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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)

JUDGMENT ON WRIT AGAINST A SUBSIDIARY OF THE COMPANY

Further to the announcement of M Channel Corporation Limited (the “Company”) dated 8 April 2005 in relation to the writ of summons issued against Mobile Media (Minibus) Limited (the “Subsidiary”), an indirectly wholly-owned subsidiary of the Company, by Wonderful Scenery Properties Limited (the “Plaintiff”), the board of directors (the “Board”) of the Company announces that a judgment has been entered against the Subsidiary on 22 April 2005 by the High Court of The Hong Kong Special Administrative Region for (i) the sum of HK\$1,173,781.00; (ii) interests on the said sum; and (iii) HK\$1,550 fixed costs (together as the “Judgment Debts”). The Subsidiary received the judgment on 9 May 2005 and is still seeking to settle the Judgment Debts in an amicable way with the Plaintiff, which, if successful, will result in minor impact on the financial position of the Group. Further announcement will be made as and when necessary.

Trading in shares of the Company was suspended effective from 11:04 a.m. on 28 April 2005 and remains suspended until further announcement.

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, 11 May 2005

* *For identification purpose only*

As at the date of this announcement, the Board comprised of five directors, of which two are executive directors, namely Mr. Xing Jing and Mr. Wong Kun To; and three are independent non-executive directors, namely Mr. Pang Hong, Mr. Li Chi Sing Gary and Miss Ng Yuen Shan Mona.

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 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.