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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)

WINDING-UP PETITION AGAINST THE COMPANY

The Board wishes to announce that a Winding-Up Petition has been issued against the Company by iOne Financial Press Limited regarding services fees in the sum of approximately HK\$390,000.00 in respect of services fees allegedly provided to the Company. The petition was issued out of the High Court on 18 October 2004. The hearing date of the petition will be on 1 December 2004.

The Company is seeking to resolve the Claim in an amicable way with iOne Financial Press Limited.

Trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 2:32 p.m. on 20 October 2004 at the request of the Company pending the release of this announcement and application has been made for resumption of trading in the Shares with effect from 9:30 a.m. on 28 October 2004.

The board of directors of the Company (the "Board") wishes to announce that M Channel Corporation Limited (the "Company") has been served with a Winding-up Petition (the "Claim") issued out of the High Court on 18 October 2004. The hearing date of the petition will be on 1 December 2004. The Petitioner is iOne Financial Press Limited ("iOne") and the Claim is for service fees in the sum of approximately HK\$390,000.00 (the "Claimed Amount") in respect of services fees allegedly provided to the Company between November 2003 and August 2004.

The Company is seeking to resolve the Claim in an amicable way with the Petitioner. If the Company is liable for the full Claimed Amount, there will be an adverse effect on the financial position of the Group. In the interest of apprising shareholders of the Company with the latest status of the Claim, the Board wishes to issue this announcement.

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

Trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 2:32 p.m. on 20 October 2004 at the request of the Company pending the release of this announcement and application has been made for resumption of trading in the Shares with effect from 9:30 a.m. on 28 October 2004.

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

Hong Kong, 27 October, 2004

* *For identification purpose only*

As at the date of this announcement, the Board comprised of three directors, of which two are executive directors, namely 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 Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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.

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.