Focus Media Network Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: **8112**

Annual Report **2011**

FOCUS MEDIA NETWORK

iMediaHouse

Combining Venture Capital and Entrepreneurs

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Wong Hong Gay Patrick Jonathan
(Chairman and CEO)
Ngan Toi Yuk
Tam Kai Kwong Eric
Lee Sze Leong

Non-Executive Director

Chan Tsze Wah

Independent Non-Executive Directors

Rosenkranz Eric Jon
Chan Chi Keung Alan
Lien Jown Jing Vincent

Company Secretary

Lee Yuen Han Hope

Compliance Officer

Ngan Toi Yuk

Audit Committee

Lien Jown Jing Vincent *(Chairman)*
Rosenkranz Eric Jon
Chan Chi Keung Alan

Nomination Committee

Wong Hong Gay Patrick Jonathan
(Chairman)
Chan Chi Keung Alan
Lien Jown Jing Vincent

Remuneration Committee

Rosenkranz Eric Jon *(Chairman)*
Chan Chi Keung Alan
Wong Hong Gay Patrick Jonathan

Authorised Representatives

Wong Hong Gay Patrick Jonathan
Ngan Toi Yuk

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

Legal Advisor

Robertsons
57th Floor, The Center
99 Queen's Road
Central
Hong Kong

Compliance Adviser

CIMB Securities (HK) Limited
Units 7706–08
Level 77
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Registered Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

2801, 28th Floor
Citicorp Centre
18 Whitfield Road
North Point
Hong Kong

Principal Place of Business in Singapore

79 Anson Road
#05–02/03
Singapore 079906

Principal Bankers

HSBC
1 Queen's Road
Central
Hong Kong

HSBC
21 Collyer Quay
#06-01 HSBC Building
Singapore 049320

Principal Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Company's Website

www.focusmedia.tv

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

8112

CHAIRMAN'S STATEMENT

PJ Wong
Chairman, CEO and Executive Director

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Focus Media Network Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011.

Business Overview

Our Group is a well-established digital Out-of-Home ("OOH") media company in Hong Kong and Singapore, with an operating history since April 2004. We had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings to sell advertising. In terms of the number of venues in which we deploy our digital flat-panel displays, our Group is the largest digital OOH media company in Hong Kong and Singapore.

Our Group experienced continuous double-digit growth during the two years ended 31 December 2010 and 2011 in terms of revenue and gross profit. Our Group's EBITDA and net profit experienced a decline due to the deployment of the IPO Use of Proceeds earmarked to be utilised by 31 December 2011 in accordance to the Prospectus dated 30 June 2011 (the "Prospectus") and the amortisation of equity-based compensation.

Both the number of venues and the number of locations in which our Group deployed our flat-panel displays continued to experience double-digit growth. The continued growth in our network size and network coverage allowed us to increase the advertising rates offered to our advertisers.

Turnover was generated from a total of 276 customers. During the year of 2011, our Group's total number of repeat customers increased by approximately 13% to 102 customers. The total adspend of these 102 repeat customers increased by approximately 10% over the previous year and contributed to approximately 46% of our Group's total turnover during the year ended 31 December 2011.

Our Group's cash and bank balances increased to approximately HK$61.2 million as at 31 December 2011, an increase of approximately 160% from 31 December 2010.

Fourth Quarter 2011 Performance

For the most recent three-month period ending 31 December 2011, our Group recorded revenue of approximately HK$28.9 million, representing an increase of approximately 21% over the fourth quarter of 2010 and an increase of approximately 175% over the third quarter of 2011. Gross profit was approximately HK$25.0 million, representing an increase of approximately 33% over the fourth quarter of 2010 and an increase of 209% over the third quarter of 2011. EBITDA was approximately HK$8.9 million, representing a decrease of approximately 21% over the fourth quarter of 2010 but an increase of approximately 431% over the third quarter of 2011. Profit attributable to the equity holders of our Group was approximately HK$6.2 million, a decrease of approximately 41%, over the fourth quarter of 2010 but an increase of 230% over the third quarter of 2011.

The number of venues and the number of locations in which our Group deployed our flat-panel displays grew by 5% and 37%, respectively, over the corresponding period of 2010.

Full Year 2011 Performance

Our Group's turnover grew from HK$48.5 million in 2010 to approximately HK$60.0 million in 2011, representing a growth of approximately 24%. Gross profit was approximately HK$48.6 million in 2011, an increase of approximately 25% over 2010. EBITDA was approximately HK$8.3 million in 2011, a decrease of approximately 39% over 2010. Profit attributable to equity holders of our Group was approximately HK$2.0 million in 2011, a decrease of approximately 83% over 2010. Decline in EBITDA and net profits were due to the deployment of the IPO Use of Proceeds earmarked to be utilised by 31 December 2011 in accordance to the Prospectus in relation to our Group's network expansion and increased capital expenditure, increase in headcounts and office premise rentals, increase in operating costs as a publicly-traded company (including professional parties fees), and marketing expenses, the IPO expense and the expense of pre-IPO share options and share options. If we exclude the one-time expenses, our Group would have attained a growth in net profits for the year.

The number of venues and the number of locations in which our Group deployed our flat-panel displays grew by 28% and 19%, respectively, over the corresponding period of 2010. The average revenue per venue for the Commercial networks and In-store networks increased by 10% and 11%, respectively.

Listing on the Stock Exchange of Hong Kong

The year of 2011 was very meaningful for the development of our Group. On 28 July 2011, our Group was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. We are delighted that our placing was well-received by the investment community and at the top end of our indicative price range based on 20 times our historical FY2010 earnings. I would like to once again thank all the professional parties and our management team for their joint efforts in making the listing of our Group a success.

Endorsement from Institutional Investor

As previously announced on 7 August 2011, following the Company's successful Listing on 28 July 2011, which was more than 100% oversubscribed, one of the funds managed by Asia-based Gen 2 Partners Limited ("Gen2 Partners") acquired an additional 10 million ordinary shares from the open market on 29 July 2011. As a result, Gen2 Partners became the Company's third largest shareholder, with a 9.65% equity interest in the issued share capital of the Company. Gen2 Partners is a leading institutional investor in the Asian investment community with firm-wide AUM and assets under advisory of approximately USD1 billion.

Partnership with China's Leading Internet Television Company

As previously announced on 19 December 2011, the Company was appointed as YouKu.Inc.'s ("YOKU") Media Sales Partner in Hong Kong and Macau. The inaugural collaboration was the joint-development of the first digital section on YOKU dedicated to Hong Kong's Advertisers — "*Discover Hong Kong*", a Hong Kong travel portal. As a result of a successful start of the partnership, YOKU and the Company decided to expand the geographical coverage of the partnership to other overseas regions outside of Mainland China and at a joint press conference held on 8 February 2012, the Company was appointed YOKU's International Media Sales Partner. We are exploring the possibility of exporting the "Discover Hong Kong" model to Singapore and other top Chinese's tourist destinations in Asia and will continue to leverage on the strengths and experience of our existing sales teams to tap into our diverse client relationships to enhance the revenue stream for both YOKU and our Group. YOKU is China's leading Internet television company and the most recognised online video brand in China. Its American depository shares are traded on the New York Stock Exchange.

Future Prospects

With our listing behind us, we have embarked on our next phase of growth, armed with a new currency and a new set of valued-shareholders to run the next league of our journey with us. As stated in our Prospectus, we will utilise the resources as a publicly-traded company to expand our network coverage and to create new platforms and advertising opportunities for our customers. We will continue to endeavour to expand our business by the implementation of the various future plans and growth strategies as presented in our Prospectus. Our Group will also continue our practice of hiring and retaining only the best talents to work with our real-estate partners to expand our network and with our advertisers and their advertising agencies to develop new advertising opportunities. In the process, we will endeavour to create exciting career opportunities for our employees and generate greater returns for our shareholders.

Acquisitions

Our Group has commenced exploring potential synergistic acquisition opportunities that can leverage on our existing partnerships with our real-estate partners and our extensive advertiser base as well as our highly motivated advertising sales force. As a publicly-traded company, our Group has seen increased leverage in identifying and negotiating with potential acquisition targets.

Appreciation

Last but not least, I would like to take this opportunity to extend my sincere gratitude to all fellow directors, management and our staff for their unwavering dedication and contribution to our Group's development. I would also like to thank all of our shareholders, real-estate partners and advertisers and their advertising agencies for their trust and continuous support over a challenging but rewarding 2011.

Focus Media Network Limited
Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 26 March 2012

FINANCIAL HIGHLIGHTS & SUMMARY

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
in HK$	**2011**	2010	2009
Revenue	**60,032,678**	48,545,921	33,591,898
Cost of Sales	**(11,435,851)**	(9,762,297)	(7,181,735)
Gross Profit	**48,596,827**	38,783,624	26,410,163
Other Income	**193,707**	82,484	377,805
Administrative Expenses	**(46,205,116)**	(27,071,146)	(21,364,733)
Profit for the year attributable to equity holders of the Company	**2,036,599**	11,747,177	5,383,109

FINANCIAL SUMMARY

	Year ended 31 December		
in HK$	**2011**	2010	2009
RESULTS			
Revenue	**60,032,678**	48,545,921	33,591,898
Profit before income tax	**2,422,166**	11,747,177	5,383,109
Income tax expenses	**(385,567)**	—	—
Profit for the year	**2,036,599**	11,747,177	5,383,109

	Year ended 31 December		
in HK$	**2011**	2010	2009
ASSETS AND LIABILITIES			
Total assets	**107,788,298**	56,316,683	19,046,631
Total liabilities	**13,910,142**	12,578,130	8,025,651
Net assets	**93,878,156**	43,738,553	11,020,980

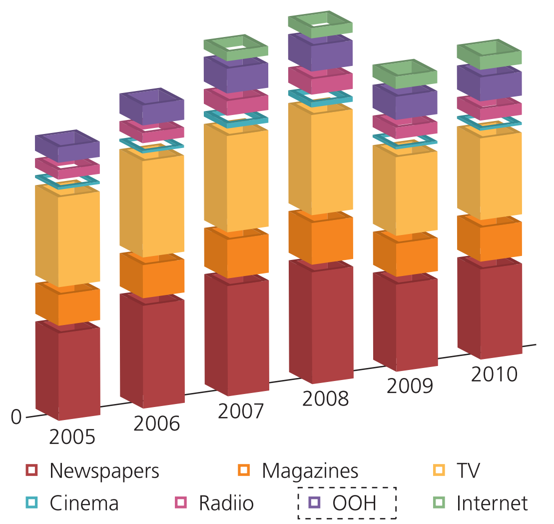
Industry Overview

Hong Kong

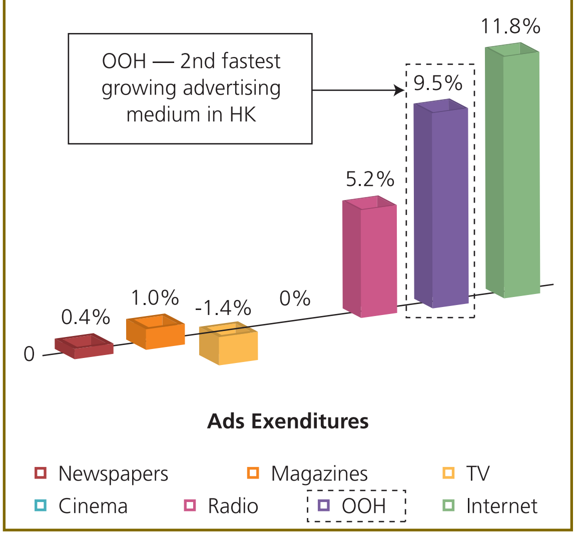
According to ZenithOptimedia, print (including newspapers and magazine) is the major advertising medium in Hong Kong, followed by television. Advertising expenditures on television and print (including newspapers and magazine) in Hong Kong together remain unchanged in both 2009 and 2010 and accounted for approximately 80.7% of total advertising expenditures in both years. OOH (including digital OOH and non-digital OOH) is the third major advertising medium in Hong Kong in 2009 and 2010, representing approximately 9.4% of the total advertising expenditures in Hong Kong, respectively.

To the best of the Directors' knowledge, there is no publicly available market information and statistics on the percentage breakdown of the OOH industry in terms of its digital and non-digital OOH sectors. The breakdown of the advertising expenditures by type of media in Hong Kong in 2009 and 2010 is as follow:

Advertising Expenditures Breakdown by Type of Media



2005–10 CAGR of Advertising Expenditures



Source: ZenithOptimedia

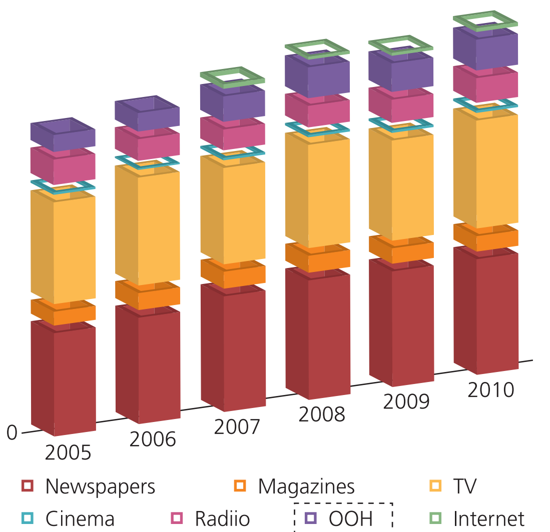
During the period from 2005 to 2010, in comparison to other media, OOH advertising expenditure in Hong Kong had experienced the second fastest growth rate after internet, accounting for a six-year CAGR of approximately 9.5%, whereas the other major categories grew at a six-year CAGR of approximately 11.8% for internet (covering period 2007–2010 only), approximately 5.2% for radio, approximately 1.0% for magazine, approximately 0.4% for newspaper, no growth for cinema and decline of approximately 1.4% for television. According to ZenithOptimedia, four-year forecasted CAGR of OOH advertising expenditure from 2010 to 2013 is approximately 4.3%. In additional, forecasted growth rate of the advertising expenditure for the year of 2011, 2012 and 2013 will be approximately 2.2%, 2.7% and 2.5%, respectively.

Industry Overview (Continued)

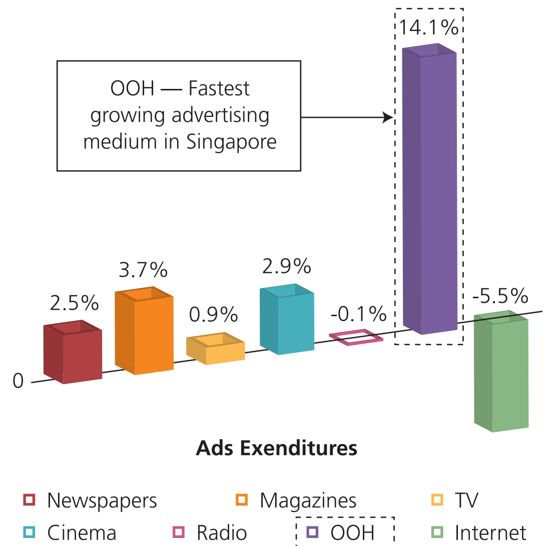
Singapore

According to ZenithOptimedia, television and print (including newspaper and magazine) are two major advertising medium in Singapore together accounted for approximately 79.9% and 79.2% of total advertising expenditures in 2009 and 2010, respectively. Same as Hong Kong, OOH (including digital OOH and non-digital OOH) is third major advertising medium in Singapore, representing approximately 10.0% and 10.6% of the total advertising expenditures in 2009 and 2010, respectively. To the best of the Directors' knowledge, there is no publicly available market information and statistics on the percentage breakdown of the OOH industry in terms of its digital and non-digital OOH sectors. The breakdown of the advertising expenditures by type of media in Singapore in 2009 and 2010 is as follow:

Advertising Expenditures Breakdown by Type of Media



2005–10 CAGR of Advertising Expenditures



Source: ZenithOptimedia

Unlike Hong Kong, during the period from 2005 to 2010, OOH advertising expenditure in Singapore had experienced the fastest growth rate compared to other media, accounting for a six-year CAGR of approximately 14.1%, whereas the other major categories grew at a six-year CAGR of approximately 3.7% for magazine, approximately 2.9% for cinema, approximately 2.5% for newspaper, approximately 0.9% for television and a decline at a six-year CAGR of approximately 0.1% for radio and approximately 5.5% for internet (covering period 2007–2010 only).

Industry Overview (Continued)

Singapore (Continued)

According to ZenithOptimedia, the advertising expenditure in Singapore is expecting improved growth in every medium for the next three years as the economy continues to grow, driven by the manufacturing and construction sectors. In additional, the government has announced plans to digitise all media and will provide financial backing in order to build and support digital media. The four-year forecasted CAGR of OOH advertising expenditure from 2010 to 2013 is approximately 12.0%, and forecasted growth rate of the advertising expenditure for the year of 2011, 2012 and 2013 will be approximately 3.6%, 4.8% and 4.1%, respectively.

Business Review

Our Group is a well-established digital OOH media company in Hong Kong and Singapore, with an operating history since April 2004. We had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings to sell advertising. In terms of the number of venues in which we deploy our digital flat-panel displays, our Group is the largest digital OOH media company in Hong Kong and Singapore.

Our business objective, as stated in our Prospectus, is to continue the growth of our digital OOH business by expanding our network to increase market share, increase the efficiency of sales and delivery, develop new product lines, and increase the effectiveness of marketing and personal relations. The Board of Directors reviews the following key performance indicators to measure our performance in achieving our business objective:

(1) the growth in revenue, gross profit, gross profit margin, EBITDA and net profits,
(2) the growth in the number of venues and locations of our network,
(3) the increase in the advertising rates offered to our advertisers,
(4) the increase in the average revenue generated per venue,
(5) the growth in total number of advertisers,
(6) the growth in the number of repeat advertises, the increase in their adspend and their contributions over our total revenue,
(7) the revenue composition by customer sector, and
(8) the revenue contribution from our top five largest advertisers

Our analysis of the key performance indicators are set out below:

Both the number of venues and the number of locations in which our Group deployed our flat-panel displays continued to experience double-digit growth. The continued growth in our network size and network coverage allowed us to increase the advertising rates offered to our advertisers.

Business Review (Continued)

The table below shows the growth of our Group's network size:

Number of venues

Region	Network	2009	2010	2011	% Increase (2010)	% Increase (2011)
Hong Kong	Office and Commercial Network	430	502	559	17%	11%
Hong Kong	In-store Network (Mannings)	100	100	200	0%	100%
Singapore	Office and Commercial Network	242	285	335	18%	18%
Singapore	HDB Shopping Centres	21	21	21	0%	0%
Singapore	In-store Network (Watsons)	0	5	50	n/a	900%
Total number of venues		**793**	**913**	**1,165**	**15%**	**28%**

Number of locations (flat-panel displays)

Region	Network	2009	2010	2011	% Increase (2010)	% Increase (2011)
Hong Kong	Office and Commercial Network	763	858	921	12%	7%
Hong Kong	In-store Network (Mannings)	100	100	200	0%	100%
Singapore	Office and Commercial Network	484	553	631	14%	14%
Singapore	HDB Shopping Centres	24	24	24	0%	0%
Singapore	In-store Network (Watsons)	0	8	60	n/a	650%
Total number of locations		**1,371**	**1,543**	**1,836**	**13%**	**19%**

The table below shows the breakdown of our Group's revenue by customer sector demonstrates our medium's effective reach to a broad spectrum of sectors in the market:

In HK$	2009		2010		2011	
Health/Personal care/Cosmetics	8,030,559	24%	13,055,467	27%	14,220,471	24%
Entertainment/Media	4,684,139	14%	9,504,454	20%	12,067,438	20%
Banking/Finance/Insurance	3,420,720	10%	3,540,672	7%	4,465,599	7%
Electronics	2,974,553	9%	2,608,915	5%	510,001	1%
Government	2,246,514	7%	1,987,877	4%	4,075,764	7%
Food & Beverages	2,092,322	6%	2,788,726	6%	7,696,632	13%
Mobile Phone	1,615,618	5%	1,549,110	3%	1,522,484	2%
Others	8,527,473	25%	13,510,700	28%	15,474,289	26%
Total	**33,591,898**	**100%**	**48,545,921**	**100%**	**60,032,678**	**100%**

Financial Review

In HK$	2009	2010	2011
Turnover	33,591,898	48,545,921	60,032,678
Gross Profit	26,410,163	38,783,624	48,596,827
EBITDA [Note 1]	7,514,000	13,746,000	8,342,882
Net Profit	5,383,109	11,747,177	2,036,599

Note 1: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, and amortisation of intangible assets. While EBITDA is commonly used in the advertising and media industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

The Group's turnover for the year of 2011 was approximately HK$60.0 million, representing an increase of approximately 24% over the corresponding period of the previous year. The increase in the Group's turnover was in line with the Group's track record in delivering consistent double-digit growth over the years.

The Group's gross profit for the year of 2011 was approximately HK$48.6 million, representing an increase of approximately 25% over the corresponding period of the previous year. Gross profit margin increased by approximately 1% to 81.0% from 79.9%.

The Group's total operating expenses for the year of 2011 were approximately HK$46.2 million, representing an increase of approximately 71% over the corresponding period of the previous year, due to the followings:

(1) increase in headcounts and related payroll costs and office premise rentals as the Group invests to hire and retain the best talents;
(2) cost associated with the Group's network expansion and increased capital expenditure as the Group invests to expand it's digital networks;
(3) increases in operating costs as a publicly-traded company, including professional parties fees;
(4) expenses of Pre-IPO share options and share options;
(5) IPO expenses; and
(6) marketing expenses as the Group ramps up investments in marketing to advertisers, real-estate developers and investors.

Note: Items 5 and 6 amounted to approximately HK$10.8 million relate to one-time expenses due to the Group's Listing and its efforts to rapidly ramp up investments in marketing immediately following its Listing.

Financial Review (Continued)

The Group's EBITDA amounted to approximately HK$8.3 million for the year of 2011 as compared to approximately HK$13.7 million for the corresponding period of the previous year.

For the reporting period, the Group recorded a net profit attributable to equity holders of the Company of approximately HK$2.0 million for the year of 2011 as compared to approximately HK$11.7 million for the corresponding period of the previous year.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 31 December 2011. The Group had cash and cash equivalents of HK$61,191,578 as at 31 December 2011 (2010: HK$23,491,230). Apart from providing working capital to support its media sales and business development, the Group maintains a strong cash position to meet potential needs for business expansion and development.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 1.5% as at 31 December 2011 (2010: approximately 9.5%).

Foreign exchange

For the year ended 31 December 2011, the Group was exposed to foreign currency risk with respect to its operations in Singapore where most of the business transactions, assets and liabilities were denominated in Singapore dollars. The Group will monitor its foreign currency exposure closely. During the year ended 31 December 2011, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 28 July 2011. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 31 December 2011, the Group did not have any significant capital commitments (2010: Nil).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 December 2011 (2010: Nil).

Financial Review (Continued)

Information on employees

As at 31 December 2011, the Group had 61 employees (2010: 53), including the executive Directors. Excluding those employees that joined in 2011, over 40% of the Group's employees had served more than four years with the Group. Total staff costs (including Directors' emoluments) were approximately HK$22.7 million, including approximately HK$2.9 million equity-based compensation for the year ended 31 December 2011 as compared to approximately HK$15.2 million for the year ended 31 December 2010. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investments in subsidiaries, during the year ended 31 December 2011, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

Save as disclosed in the Company's Prospectus, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2011, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

As at 31 December 2011, the Group did not have any charges on its assets (2010: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2011 (2010: Nil).

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Directors

Our Board of Directors is responsible and has general powers for the management and conduct of the business. The following table sets forth information regarding members of the Board as at the date of this report:

Name	Appointment Date	Age	Positions within the Group
Executive Directors			
WONG Hong Gay Patrick Jonathan	24 March 2011	47	Co-founder, Chairman and CEO of the Company, chairman of the Nomination Committee and member of the Remuneration Committee
NGAN Toi Yuk	9 June 2011	41	Co-founder, Executive Director of the Company and Managing Director of Focus Media Hong Kong Limited ("FMHK") & Focus Media Singapore Pte. Ltd. ("FMSG")
TAM Kai Kwong Eric	9 June 2011	46	Executive Director of the Company and General Manager of FMHK
LEE Sze Leong	9 June 2011	41	Executive Director of the Company and Management Mentor of FMSG
Non-executive Director			
CHAN Tsze Wah	9 June 2011	63	
Independent Non-executive Directors			
ROSENKRANZ Eric Jon	9 June 2011	59	chairman of the Remuneration Committee and member of the Audit Committee
CHAN Chi Keung Alan	9 June 2011	48	member of the Audit Committee, the Remuneration Committee and the Nomination Committee
LIEN Jown Jing Vincent	9 June 2011	51	chairman of the Audit Committee and member of the Nomination Committee

Chairman

WONG Hong Gay Patrick Jonathan, aged 47, co-founded the Group in April 2004, and was appointed a Director of the Company on 24 March 2011 and re-designated as Executive Director and Chairman of the Company on 9 June 2011. He is the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Wong was appointed chairman and a director of Focus Media Network Limited ("FMBVI") on 13 January 2010 and a director of FMSG on 3 February 2005. Apart from charting the Group's vision and mission and meeting the Group's overall business objectives, he is also responsible for key client/partnership development and new business initiatives and overall management of advertising sales and business development functions. Mr. Wong is the founder, chairman and a director of iMediaHouse Asia Limited ("iMHA") and iMediaHouse.com Limited ("iMH"), the controlling shareholder of the Company and the ultimate controlling shareholder of the Company, respectively. Mr. Wong is an entrepreneur with over 20 years of start-up and operational experience with a wide range of global and regional media and entertainment, broadcasting, mobile and satellite telecommunications, Internet and digital Out-of-Home ventures.

Mr. Wong is the co-founder, chairman and CEO of the Company and currently serves as the chairman and CEO of both FMHK and FMSG. After completing six years of military service in Singapore, Mr. Wong started his career in publishing and in 1991 joined the founding team that launched Star TV. He went on to establish the regional satellite broadcaster's regional office in Singapore and served as its regional director, advertising sales for the Southeast Asia region. A year after the network was acquired by News Corporation, Mr. Wong was invited to rejoin the founders of Star TV to work on the launch of Pacific Century Group's Corporate Access where he served as the satellite-based corporate communications services provider's vice president for sales and advertising & promotions. When Corporate Access was acquired by Hutchison Whampoa, Mr. Wong was transferred to Hutchison Telecommunications where he served as its vice president, business development for the Asia region. While at Hutchison Telecommunications, Mr. Wong developed the desire to join the race to provide the world's first global mobile personal communications service or GMPCS. That led to his joining of Silicon Valley-based Loral Space & Communications' Globalstar where he subsequently established the constellation's regional office in Hong Kong and served as its regional director for the Southeast Asia region.

In 1999, Mr. Wong embraced the Asian Internet boom and became the founding managing director for 24/7 Media Asia, one of the three founding business units of Chinadotcom. At 24/7 Media Asia, Mr. Wong built a pan-Asian interactive advertising sales network that stretches across nine Asian countries within its first year of operations. Shortly afterwards, in 2000, Mr. Wong founded iMH's first venture, the AdSociety Group, a venture that eventually became a part of the PCCW group. As founder and group CEO, Mr. Wong established offices across nine major cities including joint ventures with Tokyu Agency Inc., LG Advertising Inc. and the People's Daily Group, in Japan, South Korea and China, respectively, and worked with numerous sales and technology partners in the United States and Europe to establish a global advertising sales network and provided integrated online, broadband and mobile advertising, marketing and sales services to a diverse spectrum of premium online media properties. Following the burst of the technology bubble and the events of September 11, the Internet and mobile advertising venture was divested by PCCW on 3 October 2001. Soon afterwards, Mr. Wong was invited to rejoin the founders of PCCW to serve as the CEO of NOW Satellite TV. Mr. Wong is currently a senior advisor on overseas investment and business development for the People's Daily Group; is serving his tenth consecutive year as a council of governor of CASBAA, the region's leading industry based advocacy group that represents over 125 Asia-based corporations to promote multi-channel TV via cable, satellite, broadband, mobile and wireless video networks across the Asia-Pacific; and an advisor to The Media Evangelism, a charitable Christian organisation committed to building a Christian media presence using every modern means of communications.

Executive Directors

NGAN Toi Yuk, aged 41, co-founded the Group in April 2004 and was appointed a director of FMBVI on 13 January 2010. She was appointed an Executive Director of the Company on 9 June 2011. Ms. Ngan is the co-founder of the Company and currently serves as the compliance officer of the Company and managing director of both FMHK and FMSG. She has overall responsibilities for the Group's operations including strategic partnership development, new business development and advertising sales. She is a director of both iMHA and iMH, the controlling shareholder of the Company and the ultimate controlling shareholder of the Company, respectively. Ms. Ngan has 19 years of operational experience with a wide range of global and regional media and entertainment, broadcasting, Internet and digital OOH ventures and a proven track record in marketing new media and advertising concepts to a diverse group of advertisers and business partners in a number of media markets, including the U.S., Japan, Korea, the PRC, Hong Kong and Singapore.

Ms. Ngan started her advertising career in 1993 with News Corporation's Star TV and worked at both the network's headquarter in Hong Kong and its US office in New York City. In 1999, Ms. Ngan joined 24/7 Media Asia, one of the three founding business units of Chinadotcom, as regional advertising sales manager. In 2000, Ms. Ngan became one of the founding members of iMH's first venture, the AdSociety Group, a venture that eventually became a PCCW company. At AdSociety, Ms. Ngan was the executive assistant to the founder and group CEO as well as assistant vice president of global network sales. When the Internet and mobile advertising venture was divested by PCCW in 2001, Ms. Ngan moved on to PCCW's NOW Satellite TV and served as the executive assistant to CEO and assistant vice president of global network sales. Ms. Ngan obtained double Bachelor's degrees in Marketing and International Business from New York University, New York, USA, in January 1993.

TAM, Kai Kwong Eric, aged 46, joined the Group in August 2006 and was appointed a director of FMBVI on 13 January 2010. He was appointed an Executive Director of the Company on 9 June 2011. Mr. Tam currently serves as the general manager of FMHK. He is responsible for overseeing advertising sales, partnership development and strategic planning and new business initiatives. Mr. Tam has 20 years of start-up and operational experience in launching new media and advertising initiatives covering the print, Internet, mobile and Out-of-Home media sectors. Prior to joining the Group, Eric founded a London-based trading platform connecting buyers in the U.K. with sellers in China. After four years, Eric sold his business and returned to Hong Kong. Mr. Tam was previously the general manager of AdSociety Hong Kong, a PCCW company and the associate general manager for 24/7 Media Asia, one of three founding business units of Chinadotcom. Mr. Tam started his advertising career in 1992 with the South China Morning Post and subsequently held a number of sales management positions with various media companies, including sales director at Pearl & Dean, sales & marketing director at POAD, and has worked at XS-Media. Mr. Tam obtained a Bachelor's degree in Accounting, Finance and Economics from Essex University, London, U.K. in July 1990.

LEE, Sze Leong, aged 41, joined the Group in August 2007 and was appointed an Executive Director of the Company on 9 June 2011. Mr. Lee currently serves as the management mentor of FMSG where he works closely with the general manager on all day-to-day aspects of the operations including advertising sales, marketing, business development, partnership, strategic planning and new business initiatives. Mr. Lee has over 18 years of start-up and operational experience in launching new media and advertising initiatives covering the radio, Internet, mobile and Out-of-Home media sectors. A Hong Kong native, Mr. Lee originally joined the Group as the director of advertising sales for FMHK and in June 2010 was seconded to Singapore to head the Company's Singapore operations. He was appointed management mentor of FMSG on 1 January 2012 when he completed his succession plan and handed over the baton to a Singapore native to run the local operations. Prior to joining the Group, Mr. Lee was the deputy sales director at Metro Broadcast, a Hutchison Whampoa company and the director of business development at mobile advertising platform, MyClick Media. Mr. Lee started his advertising sales career at Metro Broadcast in 1994. He was previously the sales and marketing manager for Kirin Brewery in Hong Kong and Macau and an assistant vice president for business development at PCC Skyhorse, a PCCW company. Mr. Lee obtained a Bachelor degree in Information Systems from the City University of Hong Kong in December 1994.

Non-executive Directors

CHAN Tsze Wah, aged 63, became a director of FMBVI on 13 January 2010 and was appointed a Non-executive Director of the Company on 9 June 2011. In 1985, Mr. Chan became an executive director of Wong's Industrial (Holdings) Limited ("WNH"), a company listed on the Main Board of the Stock Exchange, and in June 1990, following a re-organisation of WNH, became an executive director of Wong's International (Holdings) Limited ("WIH"), a company listed on the Main Board of the Stock Exchange (SEHK: 0099). He is currently a member of the remuneration committee of WIH. Previously, Mr. Chan was WIH's financial controller and in July 2007 became a financial adviser of WIH. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants. He obtained a Bachelor degree in Social Sciences in October 1971 and a Master of Arts in China Development Studies from the University of Hong Kong in December 2009. Before joining WIH, Mr. Chan had approximately 10 years' experience with a major international firm of accountants.

Independent Non-executive Directors

ROSENKRANZ Eric Jon, aged 59, was appointed an Independent Non-executive Director of the Company on 9 June 2011. He is the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Rosenkranz is currently the founder and chairman of e.three, a strategic advisory company helping organisations in Asia determine and execute their long term plans. Mr. Rosenkranz was formerly the vice-chairman of Focus Media Holding Limited (NASDAQ: FMCN) and was involved in its listing on the NASDAQ on 13 July 2005.

Mr. Rosenkranz was formerly the chairman of Outdoor Solutions Group in Australia and assisted the OOH media company in raising funds and eventually engineered a trade sale to News Corporation to create News Outdoor Southeast Asia, where he served as chairman of the board. In 1983, Mr. Rosenkranz joined Grey Global Group, formerly the world's largest independent marketing communications company with over US$1 billion in revenue before being acquired by WPP for US$1.2 billion in 2004. Eric held positions as president Asia Pacific, president Latin America, executive vice president Europe, Africa, Middle East and Eastern Europe, and board member to the agency's joint venture in Japan, Grey Daiko. Eric currently serves on the boards of several privately held companies including chairman of Caelan Wright & Associates and advisor of WestIndoChina. Eric obtained a Bachelor degree in Economics from the George Washington University and a MBA in Marketing and Economics at the University of Chicago in May 1973 and June 1975 respectively.

CHAN Chi Keung Alan, aged 48, was appointed an Independent Non-executive Director of the Company on 9 June 2011. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chan is currently the head of legal services for the Hong Kong Jockey Club. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong SAR in February 1992 and has practiced corporate and commercial law for more than 15 years. Previously, Mr. Chan was the Asia Pacific legal director for St Jude Medical. Mr. Chan started his career in 1992 as a corporate finance lawyer with Stephenson Harwood & Lo. He later acted as the senior assistant director, legal department, of the Land Development Corporation (now known as Urban Renewal Authority). Mr. Chan was also the legal counsel for one of the leading US information technology companies, Sun Microsystems for Greater China.

Mr. Chan was the vice president of Legal Affairs, at Celestial Pictures Limited, a subsidiary of Astro All Asia Networks plc., a Malaysian company that carries out business relating to cross-media, in particular, direct-to-home television services, commercial radio and television programming. Celestial Pictures Limited is a commercial media company that owns and distributes the largest film library in Asia, including the Shaw Brothers film library, with worldwide entertainment assets in the motion picture, television, and new media industries. Alan obtained a Bachelor of Science degree in Civil Engineering from the Aston University of Birmingham, England in July 1986 and a LLB in China Law from the China University of Political Science and Law, Beijing, PRC in June 1999. He is a registered civil celebrant in Hong Kong and served as a board director (and former chairman) of Theatre Space Foundation Limited, a theatrical drama performance charitable institution.

LIEN Jown Jing Vincent, aged 51, was appointed an Independent Non-executive Director of the Company on 9 June 2011. He is the chairman of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lien is currently a director of Wah Hin & Company, a Singapore incorporated private investment holding company and an independent non-executive director and a member of the audit committee and remuneration committee of Up Energy Development Group Limited, a company listed on the Main Board of the Stock Exchange (SEHK: 0307). Previously, Mr. Lien served on the board of eSun Holdings Limited, a company listed on the Main Board of the Stock Exchange (SEHK: 0571) and indirectly owns Media Asia Entertainment Group, where he held the position of independent non-executive director from 1999, executive chairman from 2001 and non executive chairman from 2007 until his retirement from the board in June 2010. Vincent has over 20 years' of experience in the banking industry, specializing in corporate finance and capital management in Hong Kong, the PRC, Singapore and South-east Asia. Mr. Lien held various senior positions at several major multinational banking institutions including Swiss Bank Corporation and Bankers Trust & Company. He was the managing director in the financial institutions & public sector division of ABN AMRO Bank. Mr. Lien obtained a Bachelor degree in Business Administration from the University of New Brunswick in 1986.

Senior Management

Our executive Directors and senior management are responsible for the day-to-day management of our business. The following table sets out certain information concerning our senior management as at this report:

Name	Age	Positions within the Company
CHEE Huiling Audrey	32	director and general manager of FMSG
TAN Shing	39	director, advertising sales of FMSG
CHEUNG Nga Yee Agnes	37	director, advertising sales of FMHK
LIU Chun Hung Clement	36	financial controller of the Company
LO Chiu Evie	39	director, operations of the Company
TAN Ling Choo	34	director, business development of FMSG
CHAN Hong Yee Belinda	34	senior manager, business development of FMHK

CHEE Huiling Audrey, aged 32, is a director and the general manager of FMSG where she oversees all day-to-day aspects of the operations including advertising sales, marketing, business development, partnership, strategic planning and new business initiatives. She was appointed as a director of FMSG on 22 March 2011. Ms. Chee originally joined the Group in May 2005 as a Manager in the Business Development Division for FMSG and was transferred to the Advertising Division in 2006 and subsequently rose through the ranks as Senior Manager Advertising Sales in 2007, Associate Director Advertising Sales in 2008 and Associate General Manager in 2010. Ms. Chee was appointed as General Manager of FMSG on 1 January 2012. Ms. Chee has over 11 years of media sales and management experience, ten of which in the Out-of-Home industry. Prior to joining the Group, Ms. Chee worked for MooveMedia, a ComfortDelgro company, between 2002 and 2005. Ms. Chee obtained a Bachelor of Arts degree in Business Administration majoring in Public Relations from the Nottingham Trent University in November 2001.

TAN Shing, aged 39, is the director, advertising sales of FMSG responsible for the entire advertising salesforce and meeting the revenue targets of the Singapore operations. Mr. Tan originally joined the Group in August 2007 as a Manager in the Advertising Sales Division for FMSG and subsequently rose through the ranks as Senior Manager Advertising Sales and Associate Director Advertising Sales in 2010 and Director Advertising Sales in 2011. Bernard has over 15 years of entertainment, media sales and management experience. Prior to joining the Group, Mr. Tan spent ten years with Sony BMG Music Entertainment. Mr. Tan obtained a Diploma in Mass Communications from the Management Development Institute of Singapore in December 1997.

CHEUNG Nga Yee Agnes, aged 37, is the director, advertising sales of FMHK responsible for the entire advertising salesforce and meeting the revenue targets of the Hong Kong operations. Ms Cheung originally joined the Group in February 2006 as a Manager in the Advertising Sales Division for FMHK and subsequently rose through the ranks as Senior Manager Advertising Sales in 2006, Associate Director Advertising Sales in 2007 and Director Advertising Sales in 2010. Ms Cheung has over 12 years of media sales and management experience, six of which in the Out-of-Home industry. Prior to joining the Group, Ms. Cheung worked at Roadshow Media, a leading digital Out-of-Home media company. Kion started her advertising career in 1999 with Metro Broadcast and subsequently work with a number of leading periodicals. Ms. Cheung obtained a Diploma in Hotel and Catering studies from Loughborough College in June 1993.

LIU Chun Hung Clement, aged 36, is the financial controller of the Company. He joined the Group in March 2007 and is responsible for all finance, audit and company secretarial matters in the finance division of the Company. Prior to joining the Group, Mr. Liu worked with PCCW and the Music Nation Group. Mr. Liu obtained a Diploma in Supervisory Management from Haking Wong Technical Institutes in August 1996, a Diploma in Management from the Institute for Supervision and Management in August the same year, a Higher Diploma in Accountancy from City University of Hong Kong in November 2001 and a Bachelor of Arts (Hons) degree in Accountancy from Bolton Institute of Higher Education in the United Kingdom in June 2003. Mr. Liu has been a fellow member of the Institute of Financial Accountants since March 2007.

LO Chiu Evie, aged 39, is the director, operations of the Company. She joined the Group in July 2004 and has overall responsibility for the back-end support and operations for both FMHK and FMSG. Prior to joining the Group, Ms. Lo was worked with Modern Warehouse Company, a Cheung Kong (Holdings) company. Ms. Lo obtained a Bachelor of Arts degree in Economics from the University of Calgary, Canada in November 1996.

TAN Ling Choo, aged 34, is the director, business development of FMSG. She joined the Group in June 2005 and is responsible for the business development team's continued efforts to expand the Company's digital network as well as launch new digital platforms. Prior to joining the Group, Ms. Tan worked with Europa Country Club Resort, Singapore Turf Club, and the Singapore Manufacturers' Federation. Ms. Tan obtained a Bachelor of Arts degree from the Royal Melbourne Institute of Technology in Mass Communication in August 1999 and a Diploma in Business Administration from Singapore Polytechnic in May 1997.

CHAN Hong Yee Belinda, aged 34, is the senior manager, business development of FMHK. She joined the Group in March 2008 and is responsible for the business development team's continued efforts to expand the Company's digital network as well as launch new digital platforms. Prior to joining the Group, Ms. Chan worked with a number of leading periodicals and advertising agencies. Ms. Chan obtained a Certificate in Hotel & Catering Service at Kwun Tong Vocational Training Centre in July 1995.

Company Secretary

Ms. Lee Yuen Han Hope, aged 46, has been appointed as the company secretary of the Company since September 2011. Ms. Lee is currently an associate of The Institute of Chartered Secretaries and Administrators, an associate of The Hong Kong Institute of Chartered Secretaries and a professional member of The Hong Kong Institute of Human Resource Management.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The board of directors of the Company (the "Board") believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

From the date of Listing and up to 31 December 2011, the Company had complied with the code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. WONG Hong Gay Patrick Jonathan. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

The Board of Directors

Composition and Responsibilities

The Board currently comprises eight directors ("Directors"), of which four are Executive Directors, one is a Non-executive Director, and three are Independent Non-executive Directors. The composition of the Board is as follows:

Executive Directors:
Mr. WONG Hong Gay Patrick Jonathan *(Chairman & CEO)*
Ms. NGAN Toi Yuk
Mr. TAM Kai Kwong Eric
Mr. LEE Sze Leong

Non-executive Director:
Mr. CHAN Tsze Wah

Independent Non-executive Directors:
Mr. ROSENKRANZ Eric Jon
Mr. CHAN Chi Keung Alan
Mr. LIEN Jown Jing Vincent

From the date of Listing and up to 31 December 2011, there was no change in the composition of the Board.

The biographical details of each Director are set out in the section "Directors and Senior Management Profile" on pages 14 to 22.

While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The Non-executive Directors (including Independent Non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. From the date of Listing and up to 31 December 2011, three Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
Executive Directors:	
Mr. WONG Hong Gay Patrick Jonathan	3/3
Ms. NGAN Toi Yuk	3/3
Mr. TAM Kai Kwong Eric	3/3
Mr. LEE Sze Leong	3/3
Non-executive Director:	
Mr. CHAN Tsze Wah	3/3
Independent Non-executive Directors:	
Mr. ROSENKRANZ Eric Jon	3/3
Mr. LIEN Jown Jing Vincent	3/3
Mr. CHAN Chi Keung Alan	3/3

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

Appointment, Re-election and Removal

All Non-executive Directors have entered into service contracts with the Company for a specific term of one year, subject to re-election.

In accordance with the articles of association of the Company, at each annual general meeting ("AGM") one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Nomination Committee

The Board established the Nomination Committee on 26 March 2012, with written terms of reference in compliance with the relevant Code Provisions to be effective on 1 April 2012. Its written terms of reference are available on the websites of the Company and the Stock Exchange.

The composition of the Nomination Committee is as follows:

Executive Director:
Mr. WONG Hong Gay Patrick Jonathan *(Chairman)*

Independent Non-executive Directors:
Mr. LIEN Jown Jing Vincent
Mr. CHAN Chi Keung Alan

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations required for the positions. All candidates must be able to meet the standards as set forth in Rules 5.01 and 5.02 of the GEM Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 5.09 of the GEM Listing Rules. Qualified candidates will then be recommended to the Board for approval.

As the Nomination Committee was established in March 2012, during the year under review, no meeting was convened and held by the Nomination Committee.

Confirmation of Independence

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

Code of Conduct for Securities Transactions by Directors

Since the date of Listing and up to 31 December 2011, the Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made to all Directors who have confirmed that they have complied with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules since the date of Listing and up to 31 December 2011.

Remuneration of Directors and Senior Management

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of Executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions. The remuneration policy of Non-executive Directors (including Independent Non-executive Directors) is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of Non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends.

Remuneration Committee

The Board established the Remuneration Committee in June 2011, with written terms of reference in compliance with the Code Provisions (which were further reviewed by the Board in March 2012). The revised written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy.

The composition of the Remuneration Committee is as follows:

Independent Non-executive Directors:
Mr. ROSENKRANZ Eric Jon *(Chairman)*
Mr. CHAN Chi Keung Alan

Executive Director:
Mr. WONG Hong Gay Patrick Jonathan

(Remark: Mr. LIEN Jown Jing Vincent, an Independent Non-executive Director, had been a member of the Remuneration Committee since the date of Listing but resigned on 26 March 2012.)

During the year, the Remuneration Committee reviewed and approved the remuneration packages of, and the grant of share options under the Company's share option scheme to, the Directors and senior management of the Company.

The Remuneration Committee held one meeting since the date of Listing and up to 31 December 2011, and the attendance record of individual Committee members are set out below:

	Number of Meetings Attended/Held
Mr. ROSENKRANZ Eric Jon *(Chairman)*	1/1
Mr. CHAN Chi Keung Alan	1/1
Mr. WONG Hong Gay Patrick Jonathan	1/1
Mr. LIEN Jown Jing Vincent (resigned on 26 March 2012)	1/1

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 44 to 84 were prepared on the basis set out in note 2.1 to the Consolidated Financial Statements. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

During the year, the Company engaged Messrs. PricewaterhouseCoopers ("PwC") as the external auditors. Apart from providing audit services, PwC also provided audit services in connection with the Group's Listing. The fees in respect of audit, audit related and non-audit services provided by PwC for the year ended 31 December 2011 approximately amounted to HK$1,230,000, HK$1,140,000 and HK$320,000, respectively.

The reporting responsibilities of PwC are set out in the Independent Auditors' Report on pages 42 and 43.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

Since the date of Listing and up to 31 December 2011, the Company conducted reviews on the effectiveness of the internal control system as required by the Code Provisions, including review on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee also reviewed with members of the management the work done and the results of such reviews.

Audit Committee

The Audit Committee of the Company was established in June 2011, with written terms of reference in compliance with the Code Provisions (which were further reviewed by the Board in March 2012). The revised written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls.

The composition of the Audit Committee is as follows:

Independent Non-executive Directors:
Mr. LIEN Jown Jing Vincent *(Chairman)*
Mr. ROSENKRANZ Eric Jon
Mr. CHAN Chi Keung Alan

(Remark: Mr. CHAN Tsze Wah, a Non-executive Director, had been a member of the Audit Committee since the date of Listing but resigned on 26 March 2012.)

During the year, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters. The Audit Committee also met with the external auditors and reviewed the annual, interim and quarterly reports of the Company.

The Audit Committee members met twice from the date of Listing and up to 31 December 2011, and the attendance records of individual Committee members are set out below:

	Number of Meetings Attended/Held
Mr. LIEN Jown Jing Vincent *(Chairman)*	2/2
Mr. ROSENKRANZ Eric Jon	1/2
Mr. CHAN Chi Keung Alan	2/2
Mr. CHAN Tsze Wah (resigned on 26 March 2012)	2/2

Delegation by the Board

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the new composition of members of the Nomination Committee, Remuneration Committee and Audit Committee, the Independent Non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the Executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

Non-Competition Undertaking from Controlling Shareholders

At the time of Listing, each of the controlling shareholders (as defined in the GEM Listing Rules) of the Company gave a non-competition undertaking in favour of the Company. Each of them has confirmed compliance with such non-competition undertaking. The Board comprising all the Independent Non-executive Directors is of the view that such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company.

Communication with Shareholders

In order to provide more relevant information to our shareholders, the Company has published on its website, the composition of the Board committees as well as their respective written terms of reference.

Specific enquiries from shareholders can be sent in writing to the Company at our head office in Hong Kong or by email through InvestorRelations@focusmedia.tv stated on the Company's website.

Hong Kong, 26 March 2012

The directors of the Company (the "Directors") have pleasure in presenting their first annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 (the "Financial Statements") since the listing of the shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Listing") on 28 July 2011 (the "Listing Date").

Principal Activities

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 26 to the Consolidated Financial Statements.

Reorganisation and Use of Proceeds

The Company was incorporated in the Cayman Islands with limited liability on 28 January 2011 as an exempted company and became the holding company of the companies now comprising the Group in 2011. As part of the preparation for listing of the shares of the Company, the Company implemented a capitalisation issue of 245,980,000 shares and an issue of 82,000,000 new shares during the placing for listing (the "Share Placing") in July 2011. All such shares issued were ordinary shares and the 82,000,000 new shares were issued at HK$0.72 per share.

The net proceeds of the Share Placing received by the Company were approximately HK$42.6 million, after deduction of the related share issuance expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Reasons for the Placing and use of Proceeds" in the prospectus of the Company dated 30 June 2011 (the "Prospectus"). As at 31 December 2011, the Company had utilised 64% of the net proceeds earmarked to be utilised by 31 December 2011. The Directors are not aware of material change to the planned use of proceeds as at the date of this report. Any net proceed that was not applied immediately have been placed on the short-term interest bearing deposits with authorised financial institutions in Hong Kong as at the date of this report.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 and the state of affairs of the Group as at 31 December 2011 are set out in the Consolidated Financial Statements on pages 44 to 84.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2011 (2010: Nil).

Three Years Financial Summary

A summary of the results and assets and liabilities of the Group for the last three financial years is set out on page 6. This summary does not form part of the Consolidated Financial Statements.

Share Capital

Details of movements in share capital of the Company during the year are set out in note 17 to the Consolidated Financial Statements.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 17 to the Consolidated Financial Statements respectively.

Distributable Reserves

As at 31 December 2011, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$269,463,680.

The Company was incorporated in the Cayman Island on 28 January 2011. As at 31 December 2010, the Company had no distributable reserves available to the shareholders.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 19.82% of the total sales for the year and sales to the largest customer included therein amounted to approximately 4.75%. Purchases from the Group's five largest suppliers accounted for approximately 35.67% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 19.92%.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 13 to the Consolidated Financial Statements.

Borrowings

Particulars of borrowings of the Group as at the balance sheet date are set out in note 20 to the Consolidated Financial Statements. As at 31 December 2011, the Group did not have any charges on its assets (2010: Nil).

Interests of the Compliance Adviser

As notified by CIMB Securities (HK) Limited ("CIMB"), the compliance adviser of the Company, neither CIMB nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2011.

Pursuant to the agreement dated 29 June 2011 entered into between CIMB and the Company, CIMB received and will receive fees for acting as the compliance adviser of the Company.

Directors and Directors' Service Contracts

The directors of the Company who hold office during the year and up to the date of this report are:

Executive Directors:	
Wong Hong Gay Patrick Jonathan	(appointed on 24 March 2011)
Ngan Toi Yuk	(appointed on 9 June 2011)
Tam Kai Kwong Eric	(appointed on 9 June 2011)
Lee Sze Leong	(appointed on 9 June 2011)
Non-Executive Director:	
Chan Tsze Wah	(appointed on 9 June 2011)
Independent Non-Executive Directors:	
Rosenkranz Eric Jon	(appointed on 9 June 2011)
Chan Chi Keung Alan	(appointed on 9 June 2011)
Lien Jown Jing Vincent	(appointed on 9 June 2011)

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by, not less than six months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of one year renewable automatically for successive terms of one year, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one months' notice in writing served by either party on the other.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all of them are considered to be independent.

In accordance with the Company's Articles of Association, all existing Directors shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Interests in Contracts

Save as aforesaid, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

Non-Competition Undertaking

Each of Mr. Wong Hong Gay Patrick Jonathan, iMediaHouse.com Limited and iMediaHouse Asia Limited (the "Controlling Shareholders of the Company") has given a non-competition undertaking dated 24 June 2011 in favour of the Company, pursuant to which each of them undertakes and covenants with the Company that, for so long as he/it and/or his/its associates, directly or indirectly, whether individually or taken together, remain to be the controlling shareholders of the Company, he/it will not and will procure his/its associates (excluding any members of the Group) not to directly or indirectly carry on, participate, engage or otherwise be interested in any business related to digital OOH advertisement in Hong Kong and/or Singapore which is or may be in competition with the business of any members of the Group from time to time.

Details of the non-competition undertaking are set out in the section headed "Substantial, Controlling and Significant Shareholders" of the Prospectus.

The non-competition undertaking has become effective from the Listing Date.

The Company has received the confirmation from each of the Controlling Shareholders of the Company in respect of their compliance with the terms of non-competition undertaking.

The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders of the Company have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Directors and Senior Management Profile" on pages 14 to 22 of this annual report.

Connected Transactions

The Company had not entered into any connected transaction during the year, which is required to be disclosed under the GEM Listing Rules.

Pre-IPO Share Option Scheme and Share Option Scheme

Pursuant to the written resolutions passed by all the shareholders of the Company on 26 March 2011, the Company has adopted the Pre-IPO Share Option Scheme and has conditionally adopted the Share Option Scheme.

Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution made by certain executive Directors and employees of the Group and to aid the Company in retaining key and senior employees who have assisted in the development and growth of the Group and for their contribution in connection with the Listing.

Eligible participants of the Pre-IPO Share Option Scheme are any employee (including any director) of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity.

The Pre-IPO Share Option Scheme was adopted for a period of 10 years commencing from 26 March 2011 and remains in force until 25 March 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Pre-IPO Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 32,800,000 shares of the Company, which represents 10% of the shares in issue of the Company as at the date of this report.

During the year, options to subscribe for 12,300,000 shares were granted under the Pre-IPO Share Option Scheme. A nominal consideration of HK$1.00 is payable on acceptance of the option within 7 days from the date of grant. The exercise period of the option shall not be more than 10 years from the date of grant of the option. The exercise price per share for each option so granted is HK$0.72, being the placing price of the shares of the Company on the Listing. No options were exercised, cancelled or lapsed during the year. As at 31 December 2011, the number of shares comprised in the outstanding options remained as 12,300,000.

Share Option Scheme

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution or potential contribution to the Group.

Eligible participants under the Share Option Scheme include any employee of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix V to the Prospectus. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 26 March 2011 and remains in force until 25 March 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The exercise price per share of the Company for each option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

(1) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer for the grant of option ("Date of Grant") which must be a trading day;

(2) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and

(3) the nominal value of the shares on the Date of Grant.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company, being a date not later than 10 business days from the date upon which it is made. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the date of grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 32,800,000 shares, which represents 10% of the shares in issue of the Company as at the date of this report.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its shareholders in accordance with the GEM Listing Rules.

During the year, options to subscribe for 11,640,000 shares were granted under the Share Option Scheme. The exercise price per share for each option so granted is HK$0.724. No options were exercised, cancelled or lapsed during the year. As at 31 December 2011, the number of shares comprised in the outstanding options remained as 11,640,000.

A summary of the movements of the share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme during the year is as follows:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options: Outstanding at 1 January 2011	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding at 31 December 2011	Market value per share immediately before the date of grant of option	Percentage of total issued share capital as at 31 Dec 2011
Wong Hong Gay Patrick Jonathan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
Ngan Toi Yuk	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 July 2021	HK$0.72	—	3,280,000	—	—	3,280,000	N/A	1.00%
Tam Kai Kwong Eric	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	—	1,804,000	—	—	1,804,000	N/A	0.55%
Lee Sze Leong	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	—	1,640,000	—	—	1,640,000	N/A	0.50%
Chan Tsze Wah	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
Lien Jown Jing Vincent	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
Rosenkranz Eric Jon	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
Chan Chi Keung Alan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	328,000	—	—	328,000	0.72	0.10%
Employees	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	5,736,000	—	—	5,736,000	0.72	1.75%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	—	5,576,000	—	—	5,576,000	N/A	1.70%
Consultant	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	—	3,280,000	—	—	3,280,000	0.72	1.00%*
Total					**—**	**23,940,000**	**—**	**—**	**23,940,000**		

Additional particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 18 to the Consolidated Financial Statements.

* 1% share options issued to the Consultant had since been cancelled on 21 February 2012.

Notes:

1. The options granted under Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

    (i) 33% of the option shall vest after first twelve months after date of acceptance

    (ii) 33% of the option shall vest after twenty four months after date of acceptance

    (iii) 34% of the option shall vest after thirty six months after date of acceptance

2. The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

    (i) 50% of the option shall vest on 28 January 2012

    (ii) 8% of the option shall vest on 28 February 2012

    (iii) 8% of the option shall vest on 28 March 2012

    (iv) 8% of the option shall vest on 28 April 2012

    (v) 8% of the option shall vest on 28 May 2012

    (vi) 8% of the option shall vest on 28 June 2012

    (vii) 10% of the option shall vest on 28 July 2012

Apart from the aforesaid share option schemes, at no time during the year ended 31 December 2011 was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of the Company

	Interests in ordinary shares						
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests in ordinary shares**	**Total interests in underlying shares**	**Aggregate interests**	**% of the Company's issued share capital**
Wong Hong Gay Patrick Jonathan	—	—	169,026,600 (Note)	169,026,600	328,000*	169,354,600	51.63%
Ngan Toi Yuk	—	—	—	—	3,608,000*	3,608,000	1.10%
Tam Kai Kwong Eric	—	—	—	—	2,132,000*	2,132,000	0.65%
Lee Sze Leong	—	—	—	—	1,968,000*	1,968,000	0.60%
Chan Tsze Wah	—	—	—	—	328,000*	328,000	0.1%
Lien Jown Jing Vincent	—	—	—	—	328,000*	328,000	0.1%
Rosenkranz Eric Jon	—	—	—	—	328,000*	328,000	0.1%
Chan Chi Keung Alan	—	—	—	—	328,000*	328,000	0.1%

* Being personal interests

Note: These shares are directly held by iMediaHouse Asia Limited which is owned as to approximately 65.08% by iMediaHouse.com which is in turn owned as to approximately 75.30% by Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong"). Mr. Wong is therefore deemed to be interested in in these shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2011, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and/or Short Position in Shares and Underlying Shares of the Company

As at 31 December 2011, other than the interests and short positions of the Directors disclosed above, the following persons (not being a Director or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal valve of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
iMediaHouse Asia Limited (Notes 1 & 2)	Beneficial owner	169,026,600	51.53%
iMediaHouse.com Limited (Notes 1 & 2)	Interest of controlled corporation	169,026,600	51.53%
Trade Grand Investment Limited (Notes 3 & 4)	Beneficial owner	61,500,000	18.75%
Wong's Industrial (Holdings) Limited (Notes 3 & 4)	Interest of controlled corporation	61,500,000	18.75%
Catel (B.V.I.) Limited (Notes 3 & 4)	Interest of controlled corporations	61,500,000	18.75%
Wong's International (Holdings) Limited (Notes 3 & 4)	Interest of controlled corporations	61,500,000	18.75%
Flyer Wonder Limited (Notes 5 & 6)	Beneficial owner	31,668,000	9.65%
Asia Private Credit Fund Limited (Notes 5 & 6)	Interest of controlled corporation	31,668,000	9.65%
Citigroup Inc.	Person having a security interest in shares	31,668,000	9.65%

Notes:

1. These shares are directly held by iMediaHouse Asia Limited ("iMHA") which is owned as to approximately 65.08% by iMediaHouse.com ("iMH"). iMH is therefore deemed to be interested in these shares by virtue of the SFO.

2. The interests of iMH and iMHA are duplicated.

3. These shares are directly held by Trade Grand Investment Limited ("TGIL") which is wholly owned by Wong's Industrial (Holdings) Limited ("WIHL"), which is in turn wholly owned by Catel (B.V.I.) Limited ("Catel"). Catel is wholly owned by Wong's International (Holdings) Limited ("Wong's International"). WIHL, Catel and Wong's International are therefore deemed to be interested in these shares by virtue of the SFO.

4. The interests of TGIL, WIHL, Catel and Wong's International are duplicated.

5. These shares are directly held by Flying Wonder Limited ("FWL") which is wholly owned by Asia Pacific Credit Fund Limited ("APCFL"). APCFL is therefore deemed to be interested in these shares by virtue of the SFO.

6. The interests of FWL and APCFL are duplicated.

Save as disclosed under the section headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" and the above section, at 31 December 2011, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

Competition and Conflict of Interests

During the year, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

Pre-Emptive Rights

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules since its listing on 28 July 2011 up to the date of this annual report.

Corporate Governance Report

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 23 to 29 in this annual report.

Closure of the Register of Members

The Register of Members will be closed from 4 May 2012 (Friday) to 8 May 2012 (Tuesday), both days inclusive, during which period no transfer of shares of the Company shall be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 3 May 2012 (Thursday).

Auditors

A resolution to re-appoint the retiring auditors, Messrs. PricewaterhouseCoopers, is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Focus Media Network Limited

Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 26 March 2012

羅兵咸永道

TO THE SHAREHOLDERS OF FOCUS MEDIA NETWORK LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Focus Media Network Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 44 to 84, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 HK$	2010 HK$
Revenue	5	**60,032,678**	48,545,921
Cost of sales	7	**(11,435,851)**	(9,762,297)
Gross profit		**48,596,827**	38,783,624
Other income	6	**193,707**	82,484
Administrative expenses	7	**(46,205,116)**	(27,071,146)
Operating profit		**2,585,418**	11,794,962
Finance costs	9	**(163,252)**	(47,785)
Profit before income tax		**2,422,166**	11,747,177
Income tax expenses	10	**(385,567)**	—
Profit for the year attributable to equity holders of the Company		**2,036,599**	11,747,177
Other comprehensive (loss)/income			
Currency translation differences		**(189,346)**	825,007
Total comprehensive income for the year attributable to equity holders of the Company		**1,847,253**	12,572,184
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
— basic and diluted	12	**0.72 cents**	4.78 cents

The notes on pages 50 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$	2010 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	13	**5,985,210**	6,137,318
Prepayment for acquisition of plant and equipment	15	**4,000,000**	—
Intangible assets	14	**3,355,670**	1,907,750
		13,340,880	8,045,068
Current assets			
Trade and other receivables	15	**33,016,461**	24,538,433
Pledged bank deposits	16	**239,379**	241,952
Cash and bank balances	16	**61,191,578**	23,491,230
		94,447,418	48,271,615
Total assets		**107,788,298**	56,316,683
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	17	**3,280,000**	—
Share premium	17	**274,344,873**	—
Other reserves		**(174,112,428)**	55,409,441
Accumulated losses		**(9,634,289)**	(11,670,888)
Total equity		**93,878,156**	43,738,553

The notes on pages 50 to 84 are an integral part of these consolidated financial statements.

As at 31 December 2011

	Notes	2011 HK$	2010 HK$
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	20	**645,882**	888,163
Long term payables		**670,917**	—
Deferred income tax liabilities	21	**385,567**	—
		1,702,366	888,163
Current liabilities			
Trade and other payables	19	**11,057,011**	8,397,100
Finance lease liabilities	20	**752,923**	567,158
Deferred revenue		**397,842**	28,574
Derivative liability		**—**	2,697,135
		12,207,776	11,689,967
Total liabilities		**13,910,142**	12,578,130
Total equity and liabilities		**107,788,298**	56,316,683
Net current assets		**82,239,642**	36,581,648
Total assets less current liabilities		**95,580,522**	44,626,716

Wong Hong Gay Patrick Jonathan
Director

Ngan Toi Yuk
Director

The notes on pages 50 to 84 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	2011 HK$
ASSETS		
Non-current assets		
Investment in a subsidiary	25	**234,943,540**
Current assets		
Amounts due from subsidiaries	25	**38,602,683**
Deposits, prepayments and other receivables		**3,011,337**
		41,614,020
Total assets		**276,557,560**
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	17(b)	**3,280,000**
Share premium	17(b)	**274,344,873**
Share option reserves	17(b)	**2,913,880**
Accumulated losses	17(b)	**(4,881,193)**
Total equity		**275,657,560**
Current liabilities		
Accrued charges		**900,000**
Total equity and liabilities		**276,557,560**
Net current assets		**40,714,020**
Total assets less current liabilities		**275,657,560**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to equity holders of the Company						
	Share capital HK$	Share premium HK$	Capital reserve HK$	Exchange reserve HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$
Balance at 1 January 2010	—	—	35,633,564	(1,194,519)	—	(23,418,065)	11,020,980
Comprehensive income							
Profit for the year	—	—	—	—	—	11,747,177	11,747,177
Other comprehensive income							
Currency translation differences	—	—	—	825,007	—	—	825,007
Total comprehensive income	—	—	—	825,007	—	11,747,177	12,572,184
Transactions with owners							
Contribution from equity holders	—	—	20,145,389	—	—	—	20,145,389
Balance at 31 December 2010	—	—	55,778,953	(369,512)	—	(11,670,888)	43,738,553
Balance at 1 January 2011	**—**	**—**	**55,778,953**	**(369,512)**	**—**	**(11,670,888)**	**43,738,553**
Comprehensive income							
Profit for the year	—	—	—	—	—	**2,036,599**	**2,036,599**
Other comprehensive loss							
Currency translation differences	—	—	—	**(189,346)**	—	—	**(189,346)**
Total comprehensive (loss)/ income	—	—	—	**(189,346)**	-	**2,036,599**	**1,847,253**
Transactions with owners							
Contribution from equity holders	—	—	**2,697,137**	—	—	—	**2,697,137**
Issue of shares	**8**	—	—	—	—	—	**8**
Repurchase of issued shares	**(8)**	—	—	—	—	—	**(8)**
Share swap pursuant to the Reorganisation	**100**	**234,943,440**	**(234,943,540)**	—	—	—	—
Capitalisation issue	**2,459,800**	**(2,459,800)**	—	—	—	—	—
Issuance of ordinary shares	**820,100**	**41,861,233**	—	—	—	—	**42,681,333**
Share option scheme	—	—	—	—	**2,913,880**	—	**2,913,880**
Total transactions with owners	**3,280,000**	**274,344,873**	**(232,246,403)**	—	**2,913,880**	—	**48,292,350**
Balance at 31 December 2011	**3,280,000**	**274,344,873**	**(176,467,450)**	**(558,858)**	**2,913,880**	**(9,634,289)**	**93,878,156**

The notes on pages 50 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	Notes	2011 HK$	2010 HK$
Cash flows from operating activities			
Cash generated from operating activities	22	**2,155,034**	1,977,588
Net cash generated from operating activities		**2,155,034**	1,977,588
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,043,450)**	(3,375,360)
Prepayment for plant and equipment		**(4,000,000)**	—
Purchases of intangible assets		**(950,000)**	—
Pledged deposit		**(643)**	(202,516)
Interest received		**471**	146
Net cash used in investing activities		**(6,993,622)**	(3,577,730)
Cash flows from financing activities			
Gross proceeds from issuance of ordinary shares		**59,040,100**	—
Payment of share issuance costs		**(16,358,767)**	—
Contribution from equity holders		**—**	22,842,524
Proceeds from finance lease		**505,200**	—
Repayment of bank loans		**—**	(123,333)
Repayment of finance lease liabilities		**(561,716)**	(185,574)
Interest paid		**(57,527)**	(47,785)
Net cash generated from financing activities		**42,567,290**	22,485,832
Increase in cash and cash equivalents		**37,728,702**	20,885,690
Cash and cash equivalents at beginning of year	16	**23,491,230**	2,309,212
Exchange (losses)/gains on cash and cash equivalents		**(28,354)**	296,328
Cash and cash equivalents at end of year	16	**61,191,578**	23,491,230

The notes on pages 50 to 84 are an integral part of these consolidated financial statements.

1 General Information and Group Reorganisation

1.1 General information

Focus Media Network Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 2801, 28th Floor, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 26 to the consolidated financial statements.

On 28 July 2011, the shares of the Company became listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), where 82,000,000 new shares of HK$0.01 each were issued by the Company and placed by the underwriter on behalf of the Company for cash (the "Placing").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2012.

1.2 Reorganisation

The Company was incorporated on 28 January 2011 with authorised share capital of US$50,000 divided into 50,000 shares of a par value of US$1 each, one of which was allotted and issued to the subscriber to the Memorandum of the Company and transferred to Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong") on 24 March 2011. In March 2011, the intermediate holding company underwent a group Reorganisation (the "Reorganisation"), pursuant to which the companies engaged in the Group's advertising business (the "Advertising Business") were transferred to the Company.

The Reorganisation involved the followings:

- On 24 March 2011, the share capital of the Company was increased from US$50,000 comprising 50,000 shares of US$1 each to HK$100,000,000 comprising of 10,000,000,000 shares of HK$0.01 each. The US$50,000 unissued share capital was then cancelled and 780 shares of HK$0.01 each were issued to Mr. Wong.

- On 25 March 2011, Mr. Wong transferred the 780 shares in the Company to iMHA.

- On 25 March 2011, 6,091, 587, 2,500 and 42 shares were allotted and issued to iMHA, Chevalier International Holdings Limited ("CIH"), Trade Grand International Limited ("TGI") and Access Financial Services Holdings Limited ("AFSH"), respectively at par value.

- On 10 June 2011, to carry out the share swap, each of iMHA, CIH, TGI and AFSH transferred their interest in Focus Media Network Limited, the investment holding company of the Advertising Business, to the Company in consideration of the Company allotting and issuing 6,871, 587, 2,500 and 42 shares to each of iMHA, CIH, TGI and AFSH respectively credited as fully paid.

1 General Information and Group Reorganisation (Continued)

1.3 Basis of presentation

The Company has not been involved in any business prior to the Reorganisation as described in note 1.2. As such the Reorganisation does not meet the definition of a business combination and has been accounted for as a Reorganisation of the Advertising Business with no change in management and ultimate owner of such business. Accordingly, the consolidated financial statements of the Company and its subsidiaries are presented using the predecessor carrying values of the Advertising Business for all the periods presented.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) The following new HKFRSs are mandatory for the first time for the financial year beginning 1 January 2011. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 24 (Revised)	Related Party Disclosure
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparatives
HKFRS 7	Disclosures for First-time Adoptors
HK(IFRIC)-Int 14	Prepayments of A Minimum Funding Requirements
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Third Annual Improvements Projects (2010) published in May 2010

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(b) The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2011 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interest in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 19 (2011)	Employee Benefit	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013

Apart from the above, a number of improvements and minor amendments to HKFRSs have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 December 2011 and have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations would be in the period of initial application, but not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

2.2 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of Significant Accounting Policies (Continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive directors that make strategic decisions.

2.4 Foreign currency transaction

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial information is presented in Hong Kong dollars ("HK$"), which is also the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents, trade and other receivables and trade and other payables are presented in the consolidated statement of comprehensive income within "other income".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

2 Summary of Significant Accounting Policies (Continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated to write off the cost of property, plant and equipment over estimated useful lives, using the straight line method, at the specified rates per annum:

LCD monitors	20%
Furniture and office equipment	20%
Computer equipment	20–25%
Leasehold improvements	3–5 years or over the term of lease, whichever is shorter
Motor vehicle	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

2.6 Intangible assets

Separately acquired rights to use intellectual properties and licenses are shown at historical cost. Rights to use intellectual properties and licenses have finite useful lifes and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses and the rights to use intellectual properties and licenses over their estimated useful lives of 5 and 10 years respectively.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of Significant Accounting Policies (Continued)

2.8 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "pledged bank deposits" and "cash and bank balances" in the consolidated statement of financial positions (see Notes 2.11 and 2.12).

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value through profit and loss.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Summary of Significant Accounting Policies (Continued)

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of Significant Accounting Policies (Continued)

2.16 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Pension obligations

Hong Kong

The Group operates a defined contribution plan, the mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

Singapore

Pursuant to the relevant local regulations in Singapore, the Singapore subsidiary of the Group is required to contribute to the Central Provident Fund based on the statutory funding requirement.

The Group's contributions to the defined contribution plan are charged to the consolidated statement of comprehensive income in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(b) Other employee benefits

Salaries, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The amount recognised as a liability and an expense should he measured at the cost of providing the benefits.

2 Summary of Significant Accounting Policies (Continued)

2.18 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of Significant Accounting Policies (Continued)

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from advertising services is recognised when the related advertisements are telecasted. Barter revenue on advertising is recognised only when the goods or services being exchanged are of a dissimilar nature. Barter revenue is measured at the fair value of the goods or services rendered, adjusted by the amount of any cash or cash equivalents received or paid. If the fair value of the goods or services rendered cannot be reliably measured, the revenue is measured at the fair value of the goods or services received, again adjusted by the amount of cash or cash equivalents received.

(b) Interest income is recognised using the effective interest method.

(c) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.21 Leases

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

(b) Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Singapore and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars ("US$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operation.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group mitigates this risk by maintaining HK$ and US$ bank accounts to pay for the transactions denominated in these currencies.

As at 31 December 2011, if HK$ had weakened/strengthened by 7% (2010: 7%) against US$, with all other variables held constant, the Group's profit after tax for the year would have been decreased/increased by approximately HK$111,310 (2010: increased/decreased by HK$293,497), mainly as a result of foreign exchange gains/losses on translation of US$ denominated monetary assets and liabilities.

(b) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and trade and other receivables and amount due from a related company. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

Trade receivables have an average credit period of 60 to 90 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. Individual credit evaluations are performed by the Group on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 15.

The Group also places its deposits with reputable banks to mitigate the risk arising from banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial positions.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet its liquidity requirements in the short and longer term. Management believes there is no liquidity risk as the Group has sufficient committed facilities to fund its operations.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand HK$	1 to 2 years HK$	2 to 5 years HK$	Total HK$
At 31 December 2011				
Trade and other payables	**11,057,011**	**—**	**—**	**11,057,011**
Finance leases liabilities	**796,435**	**418,869**	**267,138**	**1,482,442**
Total	**11,853,446**	**418,869**	**267,138**	**12,539,453**
At 31 December 2010				
Trade and other payables	8,397,100	—	—	8,397,100
Finance leases liabilities	600,282	600,282	300,142	1,500,706
Total	8,997,382	600,282	300,142	9,897,806

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its fund conservatively by maintaining a comfortable level of cash and cash equivalents to meet continuous operational needs.

3 Financial Risk Management (Continued)

3.3 Fair value estimation

The carrying value less impairment provision of current receivables and payables are a reasonable approximation of their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

The useful lives are estimated at the time of purchases of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

(b) Current and deferred income taxes

The Group is subject to current income tax in Hong Kong and Singapore. Significant judgement is required in determining the relevant provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets are relating to tax losses recognised when management considers to be probable that future taxable profit will be available against which the tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation changes in the period in which such estimate is changed.

4 Critical accounting estimates and judgements (Continued)

(c) Revenue recognition

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, in accordance with the accounting policies for revenue recognition as set out in Note 2.20. The assessment of when the Group has transferred the significant risks and rewards of ownership to customers and whether the Group acts as a principal requires the examination of the circumstance of the transaction. The Group's advertising clients include advertisers that directly purchase advertisements from the Group and third-party advertising agencies that are retained by some advertisers to place advertisements on the advertisers' behalf. As part of the industry practice, the Group offers agency commissions to these third-party advertising agencies. The agency commissions in which the advertising agencies are entitled to are based on certain percentage of revenue generated by the Group. The Group records revenues on a net basis and the associated agency commissions are recorded as a deduction from the revenue because the advertising agencies are acting on behalf of the advertisers and are also considered as the Group's customers.

(d) Provision for impairment of trade and other receivables

Significant judgement is exercised in the assessment of the collectability of trade and other receivables from customers. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customers' payment pattern including subsequent payments and customers' financial position. If the financial conditions of the customers are to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5 Segment Information

The chief operating decision-maker ("CODM") has been identified collectively as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Management regularly reviews the operating results from geographical perspective. The reportable operating segments derive their revenue primarily from the advertising. Management assesses the performance of the following segments:

— Hong Kong
— Singapore

Management assesses the performance of the operating segments based on a measure of gross profits.

5 Segment Information (Continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2011 and 2010 is as follows:

	Hong Kong HK$	Singapore HK$	Total HK$
For the year ended 31 December 2011			
Segment revenue	**38,497,855**	**22,014,349**	**60,512,204**
Inter-segment revenue	**(397,199)**	**(82,327)**	**(479,526)**
Revenue (from external customers)	**38,100,656**	**21,932,022**	**60,032,678**
Segment results	**29,653,344**	**18,943,483**	**48,596,827**
For the year ended 31 December 2010			
Segment revenue	35,445,958	13,179,345	48,625,303
Inter-segment revenue	(79,382)	—	(79,382)
Revenue (from external customers)	35,366,576	13,179,345	48,545,921
Segment results	27,729,323	11,054,301	38,783,624

The revenue from external parties reported to the Group's senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

A reconciliation of gross profit to profit before income tax is provided as follows:

	2011 HK$	2010 HK$
Segment results	**48,596,827**	38,783,624
Other income	**193,707**	82,484
Administrative expenses	**(46,205,116)**	(27,071,146)
Operating profit	**2,585,418**	11,794,962
Finance costs	**(163,252)**	(47,785)
Profit before income tax	**2,422,166**	11,747,177

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong and Singapore are HK$38,100,656 (2010: HK$35,366,576) and HK$21,932,022 (2010: HK$13,179,345) respectively.

5 Segment Information (Continued)

The total non-current assets located in Hong Kong and Singapore are HK$11,322,296 (2010: HK$6,168,013) and HK$2,018,584 (2010: HK$1,877,055) respectively.

None of the customers accounted for 10% or more of the Group's total revenue for the year ended 31 December 2011 (2010: Nil).

Breakdown of revenue from all activities is as follows:

	2011 HK$	2010 HK$
Advertising fees	**60,032,678**	48,545,921

During the year ended 31 December 2011, the Group has recognised revenue in the amount of HK$12,694,883 from barter transactions (2010: HK$3,178,402).

6 Other Income

	2011 HK$	2010 HK$
Net exchange loss	**(15,714)**	(69,615)
Interest income	**471**	146
Government grants	**—**	151,953
Sundry income	**208,950**	—
	193,707	82,484

7 Expenses by Nature

	2011 HK$	2010 HK$
Revenue sharing with landlords of Office and Commercial Networks (Note a)	**4,813,523**	4,658,378
Revenue sharing with landlords of In-store Networks (Note a)	**2,278,414**	1,808,462
Sales commission	**2,527,803**	2,505,990
Production and installation	**1,267,608**	789,467
Auditor's remuneration	**1,295,925**	80,425
Depreciation (Note 13)	**2,200,845**	1,716,899
Amortisation (Note 14)	**654,491**	234,000
Operating lease payments	**2,253,584**	2,145,345
Employee benefit expenses (Note 8)	**22,670,294**	15,251,717
Subcontractor fee	**64,469**	129,498
Marketing and promotion expenses	**10,105,198**	3,217,204
Travelling expenses	**1,456,029**	1,156,570
Provision for impairment of trade receivables (Note 15)	**414,806**	—
Other expenses	**5,637,978**	3,139,488
Total cost of sales and administrative expenses	**57,640,967**	36,833,443

Note:

(a) There are no minimum lease payments to landlords of Office and Commercial Networks and In-store Networks. Revenue sharing with landlords of Office and Commercial Networks and In-store Networks was calculated based on the rates agreed between the Group and landlords and is recognised as cost of sales when the related advertisements are telecasted.

8 Employee Benefit Expenses (Including Director's Emoluments)

	2011 HK$	2010 HK$
Salaries, wages and allowances	**17,719,479**	13,616,896
Share options granted to directors and employees (Notes 11 and 18)	**2,902,128**	—
Pension costs — defined contribution plans	**1,359,631**	1,000,133
Other post-employment benefits	**689,056**	634,688
	22,670,294	15,251,717

9 Finance Costs

	2011	2010
	HK$	HK$
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**57,527**	47,785
— License fee liabilities wholly repayable within 5 years	**105,725**	—
	163,252	47,785

10 Income Tax Expenses

	2011	2010
	HK$	HK$
Current income tax	**—**	—
— Hong Kong profits tax	**—**	—
— Singapore income tax	**—**	—
Deferred income tax (Note 21)	**385,567**	—
	385,567	—

No provision for Hong Kong and Singapore profits tax has been made in these consolidated financial statements as the Group's tax losses brought forward from previous years exceed the estimated assessable profits for the year ended 31 December 2011 (2010: Same). The profits tax rates for Hong Kong and Singapore are 16.5% (2010: 16.5%) and 17% (2010: 17%) respectively.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2011	2010
	HK$	HK$
Profit before income tax	**2,422,166**	11,747,177
Tax calculated at domestic tax rates applicable to profits in the respective countries	**408,174**	1,939,091
Income not subject to tax	**(78)**	(509,900)
Expenses not deductible for tax purpose	**874,302**	363,188
Utilisation of previously unrecognised tax losses	**(896,831)**	(1,792,379)
Income tax expenses	**385,567**	—

11 Directors' and Senior Executive's Emoluments

(a) Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 December 2011 is set out below:

Name of director	Fee HK$	Salaries, allowances and benefits in kind HK$	Bonuses HK$	Retirement benefit contributions HK$	Share options HK$	Total HK$
Executive Directors						
Wong Hong Gay Patrick Jonathan	—	1	243,750	—	1,171	244,922
Ngan Toi Yuk	—	722,059	90,675	12,000	767,124	1,591,858
Tam Kai Kwong Eric	—	751,680	93,690	12,000	422,445	1,279,815
Lee Sze Leong	—	720,000	90,000	12,000	384,148	1,206,148
Non-executive Directors						
Chan Tsze Wah	21,381	—	—	—	1,171	22,552
Independent non-executive Directors						
Rosenkranz Eric Jon	102,630	8,603	—	—	1,171	112,404
Lien Jown Jing Vincent	102,630	8,603	—	—	1,171	112,404
Chan Chi Keung Alan	102,630	—	—	—	1,171	103,801
	329,271	2,210,946	518,115	36,000	1,579,572	4,673,904

The emoluments of the directors of the Company for the year ended 31 December 2010 is set out below:

Name of director	Fee HK$	Salaries, allowances and benefits in kind HK$	Bonuses HK$	Retirement benefit contributions HK$	Share options HK$	Total HK$
Executive Directors						
Wong Hong Gay Patrick Jonathan	—	—	—	—	—	—
Ngan Toi Yuk	—	724,997	—	12,000	—	736,997
Tam Kai Kwong Eric	—	751,680	—	12,000	—	763,680
Lee Sze Leong	—	819,417	—	12,000	—	831,417
Non-executive Directors						
Chan Tsze Wah	—	—	—	—	—	—
Independent non-executive Directors						
Rosenkranz Eric Jon	—	—	—	—	—	—
Lien Jown Jing Vincent	—	—	—	—	—	—
Chan Chi Keung Alan	—	—	—	—	—	—
	—	2,296,094	—	36,000	—	2,332,094

During the year, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

11 Directors' and Senior Executive's Emoluments (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2010: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2010: two) individuals during the year are as follows:

	2011	2010
	HK$	HK$
Basic salaries and allowances	**1,238,686**	999,088
Sales commission	**441,158**	396,329
Pension costs — defined contribution plans	**95,181**	24,000
Share options	**461,160**	—
	2,236,185	1,419,417

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
HK$ Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**2**	—
	2	2

12 Earnings Per Share

The number of shares used for the calculation of earnings per share for the year ended 31 December 2010, is the aggregated number of shares outstanding which included the shares issued pursuant to the Reorganisation as disclosed in Note 1.2.

(a) Basic

Basic earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Earnings attributable to equity holders of the Company (HK$)	**2,036,599**	11,747,177
Weighted average number of ordinary share in issue	**281,268,961**	245,990,001
Basic earnings per share (HK cents per share)	**0.72**	4.78

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2011 and 2010.

13 Property, Plant and Equipment

	LCD monitors HK$	Furniture and office equipment HK$	Computer equipment HK$	Leasehold improvements HK$	Motor vehicles HK$	Total HK$
At 1 January 2010						
Cost	9,124,760	652,816	1,261,769	281,048	—	11,320,393
Accumulated depreciation	(6,718,226)	(512,918)	(1,011,176)	(281,048)	—	(8,523,368)
Net book amount	2,406,534	139,898	250,593	—	—	2,797,025
Year ended 31 December 2010						
Opening net book amount	2,406,534	139,898	250,593	—	—	2,797,025
Additions	2,622,215	380,359	1,004,240	1,009,441	—	5,016,255
Disposals	—	—	—	—	—	—
Depreciation (Note 7)	(1,186,696)	(127,305)	(245,980)	(156,918)	—	(1,716,899)
Exchange difference on translation	50,595	(2,300)	(72)	(7,286)	—	40,937
Closing net book amount	3,892,648	390,652	1,008,781	845,237	—	6,137,318
At 31 December 2010						
Cost	12,051,878	1,042,500	2,301,271	1,296,572	—	16,692,221
Accumulated depreciation	(8,159,230)	(651,848)	(1,292,490)	(451,335)	—	(10,554,903)
Net book amount	3,892,648	390,652	1,008,781	845,237	—	6,137,318
At 1 January 2011						
Cost	**12,051,878**	**1,042,500**	**2,301,271**	**1,296,572**	**—**	**16,692,221**
Accumulated depreciation	**(8,159,230)**	**(651,848)**	**(1,292,490)**	**(451,335)**	**—**	**(10,554,903)**
Net book amount	**3,892,648**	**390,652**	**1,008,781**	**845,237**	**—**	**6,137,318**
Year ended 31 December 2011						
Opening net book amount	**3,892,648**	**390,652**	**1,008,781**	**845,237**	**—**	**6,137,318**
Additions	**1,034,156**	**82,872**	**411,222**	**—**	**515,200**	**2,043,450**
Disposals	**—**	**—**	**—**	**—**	**—**	**—**
Depreciation (Note 7)	**(1,363,026)**	**(122,406)**	**(393,903)**	**(249,954)**	**(71,556)**	**(2,200,845)**
Exchange difference on translation	**4,721**	**(695)**	**810**	**451**	**—**	**5,287**
Closing net book amount	**3,568,499**	**350,423**	**1,026,910**	**595,734**	**443,644**	**5,985,210**
At 31 December 2011						
Cost	**13,033,039**	**1,121,237**	**2,703,515**	**1,290,935**	**515,200**	**18,663,926**
Accumulated depreciation	**(9,464,540)**	**(770,814)**	**(1,676,605)**	**(695,201)**	**(71,556)**	**(12,678,716)**
Net book amount	**3,568,499**	**350,423**	**1,026,910**	**595,734**	**443,644**	**5,985,210**

13 Property, Plant and Equipment (Continued)

All depreciation expenses have been charged in "administrative expenses" in the consolidated statement of comprehensive income.

LCD monitors and motor vehicle include the following amounts where the Group is a lessee under a finance lease:

	2011 HK$	2010 HK$
Cost — capitalised finance leases	**2,382,400**	1,867,200
Accumulated depreciation	**(569,476)**	(124,480)
Net book amount	**1,812,924**	1,742,720

14 Intangible Assets

	Rights to use intellectual properties HK$	License HK$	Total HK$
At 1 January 2010			
Cost	2,340,000	—	2,340,000
Accumulated amortisation	(198,250)	—	(198,250)
Net book amount	2,141,750	—	2,141,750
Year ended 31 December 2010			
Opening net book amount	2,141,750	—	2,141,750
Amortisation (Note 7)	(234,000)	—	(234,000)
Closing net book amount	1,907,750	—	1,907,750
At 31 December 2010			
Cost	2,340,000	—	2,340,000
Accumulated amortisation	(432,250)	—	(432,250)
Net book amount	1,907,750	—	1,907,750
Year ended 31 December 2011			
Opening net book amount	**1,907,750**	**—**	**1,907,750**
Additions	**—**	**2,102,411**	**2,102,411**
Amortisation (Note 7)	**(234,000)**	**(420,491)**	**(654,491)**
Closing net book amount	**1,673,750**	**1,681,920**	**3,355,670**
At 31 December 2011			
Cost	**2,340,000**	**2,102,411**	**4,442,411**
Accumulated amortisation	**(666,250)**	**(420,491)**	**(1,086,741)**
Net book amount	**1,673,750**	**1,681,920**	**3,355,670**

The amortisation expenses for Rights to use intellectual properties and Licenses have been charged in "administrative expenses" and "cost of sales" in the consolidated statement of comprehensive income respectively.

15 Trade and Other Receivables

	2011 HK$	2010 HK$
Trade receivables — third parties	**29,005,610**	20,993,049
Less: provision for impairment of trade receivables	**(414,806)**	—
Trade receivables — net	**28,590,804**	20,993,049
Prepayments, deposits and other receivables	**8,425,657**	1,595,384
Amount due from a related company (Note 24)	**—**	1,950,000
	37,016,461	24,538,433
Less non-current portion: Prepayment for acquisition of plant and equipment	**(4,000,000)**	—
Current portion	**33,016,461**	24,538,433

The carrying amounts of trade and other receivables approximate their fair values.

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. Trade receivables of HK$8,750,273 (2010: HK$10,490,974) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Provision for impairment of receivables has been provided for the remaining balance of HK$414,806 (2010: Nil). The ageing analysis of these trade receivables is as follows:

	2011 HK$	2010 HK$
Neither past due nor impaired	**19,840,531**	10,502,075
0–30 days past due	**3,677,996**	6,311,175
31–60 days past due	**2,145,857**	2,657,884
Over 61 days past due	**2,926,420**	1,521,915
Past due but not impaired	**8,750,273**	10,490,974
	28,590,804	20,993,049

Trade receivables that were neither past due nor impaired relates to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group or a sound credit quality. Based on past experience and regular credit risk assessment performed on all significant outstanding trade receivables, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15 Trade and Other Receivables (Continued)

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral over these balances.

Movements on the Group provision for impairment of trade receivables are as follows:

	2011 HK$	2010 HK$
At 1 January	—	—
Provision for receivable impairment	414,806	—
At 31 December	414,806	—

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2011 HK$	2010 HK$
HK$	26,532,133	17,462,110
SG$	10,484,328	7,076,323
	37,016,461	24,538,433

16 Cash and Bank Balances and Pledged Bank Deposits

	2011 HK$	2010 HK$
Cash at bank	61,191,578	23,491,230
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	61,191,578	23,491,230
Pledged bank deposits (Note a)	239,379	241,952
Maximum exposure to credit risk	61,430,957	23,733,182

The carrying amounts of the cash and bank balances and pledged bank deposits are denominated in the following currencies:

	2011 HK$	2010 HK$
HK$	58,188,911	15,037,563
SG$	3,196,413	1,724,281
United States dollars ("US$")	45,633	6,971,338
	61,430,957	23,733,182

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note:

(a) As at 31 December 2011, bank deposits of HK$239,379 (2010: HK$241,952) were pledged to a bank for guarantees issued by the bank.

17 Share Capital and Reserves

(a) Group

	Number of ordinary shares	Equivalent nominal value of ordinary share HK$	Share premium HK$	Total HK$
Authorised:				
Ordinary shares of US$1 each at 28 January 2011 (Note a)	**50,000**	**391,000**	**—**	**—**
Creation of new authorised shares (Note b)	**10,000,000,000**	**100,000,000**	**—**	**—**
Cancellation of existing authorised shares (Note b)	**(50,000)**	**(391,000)**		
Ordinary shares of HK$0.01 each at 31 December 2011	**10,000,000,000**	**100,000,000**	**—**	**—**
Issued:				
Ordinary shares of US$1 each at 28 January 2011 (Note a)	**1**	**8**	**—**	**8**
Issuance of new shares (Note b)	**10,000**	**100**	**—**	**100**
Share swap pursuant to the Reorganisation (Note c)	**10,000**	**100**	**234,943,440**	**234,943,540**
Repurchase of issued share (Note b)	**(1)**	**(8)**	**—**	**(8)**
Capitalisation issue (Note d)	**245,980,000**	**2,459,800**	**(2,459,800)**	**—**
Share issued in connection with the Placing (Note e)	**82,000,000**	**820,000**	**58,220,000**	**59,040,000**
Share issuance costs	**—**	**—**	**(16,358,767)**	**(16,358,767)**
At 31 December 2011	**328,000,000**	**3,280,000**	**274,344,873**	**277,624,873**

Notes:

(a) The Company was incorporated on 28 January 2011 with an authorised share capital of 50,000 ordinary shares of US$1 each (equivalent to HK$391,000). On the date of incorporation, the Company issued and allotted 1 ordinary share, credited as fully paid.

(b) Pursuant to the resolutions in writing of the directors of the Company passed on 24 March 2011, the authorised share capital of the Company was increased by HK$100,000,000 by the creation of an additional 10,000,000,000 ordinary shares of nominal value of HK$0.01 each. On the same date, 10,000 ordinary shares with a par value of HK$0.01 each were issued at par (the "Issue"). Following the Issue, the Company repurchased the 1 existing issued share of US$1 immediately at a price of US$1 and cancelled all the 50,000 authorised but unissued share capital.

17 Share Capital and Reserves (Continued)

(a) Group (Continued)

Notes: (Continued)

(c) This represents the additional shares issued by the Company for the share swap agreements entered into with the shareholders of Focus Media Network Limited, a company incorporated in the British Virgin Islands, under the Reorganisation in light of the Global Offering.

(d) Pursuant to the resolutions in writing of the shareholders of the Company passed on 26 March 2011, the Company alloted and issued pro rata to its existing shareholders 245,980,000 shares, at par of HK$0.01 each for the total amount of HK$2,459,800. The capitalisation of shares was recorded against the share premium account.

(e) On 28 July 2011, the Company issued 82,000,000 new shares of HK$0.01 each in relation to the Global Offering. The gross proceeds received by the Company from the Global Offering amounted to approximately HK$59,040,000.

(b) Company

	Share capital HK$	Share premium HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$
Balance as at 28 January 2011 (Date of incorporation)	—	—	—	—	—
Total comprehensive loss	—	—	—	(4,881,193)	(4,881,193)
Transactions with owners					
Issue of shares	8	—	—	—	8
Issue of new shares	100	—	—	—	100
Repurchase of issued shares	(8)	—	—	—	(8)
Share swap pursuant to the Reorganisation	100	234,943,440	—	—	234,943,540
Capitalisation issue	2,459,800	(2,459,800)	—	—	—
Share issued in connection with the Placing	820,000	58,220,000	—	—	59,040,000
Share issuance costs	—	(16,358,767)	—	—	(16,358,767)
Share option scheme	—	—	2,913,880	—	2,913,880
Total transactions with owners	3,280,000	274,344,873	2,913,880	—	280,538,753
Balance as at 31 December 2011	3,280,000	274,344,873	2,913,880	(4,881,193)	275,657,560

18 Share-Based Payments

(a) Pre-IPO share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, selected executive directors and employees are granted a total share option of 12,300,000 shares (the "Pre-IPO Share Option") under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme"). The exercise price per share under the Pre-IPO Share Option Scheme shall be equal to the placing price (i.e. HK$0.72 per share). Each of the Pre-IPO Share Option has a 10-year exercisable period, from 28 July 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 27 July 2021 ("Expiry Date").

18 Share-Based Payments (Continued)

(a) Pre-IPO share option scheme (Continued)

Commencing from the date on which trading in the shares of the Company first commenced on the Hong Kong Stock Exchange, being the Listing Date, the expiry of the first six months, each month thereafter up to the eleventh month and the twelfth month after the Listing Date, the relevant grantee may exercise options up to 50%, additional 8% each month and 100% respectively.

The fair value of the share options granted on 30 June 2011, determined using the binominal model (the "Model"), ranges from HK$0.31 to HK$0.36 per option. The significant inputs into the Model were share price of HK$0.72 at the grant date, exercise price shown above, expected dividend yield rate of 0%, an expected option life of ten years and expected volatility of 73%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

See Note 8 for the total expense recognised in the consolidated statement of comprehensive income for share options granted to directors and employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2011	
	Average exercise price in HK$ per share option	**Number of share options**
At 1 January	—	—
Granted	**0.72**	**12,300,000**
Exercised	—	—
At 31 December	**0.72**	**12,300,000**

(b) Share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 28 July 2011 when the Company's shares are listed on the Hong Kong Stock Exchange.

On 20 December 2011, selected executive directors, employees and financial advisor were granted a total share option of 11,640,000 shares under the Share Option Scheme. The exercise price per share under the Share Option Scheme shall be equal to the quoted market share price of HK$0.724 per share. Each of the share option has a 10-year exercisable period, from 20 December 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 19 December 2021 ("Expiry Date").

Commencing from the date of acceptance of the grant (the "Acceptance Date"), the expiry of first, second and third anniversaries of the Acceptance Date, the relevant grantee may exercise options up to 33%, 66% and 100% respectively.

18 Share-Based Payments (Continued)

(b) Share option scheme (Continued)

The fair value of the share options granted on 20 December 2011, determined using the binominal model (the "Model"), ranges from HK$0.19 to HK$0.21 per option. The significant inputs into the Model were share price of HK$0.724 at the grant date, exercise price shown above, expected dividend yield rate of 3%, an expected option life of ten years and expected volatility of 47.7%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

See Note 8 for the total expense recognised in the consolidated statement of comprehensive income for share options granted to directors and employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2011	
	Average exercise price in HK$ per share option	**Number of share options**
At 1 January	—	—
Granted	**0.724**	**11,640,000**
Exercised	—	—
At 31 December	**0.724**	**11,640,000**

19 Trade and Other Payables

	2011 HK$	2010 HK$
Trade payables	**46,500**	120,320
License fee payable	**587,219**	—
Other payables	**2,702,751**	2,015,939
Accruals	**7,720,541**	6,260,841
	11,057,011	8,397,100

The carrying amounts of the trade and other payables approximate their fair values.

19 Trade and Other Payables (Continued)

Payment terms granted by suppliers ranged from 60 to 90 days after end of the month in which the relevant purchase occurred.

The ageing analysis of the trade payables based on the due date is as follows:

	2011 **HK$**	2010 HK$
Current	**2,250**	57,580
0–30 days past due	**8,750**	12,200
31–60 days past due	**—**	21,200
Over 60 days past due	**35,500**	29,340
	46,500	120,320

The carrying amounts of the trade and other payables are denominated in the following currencies:

	2011 **HK$**	2010 HK$
HK$	**6,696,038**	4,803,052
SG$	**2,410,973**	1,644,048
US$	**1,950,000**	1,950,000
	11,057,011	8,397,100

20 Finance Lease Liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2011 HK$	2010 HK$
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**796,435**	600,282
Later than 1 year and no later than 5 years	**686,007**	900,424
	1,482,442	1,500,706
Future finance charges on finance leases	**(83,637)**	(45,385)
Present value of finance lease liabilities	**1,398,805**	1,455,321
The present value of finance lease liabilities is as follows:		
No later than 1 year	**752,923**	567,158
Later than 1 year and no later than 5 years	**645,882**	888,163
	1,398,805	1,455,321

The finance lease obligations are secured by certain plant and equipment of the Group (Note 13).

The carrying amount of the finance lease liabilities is denominated in HK$.

21 Deferred Income Tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2011 HK$	2010 HK$
Deferred tax assets	**107,330**	509,359
Deferred tax liabilities	**(492,897)**	(509,359)
	(385,567)	—

21 Deferred Income Tax (Continued)

The gross movement on the deferred income tax account is as follows:

	2011 HK$	2010 HK$
At 1 January	—	—
Credited to the consolidated statement of comprehensive income arising from deferred income tax liabilities	16,462	335,712
Charged to the consolidated statement of comprehensive income arising from deferred income tax assets	(402,029)	(335,712)
At 31 December	(385,567)	—

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation	
	2011 HK$	2010 HK$
At 1 January	509,359	173,647
(Credited)/charged to the consolidated statement of comprehensive income	(16,462)	335,712
At 31 December	492,897	509,359

Deferred income tax assets

	Tax loss	
	2011 HK$	2010 HK$
At 1 January	509,359	173,647
(Charged)/credited to the consolidated statement of comprehensive income	(402,029)	335,712
At 31 December	107,330	509,359

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$8,920,785 (2010: HK$12,170,437) to carry forward against future taxable income. The tax losses have no expiry date under the current tax legislation.

22 Cash Generated From Operations

	2011 HK$	2010 HK$
Profit before income tax	**2,422,166**	11,747,177
Adjustments for:		
Depreciation and amortisation charges	**2,855,336**	1,950,899
Share-based compensation	**2,913,880**	—
Interest income	**(471)**	(146)
Finance costs	**163,252**	47,785
Operating profit before working capital changes	**8,354,163**	13,745,715
Changes in working capital:		
Amount due from a related company	**—**	(1,950,000)
Trade and other receivables	**(8,694,404)**	(10,196,674)
Trade and other payables	**2,126,007**	610,387
Deferred revenue	**369,268**	(231,840)
Cash generated from operating activities	**2,155,034**	1,977,588

23 Operating Lease Commitments

The total future minimum lease payments under non-cancellable operating leases in respect of the factory are payable as follows:

	2011 HK$	2010 HK$
No later than 1 year	**2,593,801**	2,413,692
Later than 1 year and no later than 5 years	**600,602**	2,662,879
	3,194,403	5,076,571

24 Related Party Transactions

The ultimate holding company of the Company is iMediaHouse.com Limited, a company incorporated in the British Virgins Island. The intermediate holding company of the Company is iMediaHouse Asia Limited, a company incorporated in Hong Kong.

(a) The emoluments of the directors and senior executives (representing key management personnel) are set out in Note 11.

(b) The Group had the following balances with related parties:

	2011	2010
	HK$	HK$
Receivable from a related company (Note 15)	—	1,950,000

As of 31 December 2011, except for the advance receivable from iMediaHouse Ventures HK Limited, the Group has no other non-trade receivable from or payable to related parties. During the year ended 31 December 2010, the Group had provided an interest free advance to a related company, iMediaHouse Ventures HK Limited, in the amount of HK$1,950,000. This amount was unsecured, interest free and repayable on demand. The receivable from iMediaHouse Ventures HK Limited was fully settled in cash subsequently in February 2011.

25 Investment in and Amounts Due from Subsidiaries

	Company
	2011
	HK$
Unlisted investment, at cost	234,943,540
Due from subsidiaries	38,602,683

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayments.

26 Particulars of Principal Subsidiaries

As at 31 December 2011, the Company has direct and indirect interests in the following subsidiaries:

Name of company	Class of share held	Place of incorporation/ establishment	Place of operation	Particular of issued share capital/paid up registered capital	Attributable equity interest of the Group (%)	Principal activities
Direct subsidiary						
Focus Media Network Limited	Ordinary	British Virgin Islands	British Virgin Islands	HK$780	100	Investment holding
Indirect subsidiaries						
Focus Media Hong Kong Limited	Ordinary	Hong Kong	Hong Kong	HK$10,000	100	Provision of out-of-home advertising services
Focus Media Singapore Pte. Ltd.	Ordinary	Singapore	Singapore	SG$10	100	Provision of out-of-home advertising services