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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 AUDITORS AND DELAY IN THE PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT**

The Board wishes to announce the following:

- (1) The Company's auditors, Deloitte Touche Tohmatsu, has tendered its resignation as auditors of the Company with effect from 21 June 2005.
- (2) The publication of the audited final results of the Company and despatch of the annual report of the Company for the financial year ended 31 March 2005 will be delayed.

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

#### **(1) Resignation of Auditors**

The board of directors (the "Board") of M Channel Corporation Limited (the "Company") announces that, on 22 June 2005, the Company received formal notice dated 21 June 2005 from Deloitte Touche Tohmatsu ("DTT") of their intention to resign as auditors of the Company with effect from 21 June 2005. The reason for their resignation is that the fees in relation to their professional services rendered in connection with the following remain unsettled:

- (1) the annual audit for the financial year ended 31 March 2004; and
- (2) the review of indebtedness statement of the Company and its subsidiaries as contained in the document of the Company dated 29 December 2003 relating to the voluntary conditional cash offer made by Strategic Media International Limited.

DTT have confirmed in their notice of resignation that there were no circumstances connected with their resignation which they considered should be brought to the attention of the shareholders or creditors of the Company.

\* For identification purpose only

The Directors of the Company confirm that they have not dealt in the securities of the Company during the one month period before the date of this announcement and will not deal in the securities of the Company until the audited annual results of the Company for the financial year ended 31 March 2005 are announced.

The Board is in the process of appointing new auditors to fill the casual vacancy as soon as possible. In accordance with the Bye-Laws of the Company, the Board may fill any causal vacancy in the office of auditors until the conclusion of the next annual general meeting. Further announcement will be made by the Company immediately as and when new auditors have been appointed.

**(2) Delay in the publication of annual results and dispatch of annual report**

Due to the reasons aforesaid, the annual audit of the Company and its subsidiaries for the financial year ended 31 March 2005 has not been commenced. Consequently, the Company will not be in a position to publish its audited final results and despatch the annual report for the financial year ended 31 March 2005 prior to 30 June 2005. The delay will constitute a breach of Rules 18.49, 18.48A and 18.03 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 provide that a listed issuer must publish its annual report and announce preliminary results in respect of each of its financial year not later than three months after the date upon which the financial year ended. In this regard, The Stock Exchange of Hong Kong Limited reserves its right to take actions against the Company and/or its directors. The Company will make further announcement when the date for publication of the final results for year ended 31 March 2005 has been fixed.

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

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

Hong Kong, 24 June 2005

*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 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.*