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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)

RESIGNATION AND OUTSTANDING APPOINTMENTS OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND MEMBERS OF AUDIT COMMITTEE

The board of directors (the “Board”) of M Channel Corporation Limited (the “Company”) announces that:

1. Ms. Fung Wan Yiu, Agnes has resigned as an independent non-executive director of the Company with effect from 30 September 2004 as she is not able to fulfill the requirement under Rule 5.09 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”) and thus not qualified to continue to act as an independent non-executive director of the Company. Following Ms. Fung’s resignation, she has ceased to be a member of the audit committee of the Company with effect from 30 September 2004. Ms. Fung confirms that there is no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company.
2. Following the resignation of Ms. Fung, the Board includes only one independent non-executive director and the audit committee of the Company comprises only one member. The Company has identified two suitable candidates as new independent non-executive directors and who will also be appointed as new members of the audit committee of the Company and the Company will finalize their appointments as soon as possible. Thus the Company is unable to strictly comply with the relevant Rules 5.05, 5.08 and 5.28 of the GEM Listing Rules pursuant to which every board of directors of an issuer must include at least three independent non-executive directors and must establish an audit committee comprising a minimum of three members who are non-executive directors by 30 September 2004. Further announcement will be made by the Company with regard to the new appointments of independent non-executive directors and members of audit committee of the Company in due course.

The Board would like to take this opportunity to thank Ms. Fung for her valuable contribution to the Company in the past.

On Behalf of the Board
M CHANNEL CORPORATION LIMITED
Wong Kun To
Deputy Chairman

Hong Kong, 30 September 2004

* *For identification purpose only*

As at the date of this announcement, the Board comprised of four directors, of which three are executive directors, namely Mr. Li Kai, Mr. Xing Jing and Mr. Wong Kun To; and one is independent non-executive director, namely Mr. Pang Hong.

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: (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.