreement and the Renovation Contracts) have been complied with by the Company and by the other parties to the contracts in all respects and there are no circumstances likely to give rise to a default by the Company or by the other parties under any such contract save and except for delays in making payments by the Company under the Renovation Contracts, all liabilities in respect thereof will have been fully settled prior to the Completion Accounts Date.
- (ii) There are no outstanding claims, separately or in the aggregate of material amounts, against the Company relating to liability for goods or services sold or supplied by the Company and no such claims are threatened or anticipated and

there is no matter or fact in existence in relation to goods or services currently sold or supplied by the Company which might give rise to the same.

- (iii) The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any material agreement or other material transaction to which the Company is a party (including but not limited to the SJM Agreement and the Renovation Contracts) and has received no notice of any intention to terminate, repudiate or disclaim any such agreement or other transaction.

(D) Restrictive contracts

There are no agreements in force restricting the freedom of the Company to provide and take goods and services by such means and from and to such persons as it may from time to time think fit.

(E) Agency and distributorship agreements

The Company is not a party to any subsisting agency or distributorship agreement other than the agreements with various travel agencies in connection with the hotel business of the Company on normal commercial terms on arm's length basis.

14. EMPLOYEES

(A) Particulars of employees

- (i) The particulars in respect of the employees of the Company are true and complete and show in respect of each director, officer and employee of the Company the date on which he commenced employment with the Company and all remuneration payable and other benefits provided or which the Company is bound to provide (whether now or in the future) to each such person and include full particulars of all remuneration arrangements (particularly profit sharing, incentive and bonus arrangements to which the Company is a party whether binding or not) and each director, officer and employee of the Company is listed therein.

- (ii) Hang Huo (BVI) does not have any employees.

(B) Service contracts etc.

- (i) There is no contract of service in force between the Company and any of its directors, officers or employees which is not terminable by the Company without compensation on 2 month's notice given at any time.
- (ii) With effect from the Completion Date, there will be no consultancy or management services agreements in existence between the Company and any other person, firm or company. All liabilities of the Company in respect of the consultancy or management services agreements in existence prior to Completion will have been fully settled prior to the Completion Accounts Date.
- (iii) There are no agreements or other arrangements (binding or otherwise) between the Company or any employers' or trade association of which the Company is a member and any trades union or other body or organisation representing its employees.

(C) Benefits

(i) Compliance with contractual obligations

There are no amounts owing to present or former directors, officers or employees of the Company other than not more than one month's arrears of remuneration accrued or due or for reimbursement of business expenses incurred within a period of three months preceding the date hereof.

(ii) Obligations provided for in the Accounts

Save to the extent (if any) to which provision or allowance has been made in the Accounts, the Company has not made or agreed to make any payment to or provided or agreed to provide any benefit for any present or former director, officer or employee of the Company nor any dependent of any present or former director, officer or employee of the Company.

(iii) Future obligations

No moneys or benefits other than in respect of remuneration or emoluments of employment are payable to or for the benefit of any present or former director, officer or employee of the Company.

(D) Liabilities and payments

Save to the extent (if any) to which provision or allowance has been made in the Accounts:

(i) no liability has been incurred or is anticipated by the Company for breach of any contract of employment or for services or for severance payments or for redundancy payments or protective awards or for compensation for unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the termination or variation of any contract of employment or for services; and

(ii) no gratuitous payment has been made or promised by the Company in connection with the actual or proposed termination or suspension of employment or variation of any contract of employment or for services of any present or former director, officer or employee of the Company.

(E) Relevant legislation

(i) Statutory compliance etc.

The Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied with:

(a) all obligations imposed on it by all relevant statutes, regulations and codes of conduct and practice affecting its employment of any persons and all relevant orders and awards made thereunder and has maintained current, adequate and suitable records regarding the service, terms and conditions of employment of each of its employees; and

(b) all collective agreements, recognition agreements and customs and

practices for the time being affecting its employees or their conditions of service.

(ii) Notices

The Company has not been served with any improvement and/or prohibition notices pursuant to any applicable employment or health and safety laws, rules and/or regulations and is not in breach of any provisions of any of the foregoing.

(iii) Claims by employees

There is no liability or claim against the Company from any employee or former employee outstanding or anticipated.

(F) Redundancies

Within a period of one year preceding the date of this Agreement the Company has not given notice of any redundancies.

(G) Termination of employment

No present director, officer or employee of the Company has given or received notice terminating his employment except as expressly contemplated under this Agreement and completion of this Agreement will not trigger any "golden parachute" agreement.

(H) Share and other schemes

The Company does not have in existence nor is it proposing to introduce:

- (i) any employee share trust, share incentive scheme, share option scheme or profit sharing scheme for the benefit of all or any of its directors, officers or employees; or
- (ii) any scheme whereunder any director, officer or employee of the Company is entitled to a commission or remuneration of any other sort calculated by reference to the whole or part of the turnover, profits or sales of the Company.

(I) Disputes and claims

- (i) No dispute exists or can reasonably be anticipated between the Company and a material number or category of its employees and so far as the Vendors are aware there are no wage or other claims outstanding against the Company by any person who is now or has been a director, officer or employee of the Company.
- (ii) The Company has not had during the last three years any strike, work stoppages, slow-down, work-to-rule or lock-out by its employees, nor, so far as the Vendors are aware, is any anticipated.

(J) Trades unions

The Company is not a party to any agreement or arrangement with or commitment to any trade unions or staff association nor are any of its employees members of any trades union or staff association.

(K) Immigration

Each of the employees who is by law subject to immigration control, has been granted appropriate permission to remain in the place relating to his employment with the Company and has a valid work permit issued in relation to his employment with the Company and has obtained all necessary extensions to his leave to remain in the place relating to his employment and so far as the Vendors are aware there are in existence no grounds upon which any such leave to remain or work permit might be curtailed or the employee may be required to leave the place relating to his employment. The Company has obtained quota in relation to about 230 employees from the PRC.

(L) Insurance

- (i) The Company has at all material times maintained and at the date of this Agreement maintain insurances in respect of employees in accordance with all applicable statutory requirements.
- (ii) Particulars of all policies of insurance of the Company now in force have been disclosed and such particulars are true and correct and all premiums due on such policies have been duly paid and all such policies are valid and in force and (so far as the Company and the Vendors are aware) there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased and there is no claim outstanding under such policy nor are the Company and the Vendors aware of any circumstances likely to give rise to a claim or cause an application for renewal of such policy to be refused.
- (iii) No insurance company has refused to insure the employees, assets or risks of the Company or has imposed conditions (by way of increased premiums or otherwise) for such insurance.

15. PENSION SCHEMES

The Company operates a defined contribution staff retirement scheme (the "Scheme") for the benefit of its employees in full compliance with the relevant applicable laws and regulations of the places where the employees are employed.

Save as described, there is no retirement, pension, provident fund or other similar schemes operated by the Company.

16. INTELLECTUAL PROPERTY

(A) Ownership and rights

- (i) The Company is the registered, legal and beneficial owner of the Intellectual Property set out in Schedule 4 free from all Encumbrances. All Intellectual Property exploited or used by the Company is in the absolute beneficial ownership of the Company and the Company does not own, use, exploit or have any other interest in any Intellectual Property which has not been disclosed. In particular but without prejudice to the generality of the foregoing, none of the Intellectual Property disclosed is jointly owned by the Company and a third party.

- (ii) The business of the Company does not infringe upon any patent, copyright, trademark or any other intellectual property rights of any third party.
- (iii) The Intellectual Property rights owned, used or otherwise exploited by the Company have been maintained; nothing has been done to diminish or otherwise affect the reputation of unregistered trademarks, trade names, brand names or get up owned, used or otherwise exploited by the Company; no copying or reproduction of the copyright material owned, used or otherwise exploited by the Company has been permitted (expressly or by implication); the knowhow owned, used or otherwise exploited by the Company has been kept confidential; and (where applicable) all application, registration and renewal fees necessary to procure, register, record or maintain the Intellectual Property have been paid.

17. CONSEQUENCE OF THE PURCHASE OF THE SALE SHARES AND THE HK CO. SALE SHARES

The purchase of the Sale Shares by the Purchaser or compliance with the terms of this Agreement and any change in the current management of the Company:

- (i) will not cause the Company to lose the contractual benefit of any contractual right or contractual privilege it presently enjoys or, so far as the Vendors are aware, cause any person who normally does business with the Company not to continue to do so on the same basis as previously;
- (ii) will not relieve any person of any contractual obligation to the Company or enable any person to determine any such obligation or any right or benefit enjoyed by the Company or to exercise any right whether under an agreement with or otherwise in respect of the Company;
- (iii) will not conflict with or result in the breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which the Company is now a party or any loan to or mortgage created by the Company or of its memorandum or articles of association;
- (iv) will not result in any present or future indebtedness of the Company becoming due and payable or capable of being declared due and payable prior to its stated maturity;
- (vii) save where required by the Purchaser, will not cause any director, officer or senior employee of the Company to leave employment;
- (vii) will not conflict with, violate or result in a breach of any law, regulation, order, decree or writ applicable to the Company; and
- (vii) so far as the Company and the Vendors are aware the attitude or actions of clients, customers and suppliers with regard to the Company will not be prejudicially affected thereby.

Part B – Warranties of the Purchaser

1. The Purchaser has full legal right and power and authority to execute and deliver this Agreement and other agreements contemplated herein; the execution and delivery by the Purchaser of this Agreement have, save for the Conditions, been duly authorised on the part of the Purchaser; and this Agreement will, when executed, constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with its terms.
2. The execution, delivery and performance of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby do not and will not, directly or indirectly:
 - (a) contravene any provisions of the memorandum and articles of association or other organisation documents of the Purchaser; and
 - (b) violate or conflict with any law or order applicable to the Purchaser or any of its businesses or properties.
3. Each of the Purchaser and Medtech is duly incorporated and validly existing as a corporation under the laws of its place of incorporation or formation.
4. The Consideration Shares, when issued will be free from all liens and rank pari passu with the shares of Medtech then in issue.

SCHEDULE 3

PROPERTY

Owned Property

- 1 Casa Real Hotel and described at the Macau Land Registry as the building named "Centro Internacional de Macau – Edificio II", registered with the Macau Land Registry under n. 22616, folio 53 – Book B64K, registered under the separate units system with a total of 74 units, with a total aggregate area of 2,677 square meters, situated at Avenida do Dr. Rodrigo Rodrigues No. 1086 and Rua de Malaca No. 192, Macau

Leased Property

- 2 Shop No. 333-334 on 3/F., Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong
Landlord : Shun Tak Centre Limited
Tenant : Hang Huo (HK)
Term :
30 September 2004 – 29 September 2006
Rental :
HK\$45,000 per calendar month (exclusive of rates, service charges & other outgoings) payable in advance on the first day of each and every calendar month. (Rent free period from 30 September 2004 to 29 October 2004)
Deposit : 148,682.64
User :
Providing reception and promotional services under the trade name of 皇家金堡酒店/皇家金堡娛樂場

SCHEDULE 4

INTELLECTUAL PROPERTY

商標編號：N/12866

類別： 42

Marca n.º N/12 866

Classe: 42.ª

申請人：Hang Huo Hotel Limitada, Rua de Foshan, n.º 51,
Edifício Centro Comercial «San Kin Yip», 17.º andar, Macau.

Requerente: Hang Huo Hotel Limitada, Rua de Foshan, n.º 51,
Edifício Centro Comercial San Kin Yip, 17.º andar, Macau.

國籍：根據澳門法例成立

Nacionalidade: constituída segundo as leis de Macau

活動：商業

Actividade: comercial

申請日期：2003/12/31

Data do pedido: 2003/12/31

服務：全屬第 42 類內的酒店及其相似服務。

Serviços: serviços de hotel e similar, tudo incluído na classe 42.ª

商標構成：

A marca consiste em:



顏色之要求：帶紅色、金色及白色。

Reivindicação de cores: avermelhado, dourado e branco.

SCHEDULE 5

MACAU LEGAL OPINION

Private & Confidential – addressee only

LEGAL OPINION

To:
MEDTECH GROUP COMPANY LIMITED
NEXT CHAMPION LIMITED

Dear Sirs,

Re: Acquisition of Hotel “Casa Real”

1. Introduction

[] is a firm of lawyers in Macau who are legally qualified to advise on the laws of Macau and is competent to prepare this legal opinion.

2. Macau law

This opinion is limited to the laws of Macau Special Administrative Region (hereinafter the “Relevant Jurisdiction”) in force at the date hereof as applied by the courts of the Relevant Jurisdiction. We express no opinion as to any laws, rules and regulations other than those of the Relevant Jurisdiction and have not made any investigations of any laws, rules and regulations of any other jurisdiction.

3. Scope of enquiry

Our opinion is based upon the following regulations and documents:

(a) Regulations

- Macau Civil Code (passed by the Decree-Law 39/99/M, of 3 August);
- Macau Commercial Code (passed by the Decree-Law 40/99/M, of 3 August);
- Law 16/2001, of 19 September 2001 (“Gambling Law”);
- Administrative Regulation 6/2002, of 20 March 2002 (“Gaming Intermediaries Regulation”).

(b) Documents

- Preliminary Sale & Purchase Agreement between Ngan In Leng, Chan Wai Ian, Ngan Iek, Ngan Iek Chan and Ngan Iek Peng (the “Vendors”) and Next Champion Limited (hereinafter the “Purchaser”), dated of 6 January 2005 (“Preliminary S&P Agreement”);
- Formal Sale and Purchase Agreement between the Vendors and the Purchaser dated of [] 2005 (“Formal S&P Agreement”);

- Copies of Letters from Macau Gaming Inspection and Coordination Department to Sociedade de Jogos de Macau, SA ("SJM");
- [State particulars of all SJM Agreement] ("SJM Agreements")
- [State other documents required for this Opinion]

4. Assumptions

For the purposes of this opinion we have assumed:

- a) In relation to each document examined by us:
 - (i) all signatures, seals, dates and markings are authentic;
 - (ii) if a copy, it confirms in all respects with the original; and
 - (iii) it is complete and remains in full force and effect.
- b) The information contained in the documents examined by us is true and accurate. This assumption does not apply to those representations in the Preliminary S&P Agreement or the Formal S&P Agreement, which address and represent matters of law that are the subject of our opinion.

The making of these assumptions does not imply that we have made any enquiry to verify the correctness of the assumptions. No assumption or qualification in this opinion limits any other assumption or qualification in it.

5. Topics

As per your request, this legal opinion will focus on the validity, legality and compliance with Macau Law of the following:

1. Casa Real Hotel is owned by Hang Huo Hotel Limitada ("Hang Huo (Macau)") (a Macau co.), which is in turn owned as to 99% by Hang Huo Hotel Holdings Limited ("Hang Huo (BVI)"), a BVI company and as to 1% by a Ms. Ngan Iek Chan;
2. The acquisition of Casa Real Hotel by the Purchaser through acquiring 100% of Hang Huo (BVI) from the Vendors and the 1% interest in Hang Huo (Macau) from Ngan Iek Chan;
3. Casino installed in Casa Real Hotel ("Casa Real Casino");
4. the SJM Agreements;
5. the arrangements for operation of the Casa Real Casino including the operations of the gaming activities by the SJM under the SJM Agreements and the activities carried out by the syndicates;

6. Opinion

Based on the assumptions set out in paragraph 4 and subject to the qualifications set out in paragraph 8, we are of the following opinion:

- A - The acquisition of Casa Real Hotel, in which Casa Real Casino (including a main gaming hall of approximately 55 gaming tables, approximately 120 slot machines and 6 VIP rooms) are operated by SJM, through acquiring 100% of Hang Huo (BVI) from the Vendors and the 1% interest in Hang Huo (Macau) from Ngan Iek Chan.
 - a) According to the Formal S&P Agreement provided to us, the Formal S&P Agreement will be governed by Hong Kong law;

- b) As a general rule, Macau Civil Code establishes that in every agreement the parties can freely agree on whatever issue and in whatever terms and conditions they deem appropriate whereas they are in full knowledge of those terms and conditions and they do not establish anything that is prohibited by law.
- c) Therefore, it is our opinion that the Formal S&P Agreement through which the Purchaser intends to acquire Casa Real Hotel through acquiring 100% of Hang Huo (BVI) from the Vendors and the 1% interest in Hang Huo (Macau) from Ngan Iek Chan fulfils all the principles and general rules of Macau law in terms of contracts:
- **Freedom of Contract**, which is the possibility that the Parties have to – within the limits of law – settle, in accordance to their willing the contents of the contract;
 - ***Pacta sunt servanda*** – Clauses stipulated by the parties on the agreement must be observed.
 - Equivalent obligation to both parties.
- d) As regards the applicable law, the laws of Macau determine that the parties can freely choose the law applicable to the Formal S&P Agreement, so long as (i) this choice relates to a significant interest of the parties or (ii) the chosen law is somehow connected to any relevant element of the agreement.
- e) The parties have chosen the Hong Kong law as the applicable law to the contract, expressing their freedom of contract;
- f) Therefore, if the agreement is true and valid under the Hong Kong law, which we assume, it is also enforceable under Macau Law.
- g) According to the Macau Real Estate Registry Certificate the owner of the building, i.e. Casa Real Hotel, is Hang Huo (Macau), a limited liability company incorporated in Macau, with its registered office in Rua de Foshan, n° 51, San Kin Ip Seong Ip chung Sam, 17th Floor;
- h) As the Purchaser is going to acquire indirectly 100% of the shareholding of Hang Huo (Macau), through acquiring 100% of Hang Huo (BVI) from the Vendors and the 1% interest in Hang Huo (Macau) from Ngan Iek Chan, all licenses, which has been issued to Hang Huo (Macau), including the hotel license, the restaurants licenses and the administrative permit for the sauna situated in Casa Real Hotel, will be transferred indirectly to the Purchaser in the transaction. Such licenses shall continue to be valid and effective upon completion of the acquisition and no consent, approval or authorization is required from any Macau governmental and regulatory authorities in respect thereof as a result of completion of the acquisition.
- i) The transactions contemplated under the Formal S&P Agreement do not involve an actual transfer of the Casa Real Hotel, which will remain owned by Hang Huo (Macau) after completion of the acquisition and no stamp duty on the Casa Real Hotel shall be payable in relation to the acquisition.
- j) Please note, on completion of the S&P Agreement, the Purchaser will own 1% interest in Hang Huo (Macau) with the other 99% interest owned by Hang Huo

(BVI), thus this will satisfy the requirements of Macau law that a Macau company cannot have a sole shareholder (unless it is an individual);

- k) In conclusion, the Formal S&P Agreement and the indirect acquisition of the Casa Real Hotel by the Purchaser pursuant thereto as aforesaid will be valid, legal and in compliance with Macau law and the execution and delivery of and the performance by the Parties of their obligations under the Preliminary S&P Agreement or the Formal S&P Agreement does not and will not conflict with or result in a breach of any law, or contravene any law, of the Relevant Jurisdiction which applies to properties and companies generally, provided that:
- The Parties have the corporate powers to execute and deliver the Formal S&P Agreement and to perform its obligations under the Formal S&P Agreement and have taken all corporate actions required on their parts to authorise the execution, delivery and performance of the Formal S&P Agreement;
 - Stamp duty is not payable on the assignment of the shares of Hang Huo (BVI) and no stamp duty shall be payable in relation to the Casa Real Hotel by reason of the indirect acquisition of the Casa Real Hotel by the Purchaser pursuant to the Formal S&P Agreement.
 - **Stamp duty, registration fee, notary fee shall be payable to the government on the assignment of the 1% shareholding of Hang Huo (Macau) according to the rate fixed by the Government and is based on the purchase price;**
 - It is not necessary under the law of the Relevant Jurisdiction to file, register and record the Preliminary S&P Agreement or the Formal S&P Agreement;
 - **Subsequent assignment of the 1% shareholding of Hang Huo (Macau) in execution of the Formal S&P Agreement shall be file, register in the Commercial Registry under the law of the Relevant Jurisdiction;**
 - **Hong Kong law shall govern the Formal Sale and Purchase Agreement as long as the parties has free will to decide on the applicable law.**
- k) The property in which the Casa Real Hotel is built ("Property"), was granted by Macau Government in 20 March 1981 for a period of 25 years renewable subsequently for periods of 10 years up to 19 December, 2049;
- l) **The Property is mortgaged in favour of Bank of China Limited to secure a bank facilities agreement up to the amount of HKD 75,000,000.00, with an annual interest of 5% + 3% and expenses of MOP 7,500,000.00 through a deed executed on the 22/11/02;**
- m) **In addition to this and to secure the bank facilities agreement, Bank of China is authorized to withhold the income of Hang Huo (Macau) up to the amount of HKD 77,175,000.00;**
- n) The Property is mortgaged in favour of Bank of China Limited to secure a bank facilities agreement up to the amount of HKD 50,000,000.00, with an annual interest of 5% + 3% and expenses of MOP 5,000,000.00 through a deed executed on the 12/12/03;

- o) In addition to this and to secure the bank facilities agreement, Bank of China is authorized to withhold the income of Hang Huo (Macau) up to the amount of HKD 50,000,000.00;
 - p) Besides the above mortgages and withholding of income, the Property is also mortgaged in favour of Bank of China Limited to secure a bank facilities agreement up to the amount of HKD 76,000,000.00, with an annual interest of 5% + 3% and expenses of MOP 7,600,000.00 through a deed executed on the 03/06/2004;
 - q) In addition to this and to secure the bank facilities agreement, Bank of China is authorized to withhold the income of Hang Huo (Macau) up to the amount of HKD 76,000,000.00;
- B - The operation of the Casa Real Casino namely the operations of the gaming activities by SJM in Casa Real Hotel, (including a main gaming hall of approximately 55 gaming tables, approximately 120 slot machines and 6 VIP rooms are operated by SJM)**
- a) According to Macau Gaming Law, the Concession Contract celebrated with the Macau Government and to the Chief Executive Order no. 76/2002, SJM is validly licensed to carry out the operation of Games of Fortune or Chance or Other Casino Games in the Macau Special Administrative Region of the People's Republic of China;
 - b) In addition, according to the Chief Executive Order, dated of 11 September 2004, SJM is in principle allowed to engage in Games of Fortune or Chance or Other Casino Games in the property.
 - c) In the light of the above, SJM is fulfilling, as concessionaire of Games of Fortune or Chance or Other Casino Games, all the obligations specified in the Concession Agreement celebrated with the Macau Government.

VIP Rooms

- a) There is no general legal framework for the operation of a VIP room in a casino in Macau;
- b) As a matter of fact, a VIP room is considered as a part of the casino and, therefore, subject to the general legal framework to operate a casino by the concessionaires in Macau;
- c) In this context, while engaging in its business, the Concessionaires are only allowed to engage in Games of Fortune or Chance or Other Casino Games in the casinos and other gaming, through a Concession Agreement with Macau Government, places and properties licensed and classified by the Government in advance.
- d) In addition, the allocation of any other places for operating the licensed services shall be subject to the approval of the Government.
- e) The Concessionaire shall, according to the instructions issued by the Gaming Inspection and Coordination Bureau, take perfect care of or replace its property within Macau Special Administrative Region gained or to be gained for its licensed services by way of temporary transfer of ownership, proceeds and use.

Additionally, the Concessionaire shall ensure the land and natural resources in the charge of the Government according to the provisions of Article 7 of Basic Law of Macau Special Administrative Region, gained or to be gained for the operation of licensed services through leasing or licensing, are kept in perfect condition.

- f) The junket business – marketing and organization of trips promoted by the junkets and by the Casinos management with the purpose of bringing gamblers groups, from overseas, to the casinos’, which does not include, necessarily, the financing of those customers carried out by the VIP Rooms in the Hotel Casa Real in Macau is, temporarily, in compliance with the applicable statutes or regulations in Macau, including:
 - i. Gaming Intermediaries Regulation;
 - ii. Gambling Law.
- g) The article 35 of the Administrative Regulation n. 6/2002 states: *“The Government, through the Inspection and Coordination of Gambling Department, determines the date for the beginning of the license junkets process”*.
- h) The combination of the abovementioned article with article 36 of the same Administrative Regulation, which states: *“The entities that carry out junket activities by the time this Administrative Regulation enters into force, may temporarily continue to exercise gaming promotion activities until the conclusion of the first process of licensing of junket activities, under this Order”*, allows the existing of the junket operation to legally operate.
- i) At this moment, the process of licensing the junket activities has already started.
- j) As a matter of fact, since the approval of the Gaming Intermediaries Regulation, the Coordination and Inspection Gambling Department started procedures to license the Gambling Intermediaries – which is the new designation for the existing Gaming promoters - as it is stated in article 35 of the aforesaid Administrative regulation.
- k) Therefore, and as it is ruled in article 36 of the referred Ordinance, all the persons that were promoters at the time of the approval of the Gaming Intermediaries Regulation are allowed to, temporarily - *i.e.*, until the setting up of the regulation procedures by the Coordination and Inspection Gambling Department in order to give licenses to the junkets – carry out the Business without license.
- l) In this context and according to the information obtained, we are of the opinion that the VIP rooms in Casa Real Casino operations as well as the gaming activities therein, is truly and legally allowed to carry out the activities, and in compliance with all applicable laws in Macau without any special requirement and no consent, approval or authorization is required from any Macau governmental and regulatory authorities in respect thereof as a result of completion of the acquisition.

[C - The arrangements pursuant to the SJM Agreements entered into between Hang Huo (Macau) and SJM

[Set out terms of each SJM Agreement]

- a) As we stated above, Macau Civil Code establishes that in every agreement the parties can freely agree on whatever issue and in whatever terms and conditions they deem appropriate whereas they are in full knowledge of those terms and conditions and they do not establish anything that is prohibited by law;
- b) In the light of the above, it seems to us that the SJM Agreements and the obligations assumed by the parties through the SJM Agreements, are valid, legal and in compliance with the Macau laws and do not contravene any gambling laws in Macau. The SJM Agreements shall continue to be valid and effective upon completion of the acquisition by the Purchaser and no consent, approval or authorization is required from any Macau governmental and regulatory authorities in respect thereof as a result of completion of the acquisition;
- c) Nevertheless, and according to the Concession Agreement celebrated between the Macau Government and SJM, this concessionaire is obligated to develop its activities in own properties, unless authorized otherwise by the Macau Government;
- d) In this context, Casinos shall not be housed within any real estate, the use and proceeds of which rely on a lease contract in whatever nature or a contract of any other type whereby the full ownership of the real estate is not assigned to the Concessionaire, even though the real estate is designated under a non-typical contract; except as approved by the Government.
- e) Once adequately approved, the Concessionaire shall refer the copies of the contracts and the copies of all contract amendments and alterations to the Government, even though such amendments and alterations remain with retroactive effect.
- f) In addition, the Concessionaire shall house all its casinos in a building or building complex with ownership assigned depending on different floors, such a building or building complex serves as an economic and functional area, so that such casinos form one or more separate unit, whose floor space should be identified and defined precisely.
- g) For this purpose, the Concessionaire shall, as soon as possible, present to the Government the property registration certificate relative to determination of ownership assigned depending on different floors, which shall illustrate all separate units and enclose therewith a drawing used to determine and delimit relevant floor areas.
- h) The Concessionaire shall register any change to the certificate used to determine ownership assigned depending on different floors, and deliver relevant property registration certificates to the Government, through the Finance Department, as soon as possible.
- i) Notwithstanding the above and according to the information obtained, we are of the opinion that SJM has obtained all Governmental and Regulatory approvals in Macau to operate the Casa Real Casino in Casa Real Hotel (including a main gaming hall of approximately 55 gaming tables, approximately 120 slot machines and 6 VIP rooms) and the arrangements for operation of the Casa Real Casino (including a main gaming hall of approximately 55 gaming tables, approximately 120 slot machines and 6 VIP rooms), including the operations of the gaming activities by SJM pursuant to the SJM Agreements and the activities

carried out by the syndicates in the Casa Real Casino are valid, legal and in compliance with all applicable Macau Law and no consent, approval or authorization is required from any Macau governmental and regulatory authorities in respect thereof as a result of completion of the acquisition.

7. Qualifications

This opinion is subject to the following qualifications:

- (a) We have not been responsible for investigating or verifying the accuracy of the documents examined by us (other than in connection with the laws of the Relevant Jurisdiction), any matters of fact contained in the Preliminary S&P Agreement or the Formal S&P Agreement, or confirming that no material facts have been omitted from it.

8. Disclosure and reliance

This opinion is addressed to you solely for your benefit and for the benefit of your legal counsel in connection with the proposed acquisition contemplated under the Formal S&P Agreement. It is not to be transmitted to anyone else other than to the extent required by law or an official directive or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or the Rules Governing the Listing of Securities on the Stock Exchange.

Dated this [.] day of February, 2005

Yours faithfully,

[] - Lawyers

SCHEDULE 6

DIRECTOR'S LOAN WAIVER DOCUMENT

DEED OF WAIVER

To: Hang Huo Hotel Holdings Limited
Hang Huo Hotel Company Limited, Macau
Hang Huo Hotel Company Limited, Hong Kong

I, the undersigned, hereby confirm that any and all amounts owing (whether due or not due) to me from any of the following companies immediately preceding the Completion (as defined in the agreement dated [] February 2005 between Ngan In Leng, Chan Wai Ian, Ngan Iek, Ngan Iek Chan and Ngan Iek Peng, as vendors and Next Champion Limited as purchaser) are hereby unconditionally and irrevocably waived:-

1. Hang Huo Hotel Holdings Limited
2. Hang Huo Hotel Company Limited, Macau
3. Hang Huo Hotel Company Limited, Hong Kong

This Deed shall be governed by the laws of Hong Kong.

Dated:

SIGNED SEALED AND DELIVERED)
by **NGAN IN LENG**)
in the presence of :-)

NGAN IN LENG
For and on behalf of
HANG HUO HOTEL HOLDINGS LIMITED
HANG HUO HOTEL COMPANY LIMITED, MACAU
HANG HUO HOTEL COMPANY LIMITED, HONG KONG

SCHEDULE 7

LETTER TO BE ISSUED BY SJM

敬啟者:

關於：2004年3月15日簽訂之皇家金堡酒店娛樂場發展協議

就顏延齡先生及其家屬成員持有恒和酒店有限公司股權轉讓于邁特科技集團有限公司(將改名為黃金集團有限公司)之全資附屬公司-Next Champion Limited, 澳門博彩股份有限公司同意恒和酒店有限公司的代表人由顏延齡先生轉為李惠文先生及協議條款不變並繼續有效。

此致

恒和酒店有限公司負責人台鑒

邁特科技集團有限公司負責人台鑒

澳門博彩股份有限公司

行政總裁

何鴻燊博士

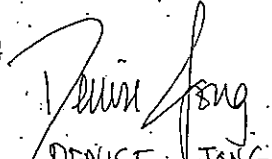
二零零五年二月 日

EXECUTION

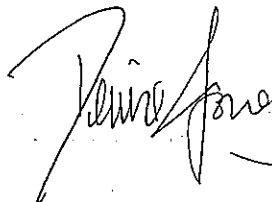

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

VENDORS



SIGNED by
NGAN IN LENG
in the presence of

)
)
)
)
DENISE JONG
RICHARDS BUTLER
SOLICITOR, HONG KONG

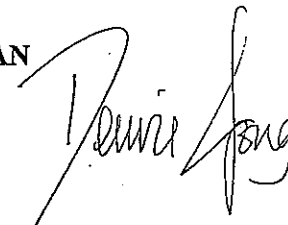
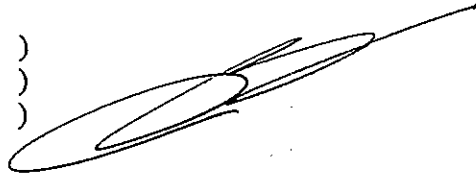
SIGNED by
CHAN WAI IAN
in the presence of

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)
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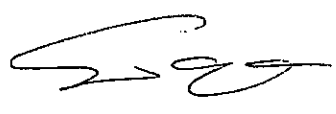
SIGNED by
NGAN IEK
in the presence of

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SIGNED by
NGAN IEK CHAN
in the presence of


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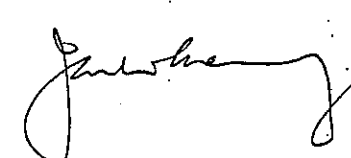
SIGNED by
NGAN IEK PENG
in the presence of

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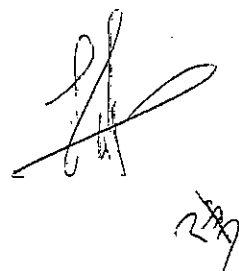
PURCHASER

SIGNED by JENKIN CHEUNG YU SHUM)
duly authorised for and on behalf of)
NEXT CHAMPION LIMITED)
in the presence of:)


NAVIN AGGARWAL
PRESTON GATES & ELLIS
SOLICITOR, HONG KONG - 71 -



臨時買賣合約(“合約”)

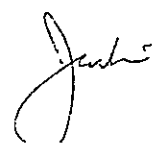


本合約 於2005年1月6日由下列各方簽立：

- (1) 顏延齡、陳惠仁、顏奕、顏奕真、顏奕萍（以下統稱“賣方 A”）；
- (2) 顏奕真（“賣方 B”）；
（以下統稱“賣方”）；及
- (3) Next Champion Limited 為邁特科技集團有限公司之全資附屬公司（下稱“買方”）。

關於：收購 Hang Huo Hotel Holdings Limited 及 Hang Huo Hotel Company Limited 之股權

- (甲) 邁特科技集團有限公司為一家在百慕達註冊成立之有限責任公司，股份編號 1031，其股份在香港聯合交易所有限公司上市（“邁特科技”）。
- (乙) 賣方A為Hang Huo Hotel Holdings Limited的全體股東。Hang Huo Hotel Holdings Limited是一家在英屬處女島註冊成立之有限責任公司，Hang Huo Hotel Holdings Limited的唯一資產是持有Hang Huo Hotel Company Limited（“Hang Huo Hotel”）99%之股權，並無任何負債。
- (丙) 在本合約簽訂之日，賣方A持有 Hang Huo Hotel 99%之股權，賣方B持有餘下1%之股權。
- (丁) Hang Huo Hotel為一家在澳門註冊成立之有限責任公司，其主要資產為全資擁有皇家金堡酒店。皇家金堡酒店為一間評為四星級之酒店，位於Avenida Do Dr Rodrigo Rodrigues, No. 1086, Rua De Malaca No. 192, Macau SAR（澳門羅理基博士大馬路1086號，馬六甲街192號），佔地及建築面積分別約為28,815平方呎及440,116平方呎，共有房間388間，現由Hang Huo Hotel管理，內設由澳門博彩有限公司（“澳博”）營運之娛樂場，合作年限至2020年3月31日止。皇家金堡酒店內之娛樂場設施包括：(i)約60張中場賭檯，(ii)不少於6個貴賓賭廳及(iii)不少於120台老虎機。皇家金堡酒店將獲得中場賭檯毛利之40%。
- (戊) 買方與賣方本着真誠合作、平等互利、共同發展原則，經過友好協商，賣方同意按照本合約的條款和條件出讓，而買方亦同意按該等條款和條件購買賣方A於Hang Huo Hotel Holdings Limited的100%之股權及賣方B於Hang Huo Hotel的1%之股權（以下統稱“出讓股權”）。買賣雙方希望就他們對有關之協議及安排的主要條款的初步理解及意向如下所述備案於本合約內。
- (己) 本合約對買賣雙方擁有法律或法規之約束力，買賣雙方同意在本合約簽訂日起計 30 天內，盡力促使同意所有條款及簽訂包含其他及就本合約內所備案之有關之協議及安排的主要條款並依有關法律、法規之規定下可執行及相互可接受的正式買賣合約。如正式買賣合約最終不能簽署，本合約將取消，而本合約內之所有條款亦告失效。
- (庚) 協議各方同意就出讓股權的轉讓簽訂本合約。



茲本合約各方協議如下：

1. 賣方同意按照本合約的條款和條件出讓出讓股權予買方，作價以買賣雙方同意之未調整 Hang Huo Hotel 價值(不包含任何債務)，即港幣 12 億 5 仟萬元(“轉讓代價”)。
2. Hang Huo Hotel 之經核數師審核其截至交易完成日帳目內之所有債務總數不超過港幣 1 億 6 仟萬元。買賣雙方並同意將按經核數師審核所確定其截至交易完成日之 Hang Huo Hotel 之帳目內之任何債務對轉讓代價作出調整，該調整後之轉讓代價，下稱為(“實際轉讓代價”)：

$$\text{轉讓代價} \quad \text{減去} \quad \text{Hang Huo Hotel 之} \\ \text{經審核所有債務)} = \text{實際轉讓代價}$$

Hang Huo Hotel 之核數師須為四大會計師事務所之一。


3. 轉讓代價中之 7 億 5 仟萬元將由買方以現金方式支付予賣方，而餘下之 5 億元將由買方以邁特科技發行之新股支付予賣方 A。買方以每股新股作價港幣 0.4545 元，共發行不多於 1,100,000,000 股新股予賣方 A。如轉讓代價須作出調整，該調整數額將在現金部份之 7 億 5 仟萬元中扣除。
4. 協議各方同意並盡力促使整個股權轉讓交易須於在本合約簽訂日起 90 天內完成。若買方需要符合香港聯合交易所有限公司之上市規則或其他要求，而整個股權轉讓交易未能於本合約簽訂日起 90 天內完成，整個股權轉讓交易將相應延期完成。
5. 賣方須促使 Hang Huo Hotel 提供文件以證明 Hang Huo Hotel 與澳博簽訂有關皇家金堡酒店內之娛樂場經營協議有效及由澳門博彩局發出之經營牌照有效。
6. 在本合約簽訂之日起計 3 個工作天之內，買方向賣方支付港幣 5 仟萬元現金作為第一期訂金予賣方指定律師代為管理。賣方並在本合約簽定之後五天內向買方提供盡職審查所需的資料，並盡力協助買方進行對 Hang Huo Hotel Holdings Limited, Hang Huo Hotel 及皇家金堡酒店之盡職審查，賣方保證其提供的有關資料為真實之全部，包括但不限於本合約(丁)條款所披露的資料是真實可靠，買方亦保證賣方提供之資料之保密性(買方根據香港聯合交易所有限公司之上市條例或其他有關法律、法規之規定下所披露除外)。
7. 買方在收取賣方所提供有關 Hang Huo Hotel Holdings Limited, Hang Huo Hotel 及皇家金堡酒店之全部資料之日起計兩星期內完成盡職審查。買方同意於兩星期盡職審查完成後的三個工作天之內，再向賣方支付港幣 7 仟 5 佰萬元作為第二期訂金予賣方指定律師代為管理。若買方在盡職審查後決定收購出讓股權不適宜進行，本交易將會取消，而本合約以內之所有條款亦告失效。買方不須再向賣方支付為數港幣 7 仟 5 佰萬元之第二期訂金，賣方亦須於 3 個工作天之內退還已收到之港幣 5 仟萬元之第一期訂金。
8. 在以下任一情況下，本交易將會取消，而本合約以內之所有條款亦告失效，賣方亦須於 3 個工作天之內退還已收到之全數訂金：

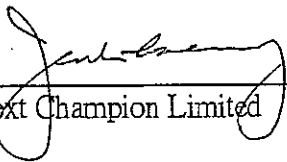
- (a) 賣方向買方提供有關資料失實及/或含誤導性；或
- (b) 由於 Hang Huo Hotel 的股權原因導致無法進行本次交易；或
- (c) 由於賣方原因而導致正式買賣合約最終不能簽署，或交易最終未能成功進行；或
- (d) 不可抗力原因。

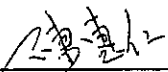
9. 若本交易於本合約簽訂後 90 天內（“完成日”）不能完成，而買方亦不能於完成日起計 30 天內（“尋找期”）尋找第三者與賣方以實際轉讓代價簽訂新買賣合約，賣方有權沒收港幣 1 億 2 仟 5 佰萬元之訂金。如買方在尋找期內促使第三者與賣方簽訂新買賣合約，則該筆為數港幣 1 億 2 仟 5 佰萬元之訂金將視作第三者給予賣方之訂金，而實際轉讓代價亦應扣除該筆訂金。

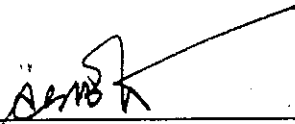
賣方 A：

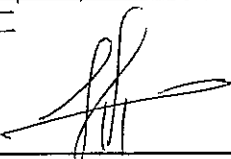
買方：


 顏延齡

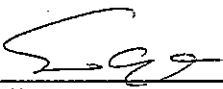

 Next Champion Limited

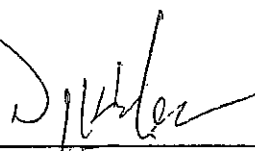

 陳惠仁


 見證人：SIEW PERTHO



 顏奕



 顏奕真


 顏奕萍


 見證人：WONG HIN SHEK

賣方 B：


 顏奕真


 見證人：WONG HIN SHEK