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

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

1. Mr. Li Jing Hai (Mr. Li) and Mr. Cai Yu Sheng (Mr. Cai) have resigned as independent non-executive director of the Company for personal reasons with effect from 3 December 2004. Following the resignation, Mr. Li and Mr. Cai have ceased to be the members of the audit committee of the Company with effect from the same day. Mr. Li and Mr. Cai confirmed that there was no disagreement with the Board and there were no matters that need to be brought to the attention of the shareholders of the Company.
2. Following the resignation of Mr. Li and Mr. Cai, the Board includes only one independent non-executive director and the audit committee of the Company comprises only one member. Therefore, the Company is not able to comply with Rules 5.05 (1) and (2) and 5.28 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”) which require the Company to retain at all times a minimum of three independent non-executive directors, one of whom must have appropriate professional qualifications or accounting or related financial management expertise and three audit committee members. The Company will try its best endeavours to identify suitable candidates to fill in the vacancy within three months as required under rule 5.06 of the GEM Listing Rules. Further announcement in relation to the appointment of the new independent non-executive directors will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

The Board wishes to express its sincere gratitude to Mr. Li and Mr. Cai for their valuable contribution to the Company during the tenure of their office.

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

Hong Kong, 7 December, 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 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.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least seven days from the date of its posting.*