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M CHANNEL CORPORATION LIMITED

流動廣告有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8036

LEGAL PROCEEDINGS

The Board wishes to announce that the Company has been served with a Writ of Summons issued out of the District Court of the HKSAR on 23 March 2004. The Plaintiff is a firm of solicitors in Hong Kong and the Claim is for costs allegedly due under two bills with a total outstanding amount of HK\$722,550.00 in respect of services rendered to the Company. The Company has sought legal advice on the Claim and intends to dispute both liability and quantum in the proceedings.

Shareholders and potential investors of the shares of the Company are advised to exercise caution in dealing in the shares of the Company.

The board of directors of the Company (the "Board") wishes to announce that the Company has been served with a Writ of Summons (the "Claim") issued out of the District Court of the Hong Kong Special Administrative Region ("HKSAR") on 23 March 2004. The Plaintiff is a firm of solicitors in Hong Kong and the Claim is for costs allegedly due under two bills with a total outstanding amount of HK\$722,550.00 in respect of services rendered to the Company and the Board expects that there will not be any profit and loss implication on the Company.

The Company was in dispute with the services rendered to the Company by the Plaintiff and has sought legal advice on the Claim and intends to dispute both liability and quantum in the proceedings.

The Company will make a further announcement in the event of material development in the proceedings.

Shareholders and potential investors of the shares of the Company are advised to exercise caution in dealing in the shares of the Company.

By Order of the Board
M CHANNEL CORPORATION LIMITED
Wong Kun To
Chairman

Hong Kong, 26 March 2004

* For identification purpose only

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, 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 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.

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