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**M CHANNEL
CORPORATION LIMITED**

流動廣告有限公司*

(Incorporated in Bermuda with limited liability)



**STRATEGIC MEDIA
INTERNATIONAL LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**JOINT ANNOUNCEMENT
FOR
VOLUNTARY CONDITIONAL CASH OFFER JOINTLY MADE
BY KINGSWAY FINANCIAL SERVICES GROUP LIMITED,
GET NICE INVESTMENT LIMITED AND
YOUNG CHAMPION SECURITIES LIMITED
ON BEHALF OF
STRATEGIC MEDIA INTERNATIONAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
M CHANNEL CORPORATION LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
STRATEGIC MEDIA INTERNATIONAL LIMITED
OR PARTIES ACTING IN CONCERT WITH IT)**

Joint financial advisers to Strategic Media International Limited



KINGSWAY CAPITAL LIMITED



As at 4:00 p.m. on 30 January 2004, SMI had received valid acceptances in respect of 273,861,218 Shares in aggregate under the Offer, representing approximately 25.81% of the voting rights in the Company.

Accordingly, when aggregated with the 273,861,218 Shares, in respect of which valid acceptances have been received as at 4:00 p.m. on 30 January 2004, SMI and parties acting in concert with it, or presumed to be acting in concert with it, would be interested in a total of 559,361,780 Shares, representing approximately 52.73% of the voting rights in the Company.

Because of the level of acceptances, the condition to which the Offer is subject has been satisfied and the Offer has become unconditional.

* For identification purpose only

The Offer will remain open for acceptance until 13 February 2004, being 14 days from 30 January 2004, in accordance with Rule 15.3 of the Takeovers Code. The latest time and date for acceptance of the Offer is 4:00 p.m. on 13 February 2004.

Reference is made to the announcement dated 6 November 2003 issued by the Company, the announcement dated 29 December 2003 and 19 January 2004, respectively, issued jointly by the Company and SMI and the composite offer and response document dated 29 December 2003 (“Composite Offer Document”) despatched to the Shareholders. Terms used herein shall have the same meanings as those defined in the Composite Offer Document unless the context requires otherwise.

Acceptances level

It was stated in the announcement dated 19 January 2004 jointly issued by the Company and SMI that as at 4:00 p.m. on 19 January 2004, SMI had received valid acceptances in respect of 42,575,780 Shares under the Offer, representing approximately 4.01% of the voting rights in the Company. It was also stated that the latest time and date for acceptance of the Offer was extended to 4:00 p.m. on 2 February 2004 (“Revised Closing Date”).

As at 4:00 p.m. on 30 January 2004, SMI had received valid acceptances in respect of 273,861,218 Shares in aggregate under the Offer, representing approximately 25.81% of the voting rights in the Company.

Shareholding of SMI in the Company and public float of Shares

Prior to the Offer, SMI and parties acting in concert with it, or presumed to be acting in concert with it, were interested in a total of 285,500,562 Shares, representing approximately 26.91% of the voting rights in the Company.

Accordingly, when aggregated with the 273,861,218 Shares, in respect of which valid acceptances have been received as at 4:00 p.m. on 30 January 2004, SMI and parties acting in concert with it, or presumed to be acting in concert with it, would be interested in a total of 559,361,780 Shares, representing approximately 52.73% of the voting rights in the Company.

The Offer is conditional upon SMI having received acceptances of the Offer by 4:00 p.m. on the Revised Closing Date, which together with the Shares already owned or acquired by it and parties acting in concert with it, or presumed to be acting in concert with it, before or during the offer period, will result in SMI and parties acting in concert with it, or presumed to be acting in concert with it, holding more than 50% of the voting rights in the Company. Accordingly, the condition to which the Offer is subject has been satisfied and the Offer has become unconditional.

The Offer will remain open for acceptance until 13 February 2004, being 14 days from 30 January 2004, in accordance with Rule 15.3 of the Takeovers Code. The latest time and date for acceptance of the Offer is 4:00 p.m. on 13 February 2004.

Save for the Shares tendered for acceptances and the 285,500,562 Shares, representing approximately 26.91% of the voting rights in the Company, held by Star East, which is presumed to be a person acting in concert with SMI, SMI and parties acting in concert with it, or presumed to be acting in concert with it, have no interest in, or options or rights to acquire, any Shares before the offer period and have not acquired, agreed to acquire or dealt in any Shares during the offer period up to the date hereof.

As at the date of this announcement, the minimum public float requirement of not less than 20% of the issued share capital of the Company under the GEM Listing Rules was satisfied.

Remittances for the amount due under the Offer

Remittances in respect of the consideration payable for the Shares tendered under the Offer will be despatched as soon as possible but in any event within 10 days of the later of the date of receipt by the Registrar of the requisite documents to render the acceptance under the Offer complete and valid, and the date when the Offer becomes or is declared unconditional.

Compulsory acquisition

SMI does not intend to apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Offer. It intends to maintain the listing of the Shares on GEM after the close of the Offer.

By Order of the Board of
M Channel Corporation Limited
Wong Kun To
Chairman

By Order of the Board of
Strategic Media International Limited
Qin Hui
Sole Director

Hong Kong, 30 January 2004

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to SMI), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to SMI) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to SMI) the omission of which would make any such statement contained in this announcement misleading.

The sole director of SMI accepts full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Company), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those relating to the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Company) the omission of which would make any such statement contained in this announcement misleading.

This announcement, for which the Directors collectively and individually accept full responsibility to the extent it relates to the Group, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (i) the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and*
- (iii) all their opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting.