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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  
CLOSING OF VOLUNTARY 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**

The Offer closed at 4:00 p.m. on 13 February 2004.

As at 4:00 p.m. on 13 February 2004, being the latest time and date for acceptance of the Offer, valid acceptances of the Offer had been received in respect of 275,863,718 Shares in aggregate, representing approximately 26.00% of the voting rights in the Company. As at the date of this announcement, no Form of Acceptance tendered under the Offer was subject to verification.

\* For identification purpose only

By virtue of the Takeovers Code, Star East is regarded as an associated company of SMI and is presumed to be a person acting in concert with SMI insofar as the Offer is concerned. Hence, the Offer was not extended to Star East or any of its subsidiaries. In addition, Star East has irrevocably undertaken to SMI that none of Star East or its subsidiaries will transfer any of the 285,500,562 Shares, representing approximately 26.91% of the issued share capital of the Company, held by them as at the date of the Joint Announcement or purchase any Shares or securities of the Company before the close or lapse of the Offer.

Prior to the Offer, save for the 285,500,562 Shares held by Star East and the indirect interest held by SMI in the Company by virtue of its shareholding in Star East, SMI and parties acting in concert with it did not directly own any Shares. The Company does not have any outstanding options, warrants or other securities convertible or exchangeable into Shares.

Taking into account of the Shares held by Star East, 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, prior to the Offer.

As disclosed in the joint announcement dated 30 January 2004, SMI and parties acting in concert with it, or presumed to be acting in concert with it, were interested in a total of 559,361,780 Shares, representing approximately 52.73% of the voting rights in the Company, 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.

Accordingly, when aggregated with the additional 2,002,500 Shares, in respect of which valid acceptances have been received as at 4:00 p.m. on 13 February 2004 since 4:00 p.m. on 30 January 2004, SMI and parties acting in concert with it would be interested in a total of 561,364,280 Shares, representing approximately 52.91% of the voting rights in the Company.

The balance of approximately 47.09% of the issued ordinary share capital of the Company is held by Shareholders which are persons other than SMI and parties acting in concert with it. Thus, the minimum public float requirement of not less than 20% of the issued share capital of the Company under the GEM Listing Rules is satisfied.

Reference is made to the announcement dated 6 November 2003 issued by the Company, the announcement dated 29 December 2003, 19 January 2004 and 30 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.

## **CLOSING OF THE OFFER AND ACCEPTANCE LEVEL**

The Offer closed at 4:00 p.m. on 13 February 2004.

As at 4:00 p.m. on 13 February 2004, being the latest time and date for acceptance of the Offer, valid acceptances of the Offer had been received in respect of 275,863,718 Shares in aggregate, representing approximately 26.00% of the voting rights in the Company. As at the date of this announcement, no Form of Acceptance tendered under the Offer was subject to verification.

## **SHAREHOLDINGS AND PUBLIC FLOAT OF SHARES**

By virtue of the Takeovers Code, Star East is regarded as an associated company of SMI and is presumed to be a person acting in concert with SMI insofar as the Offer is concerned. Hence, the Offer was not extended to Star East or any of its subsidiaries. In addition, Star East has irrevocably undertaken to SMI that none of Star East or its subsidiaries will transfer any of the 285,500,562 Shares, representing approximately 26.91% of the issued share capital of the Company, held by them as at the date of the Joint Announcement or purchase any Shares or securities of the Company before the close or lapse of the Offer.

Prior to the Offer, save for the 285,500,562 Shares held by Star East and the indirect interest held by SMI in the Company by virtue of its shareholding in Star East, SMI and parties acting in concert with it did not directly own any Shares. The Company does not have any outstanding options, warrants or other securities convertible or exchangeable into Shares.

Taking into account of the Shares held by Star East, 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, prior to the Offer.

As disclosed in the joint announcement dated 30 January 2004, SMI and parties acting in concert with it, or presumed to be acting in concert with it, were interested in a total of 559,361,780 Shares, representing approximately 52.73% of the voting rights in the Company, 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.

Accordingly, when aggregated with the additional 2,002,500 Shares, in respect of which valid acceptances have been received as at 4:00 p.m. on 13 February 2004 since 4:00 p.m. on 30 January 2004, SMI and parties acting in concert with it would be interested in a total of 561,364,280 Shares, representing approximately 52.91% of the voting rights in the Company.

No Shares were acquired or agreed to be acquired by SMI or parties acting in concert with it during the offer period up to the date hereof otherwise than pursuant to the Offer.

The balance of approximately 47.09% of the issued ordinary share capital of the Company is held by Shareholders which are persons other than SMI and parties acting in concert with it. Thus, the minimum public float requirement of not less than 20% of the issued share capital of the Company under the GEM Listing Rules is satisfied.

During the offer period up to the date hereof, SMI and parties acting in concert with it have not dealt in any Shares other than the Shares tendered for acceptance under the Offer.

Save as disclosed in the Composite Offer Document, there is no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to shares of SMI or Shares which might be material to the Offer.

## **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 date of receipt by the Registrar of the requisite documents to render the acceptance under the Offer complete and valid.

## MAINTAINING THE LISTING STATUS

SMI intends to maintain the listing of the Shares on GEM after the close of the Offer.

## PLEDGE OF SHARES BY SMI

Pursuant to the loan and mortgage agreements between SMI and each of Kingsway Financial Services, Get Nice Investment and Young Champion Securities, SMI has agreed to pledge a total of 275,861,718 Shares taken up by SMI pursuant to the Offer to the Offeror Agents to secure the loan granted to SMI, amounting to approximately HK\$4.14 million, by the Offeror Agents for the purpose of enabling SMI to satisfy full acceptance 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, 13 February 2004

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those 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 those 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](http://www.hkgem.com) for at least seven days from the date of its posting.*