

**M CHANNEL CORPORATION LTD:  
THE MIGHT OF THE LI KA SHING EMPIRE DESCENDS**

The might of the Li Ka Shing Empire has descended upon M Channel Corporation Ltd (Code: 8036, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd).

Mobile Media (Fixed Network) Ltd, a wholly owned subsidiary of M Channel, is named as the lone Defendant in District Court Writ, Number 4655, in which A.S. Watson Group (Hongkong) Ltd, a wholly owned subsidiary of Hutchison Whampoa Ltd (Code: 13, Main Board, The Stock Exchange of Hongkong Ltd), is the sole Plaintiff.

The Statement of Claim, attached to the A.S. Watson Writ of Summons, alleges that there exists a purported Agreement between A. S. Watson and Mobile Media (Fixed Network) Ltd in respect of the provision for multimedia content by the Defendant.

Paragraphs 3 to 5 of the Statement of Claim explains the situation, from the point of view of A.S. Watson Group:

- ‘3. By an Agreement in Relation to the Provision of Multimedia Content dated the 3<sup>rd</sup> day of April 2002 (“the said Agreement”) made between the Plaintiff and the Defendant, the Plaintiff agreed to grant and the Defendant agreed to take a non-exclusive licence of the air-time generated from the screens or displays which are located in a number of Watson’s Stores operated by Watson’s The Chemist, a division of the Plaintiff for the purpose of displaying thereon the multimedia content produced by the Defendant and for a term commencing from 1<sup>st</sup> February 2002 and expiring at 31<sup>st</sup> January 2004 (“the Term”) at the licence fee as defined in paragraph 4 hereunder (“the Licence Fee”) and subject to the terms and conditions set out in the said Agreement.*
- ‘4. Pursuant to Clause 8.1 of the said Agreement, the Defendant agreed to pay the Plaintiff the Licence Fee for each Accounting Period (as defined in paragraph 5 hereunder) which was the total sum of:*
  - (a) seventy per cent of the cash receipts for the Accounting Period in respect of the sale of air-time to the suppliers for advertisements of the products or of the brand name(s) of the products on the screens; and*
  - (b) fifty per cent of the cash receipts for the Accounting Period in respect of the sale of air-time to any advertisers other than the suppliers for advertisements on the screens or any suppliers for advertisements of services or of products other than the products or of brand name(s) other than those relating to the products on the screens.*
- ‘5. Pursuant to Clause 8.3 of the said Agreement, the Licence Fee payable by the Defendant for each calendar quarter ending on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September or 31 December each year (defined in the said Agreement as the “Accounting Period”) would be payable within 30 days after the end of the relevant Accounting Period and the Defendant would provide to the Plaintiff a*

*statement setting out details of cash receipts, sales commissions and calculation of the Licence Fee for such Accounting Period.'*

The ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*