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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of M Channel Corporation Limited (the “Company”) will be held at the Conference Room at 11/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 30 July 2004 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2004 together with the reports of the directors and auditors thereon;
2. To re-elect directors and to authorise the board of directors to fix the directors’ remuneration;
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration;
4. By way of special business, to consider, and if thought fit, to pass each of the following resolutions, with or without modification, as ordinary resolutions:

ORDINARY RESOLUTIONS

A. **“THAT:**

- (a) subject to paragraph (c) of this resolution and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

* For identification purpose only

- (b) the approval given in paragraph (a) of this resolution, which shall be in addition to any other authorisations given to the Directors, shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to the eligible persons prescribed thereunder of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other

arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

B. “THAT:

- (a) subject to paragraph (b) of this resolution and the requirements of the GEM Listing Rules, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases and, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the securities which may be repurchased by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the relevant class of securities of the Company in issue at the date of passing of this resolution and the approval granted under paragraph (a) of this resolution shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. “THAT** conditional upon the passing of resolutions 4A and 4B as set out in the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with the Shares of the Company pursuant to resolution numbered 4A above be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 4B above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution.”

5. By way of special business, to consider, and if thought fit, to pass the following resolution, as a special resolution:

SPECIAL RESOLUTION

“**THAT** the bye-laws of the Company adopted on 12 July 2000 be and are hereby amended in the following manner:

- (i) by deleting the existing definitions of “associates”, “Clearing House”, “the Company” or “this Company”, “holding company” and “subsidiary” and “writing” or “printing” in bye-law 1(A) and inserting the following new definitions in bye-law 1(A):–

““associate” shall have the meaning attributed to it in the rules of the stock exchange of the Relevant Territory on which the shares of the Company are listed;

“clearing house” shall mean a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;

“the Company” or “this Company” shall mean M Channel Corporation Limited (formerly known as 36.com Holdings Limited) incorporated in Bermuda on the 8th day of May 2000;

“electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;

“subsidiary” and “holding company” shall have the meanings attributed to them in the rules of the stock exchange of the Relevant Territory; and

“writing” or “printing” shall mean lithography, photography and other modes of representing words or figures in a visible form, and including electronic communication, provided that both the mode of service of the relevant document or notice and the shareholder’s election comply with all applicable Statutes, rules and regulations.

- (ii) by adding the following new definition of “summarized financial statements” in bye-law 1(A):–

“summarized financial statements” shall have the meaning ascribed to them in section 87A(3) of the Companies Act;

- (iii) by adding the following sentence immediately after the end of bye-law 3:–

“Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all shareholders alike.”;

- (iv) by adding the following immediately after the end of bye-law 59(A)(iii):–

“or restriction which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation

of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”;

(v) by adding the words “or by proxy” in the fourth line of bye-law 76 after the words “by a duly authorised corporate representative”;

(vi) by adding the following immediately after the end of bye-law 76:–

“Where any shareholder is, under the rules of the stock exchange of the Relevant Territory, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”;

(vii) by deleting the word “only” in the fourth line of bye-law 81;

(viii) by adding the words “or by proxy” in the fifth line of bye-law 81 after the words “by a duly authorised corporate representative”;

(ix) By deleting the words “notwithstanding the provisions of Bye-laws 76 and 81” in bye-law 87(B);

(x) by substituting bye-law 98H with the following new bye-law 98H:–

“(H) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board approving any contract or arrangement or proposal in which he or any of his associate(s) has a material interest nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:–

(i) the giving of any security or indemnity either:–

(a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that the Director and any of his associates

are not in aggregate beneficially interested in 5 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:–
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in the shares or debentures or other securities of the Company.”

(xi) by substituting bye-law 103 with the following new bye-law 103:–

“103. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Head Office or at the Registered Office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

(xii) by inserting the following words at the beginning of bye-law 162(B):–

“Subject to paragraph (C) below,”;

(xiii) by inserting the following sub-paragraphs (C) and (D) immediately after bye-law 162(B):–

“(C) The Company may send summarized financial statements to the shareholders of the Company who have, in accordance with the Statutes and any applicable laws or rules prescribed by the stock exchange in the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements required under paragraph (B) above. The summarized financial statements must be accompanied by an auditor's report and notice informing the shareholder how to notify the Company that he elects to receive the full financial statements required under paragraph (B) above.

The summarized financial statements, notice and auditor's report must be sent not less than twenty-one (21) days before the general meeting to those shareholders that consented and elected to receive the summarized financial statements.

- (D) Subject to Section 88 of the Companies Act, the Company shall send the full financial statements to a shareholder within seven (7) days of receipt of the shareholder's election to receive the full financial statements.”;

(xiv) by deleting bye-law 167 and substituting therefor the following new bye-law 167:–

- “167.(A) (1) Except where otherwise expressly stated, any notice to be given to or by any person pursuant to these Bye-laws shall be in writing or, to the extent permitted by the Statutes and any applicable rules prescribed by the stock exchange in the Relevant Territory from time to time and subject to this Bye-law, contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing.
- (2) A notice in respect of any document (including a share certificate) may be served on or delivered to any shareholder of the Company either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the shareholder concerned or by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in the Relevant Territory. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the Statutes and any rules prescribed by the Stock Exchange in the Relevant Territory from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a computer network and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so published.
- (3) Any such notice or document may be served or delivered by the Company by reference to the register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery. Where any notice or document is served or delivered to any person in respect of a share in accordance with these Bye-laws, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.
- (B) (1) Any notice or document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid envelope or wrapper addressed to the Company or to such officer at the Head Office or Registered Office.

- (2) The Board may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as they fit for verifying the authenticity or integrity of any such electronic communication. Any notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Board.”

(xv) by deleting bye-law 169 and substituting therefor the following new bye-law 169:–

“169. Any notice or document, if sent by mail, postage prepaid, shall be deemed to have been served or delivered on the day following that on which the letter, envelope, or wrapper containing the same is put into the post. In proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed and put into the post as prepaid mail. Any notice or document not sent by post but left by the Company at the address of a shareholder noted on the register shall be deemed to have been served or delivered on the day it was so left. Any notice or document, if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or document served or delivered by the Company by any other means authorised in writing by the shareholder concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or document published by way of advertisement in the Newspapers or in an appointed newspaper or posted on a computer network shall be to have been served or delivered on the day it was so published or posted.”

By order of the Board of
M Channel Corporation Limited
Li Kai
Chairman

Hong Kong, 30 June 2004

As at the date of this announcement, the Board comprised of six Directors, of which four are executive Directors, namely, Mr. Li Kai, Mr. Xing Jing, Mr. Wong Kun To and Mr. Tong Chin Shing; and two are independent non-executive Directors, namely, Mr. Pang Hong and Ms. Fung Wan Yiu, Agnes.

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, and in the event of a poll, vote in his/her stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any Share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the head office and principal place of business of the Company at 29/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.
4. Concerning resolution 4A above, the Directors wish to state that in respect of this general mandate, they have no immediate plans to issue any new securities of the Company. Approval is being sought from members as a general mandate in compliance with the GEM Listing Rules in order to allow flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution.
5. The general purpose of the authority to be conferred on the Directors by resolution 4B above is to increase flexibility and to provide discretion to the Directors in the event that it becomes desirable to repurchase securities of the Company up to 10 per cent. of the aggregate nominal amount of the relevant class of securities of the Company in issue at the date of passing of this resolution.

This announcement, for which the Directors 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

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