

# FOCUS MEDIA NETWORK LIMITED

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

STOCK CODE : **8112**  
股票代號 : **8112**



FOCUS MEDIA NETWORK

**iMediaHouse**

Combining Venture Capital and Entrepreneurs

1<sup>st</sup> Quarterly Report  
第一季業績報告 **2013**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “Directors”) of Focus Media Network Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

### **香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特點**

創業板乃為較於聯交所上市的其他公司帶有更高投資風險的公司提供上市的市場。有意投資者應了解投資於該等公司的潛在風險，並應經過審慎周詳考慮後方作出投資決定。創業板的較高風險及其他特色表明創業板較適合專業及其他經驗豐富的投資者。

由於創業板上市公司的新興性質使然，在創業板買賣的證券可能會承受較於聯交所主板買賣的證券為高的市場波動風險，同時亦無法保證在創業板買賣的證券會有高流通量的市場。

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本報告乃遵照聯交所創業板證券上市規則(「創業板上市規則」)之規定而提供有關Focus Media Network Limited(「本公司」)之資料。本公司各董事(「董事」)願就本報告所載內容共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所深知及所信，本報告所載資料在各重大方面均屬準確及完整，且無誤導或欺詐成份，且並無遺漏任何其他事項，致使本報告所載任何聲明或本報告產生誤導。

## CONTENTS

Management Discussion and Analysis	02
Highlights	05
Unaudited Condensed Consolidated Statement of Comprehensive Income	06
Unaudited Condensed Consolidated Statement of Changes in Equity	07
Notes to the Financial Information	08
Other Information	10





# Management Discussion and Analysis

## BUSINESS REVIEW

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 advertisement. 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. As of 31 March 2013, our Group has deployed our flat-panel displays at over 1,000 buildings under our Office and Commercial Building digital OOH media network and at 250 retail chain-stores under our In-store digital OOH media network.

The number of venues in which our Group deployed our flat-panel displays continued to experience growth over the corresponding period of the previous year.

Region	Network	3 months ended 31 March 2013	3 months ended 31 March 2012	% Increase
Hong Kong	Office and Commercial Network	604	570	6%
Hong Kong	In-store Network (Mannings)	200	200	0%
Singapore	Office and Commercial Network	403	339	19%
Singapore	HDB Shopping Centres	21	21	0%
Singapore	In-store Network (Watsons)	50	50	0%
Total number of venues		1,278	1,180	8%

As previously reported in our 2012 Annual Report, our Group has laid a solid foundation and established an infrastructure to leverage on its core assets and resources of our Group’s relationships with our partners and advertisers to continue our Group’s endeavours to expand our business by the implementation of the various future plans and growth strategies as presented in the prospectus of our Company dated 30 June 2011 (the “Prospectus”) and in our 2011 and 2012 Annual Report. Further leveraging on the existing infrastructure of our Office and Commercial Building digital OOH media network and our relationships with Hong Kong’s leading real-estate developers, our Group has commenced the launch of our digital OOH media network at major private residential complexes (Residential digital OOH media network) in Hong Kong. In addition, our Group has signed agreements with our landlord partners for the launch of our large static OOH billboard media offerings for our customers. As well, our Group has commenced our In-store digital media network expansion at all Mannings retail chain-stores in Hong Kong and at all Watsons’s retails chain-stores in Singapore.

At the same time and as previously reported in our 2012 Annual Report, our Group will continue to seek out viable collaborations and partnerships with leading media enterprises in mainland China as part of our Group’s low-cost and low-risk market entry strategy to meet advertisers’ growing demand for quality media and advertising assets in mainland China. These include our Group’s partnerships with Youku Tudou Inc. (NYSE:YOKU), China’s leading Internet television company; Tulip Media, China’s largest OOH LED media network; Focus Media Holdings (NASDAQ:FMCN), China’s largest lifestyle targeted OOH interactive digital media network; Douban, China’s biggest spontaneous social network, and our Group’s representation of Baidu (NASDAQ:BIDU), China’s largest search engine.

## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW

<b>(Unaudited)</b>	<b>3 months ended 31 March 2013</b>	<b>3 months ended 31 March 2012</b>	<b>% Increase</b>
Turnover	15,008,247	6,758,691	122%
Gross profit	11,280,489	4,505,981	150%
EBITDA <i>(Note 1)</i>	2,322,430	(7,301,017)	na
Net profit/(loss)	1,071,527	(8,653,488)	na

*Note 1:* EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, share of loss of a jointly controlled entity and amortization 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.

For the three months ended 31 March 2013, our Group experienced triple-digit growth in both turnover and gross profit over the corresponding period of the previous year.

Our Group's turnover was approximately HK\$15.0 million, representing an increase of approximately 122%. The increase in our Group's turnover was due to higher revenue generated on the back of an expanded network, creative format media placements and our Group's successful partnerships with Mannings in Hong Kong and Youku Tudou Inc.

Gross profit was approximately HK\$11.3 million, representing an increase of approximately 150%. Gross profit margin increased to 75.2% from 66.7%, due to higher portion of revenue generated from high gross profit margin business (i.e. TVC-related business on the Office and Commercial Building digital OOH media network).

Besides growing our Group's turnover and gross profit margin, our Group has adopted a prudent approach in operating expenses control and as a result, our total operating expenses for the three months ended 31 March 2013 were approximately HK\$10.1 million, representing a decrease of approximately 27.4% over the corresponding period of the previous year. The decrease in total operating expenses was mainly due to the decrease in marketing expenses and equity-based compensation.

As a result, our Group's EBITDA amounted to approximately HK\$2.3 million for the three months ended 31 March 2013 as compared to negative EBITDA of approximately HK\$7.3 million for the corresponding period of the previous year.



## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW (CONTINUED)

For the reporting period, our Group recorded a net profit attributable to shareholders of the Company of approximately HK\$1.1 million as compared to a loss attributable to shareholders of the Company of approximately HK\$8.7 million for the three months ended 31 March 2012.

#### **Dividend**

The Board does not recommend the payment of any dividend for the three months ended 31 March 2013 (2012: Nil).

#### **Information on employees**

As at 31 March 2013, our Group had 62 employees (2012: 67), including the executive Directors. Total staff costs (including Directors' emoluments) for the three months ended 31 March 2013 were approximately HK\$5.3 million, including equity-based compensation, as compared to approximately HK\$6.5 million for the three months ended 31 March 2012. 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 our Group's performance as well as individual's performance. For the three months ended 31 March 2013, no bonuses were paid to any employees or directors. 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 investment in subsidiaries, during the three months ended 31 March 2013, our Group did not hold any significant investment in equity interest in any company.

#### **Future plans for material investments and capital assets**

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

#### **Material acquisitions and disposals of subsidiaries and affiliated companies**

During the three months ended 31 March 2013, our Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

#### **Charges of assets**

As at 31 March 2013, our Group did not have any charges on its assets (31 December 2012: Nil).

#### **Contingent liabilities**

Our Group had no material contingent liabilities as at 31 March 2013 (31 December 2012: Nil).

## HIGHLIGHTS

- The Group experienced triple-digit growth in both turnover and gross profit over the corresponding period of the previous year.
- The Group's turnover for the three months ended 31 March 2013 was approximately HK\$15.0 million, representing increase of approximately 122% over the corresponding period of the previous year. The increase was due to higher revenue generated on the back of an expanded network, creative format media placements and the Group's successful partnership with Mannings in Hong Kong and Youku Tudou Inc.
- The Group's gross profit for the three months ended 31 March 2013 was approximately HK\$11.3 million, representing an increase of approximately 150% over the corresponding period of the previous year.
- Gross profit margin increased to 75.2% from 66.7%, due to higher portion of revenue generated from high gross profit margin business (i.e. TVC-related business on the Office and Commercial Building digital OOH media network).
- Total operating expenses for the three months ended 31 March 2013 were approximately HK\$10.1 million, representing a decrease of approximately 27.4% over the corresponding period of the previous year. The decrease in total operating expenses was mainly due to the decrease in marketing expenses and equity-based compensation.
- The Group recorded a net profit attributable to shareholders of the Company of approximately HK\$1.1 million for the three months ended 31 March 2013 as compared to a loss attributable to shareholders of the Company of approximately HK\$8.7 million for the three months ended 31 March 2012.
- Earnings per share for the three months ended 31 March 2013 was HK\$0.33 cents compared to loss per share HK\$2.64 cents for the corresponding period in the previous year.
- The Board does not recommend the payment of an interim dividend for the period.

## UNAUDITED FIRST QUARTERLY RESULTS

The board (the "Board") of Directors of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2013 together with comparative unaudited figures for the corresponding period ended 31 March 2012, as follows:

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2013

	Notes	Three months ended 31 March	
		2013 HK\$ (Unaudited)	2012 HK\$ (Unaudited)
<b>Revenue</b>		<b>15,008,247</b>	6,758,691
Cost of sales		<b>(3,727,758)</b>	(2,252,710)
<b>Gross profit</b>		<b>11,280,489</b>	4,505,981
Other income		<b>75,046</b>	15,108
Administrative expenses		<b>(10,092,162)</b>	(13,893,905)
<b>Operating profit/(loss)</b>		<b>1,263,373</b>	(9,372,816)
Finance costs		<b>(10,694)</b>	(16,504)
Share of loss of a jointly controlled entity		<b>(81,353)</b>	—
<b>Profit/(loss) before income tax</b>		<b>1,171,326</b>	(9,389,320)
Income tax (expenses)/credit	3	<b>(99,799)</b>	735,832
<b>Profit/(loss) for the period</b>		<b>1,071,527</b>	(8,653,488)
<b>Other comprehensive (loss)/income for the period</b>			
Currency translation differences		<b>(126,807)</b>	313,626
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company</b>		<b>944,720</b>	(8,339,862)
<b>Earnings/(loss) per share attributable to owners of the Company</b>			
— Basic and diluted	5	<b>HK cents 0.33</b>	HK cents (2.64)



# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2013

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital HKD	Share premium HKD	Capital reserve HKD	Exchange reserve HKD	Warrant reserve HKD	Share option reserve HKD	Accumulated losses HKD			
<b>Balance at 31 December 2011 and 1 January 2012, audited</b>	3,280,000	274,344,873	(176,467,450)	(558,858)	—	2,913,880	(9,634,289)	93,878,156	—	93,878,156
<b>Changes in equity for the three months ended 31 March 2012</b>										
<b>Comprehensive loss</b>										
Loss for the period	—	—	—	—	—	—	(8,653,488)	(8,653,488)	—	(8,653,488)
<b>Other comprehensive income</b>										
Currency translation differences	—	—	—	313,626	—	—	—	313,626	—	313,626
Total comprehensive loss	—	—	—	313,626	—	—	(8,653,488)	(8,339,862)	—	(8,339,862)
<b>Transactions with owners</b>										
Share option scheme	—	—	—	—	—	1,125,915	—	1,125,915	—	1,125,915
<b>Balance as at 31 March 2012, unaudited</b>	3,280,000	274,344,873	(176,467,450)	(245,232)	—	4,039,795	(18,287,777)	86,664,209	—	86,664,209
<b>Balance at 31 December 2012 and 1 January 2013, audited</b>	3,280,000	274,344,873	(176,467,450)	92,102	153,496	4,697,494	(36,225,527)	69,874,988	523,046	70,398,034
<b>Changes in equity for the three months ended 31 March 2013</b>										
<b>Comprehensive income</b>										
Profit for the period	—	—	—	—	—	—	1,071,527	1,071,527	—	1,071,527
<b>Other comprehensive loss</b>										
Currency translation differences	—	—	—	(126,807)	—	—	—	(126,807)	—	(126,807)
<b>Total comprehensive income</b>	—	—	—	(126,807)	—	—	1,071,527	944,720	—	944,720
<b>Transactions with owners</b>										
Share option scheme	—	—	—	—	—	69,228	31,624	100,852	—	100,852
Non-controlling interests	—	—	—	—	—	—	—	—	(523,046)	(523,046)
<b>Total transactions with owners</b>	—	—	—	—	—	69,228	31,624	100,852	(523,046)	(422,194)
<b>Balance as at 31 March 2013, unaudited</b>	3,280,000	274,344,873	(176,467,450)	(34,705)	153,496	4,766,722	(35,122,376)	70,920,560	—	70,920,560

# Notes to the Financial Information

For the three months ended 31 March 2013

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Island on 28 January 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of The Stock Exchange since 28 July 2011.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly financial information for the three months ended 31 March 2013 (the "First Quarterly Financial Information") has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the listing of securities on GEM on the Stock Exchange (the "GEM Listing Rules").

The First Quarterly Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The First Quarterly Financial Information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

## 3. INCOME TAX EXPENSES/(CREDIT)

	Unaudited Three months ended 31 March	
	2013 HK\$	2012 HK\$
Current income tax		
— Hong Kong profits tax	—	—
— Underprovision in prior years	99,799	—
— Singapore income tax	—	—
Deferred income tax	—	(735,832)
	99,799	(735,832)

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 period ended 31 March 2013 (2012: Same). The profits tax rates for Hong Kong and Singapore are 16.5% (2012: 16.5%) and 17% (2012: 17%) respectively.

## Notes to the Financial Information (Continued)

For the three months ended 31 March 2013

### 4. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2013 (2012: Nil).

### 5. EARNINGS/(LOSS) PER SHARE

#### Basic

Basic earnings/(loss) per share for the three months ended 31 March 2013 and 2012 are calculated by dividing the results to the shareholders of the Company by the weighted average number of ordinary shares in issue during the periods.

	<b>Unaudited</b> <b>For the three months ended</b> <b>31 March</b>	
	<b>2013</b>	2012
Earning/(loss) attributable to equity holders of the Company (HK\$)	<b>1,071,527</b>	(8,653,488)
Weighted average number of shares in issue	<b>328,000,000</b>	328,000,000
Basic earnings/(loss) per share	<b>HK\$ cents 0.33</b>	HK\$ cents (2.64)

#### Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the potential dilutive ordinary shares outstanding did not have any dilutive effect on the earnings per shares during the three months ended 31 March 2013 (2012 : same).

### 6. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTER FINANCIAL STATEMENTS

The unaudited condensed consolidated first quarterly financial information was approved for issue by the Board on 8 May 2013.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, 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

Name of directors	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued share capital
	Personal interests	Family interests	Corporate interests				
Wong Hong Gay Patrick Jonathan	—	—	169,026,600 <i>(Note 1)</i>	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 <i>(Note 2)</i>	—	—	—	—	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

#### Notes:

- 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 these shares by virtue of the SFO.
- Ceased to be the director of the Company with effect from the date of this report.

## Other Information (Continued)

Save as disclosed above, as at 31 March 2013, 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 March 2013, 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 value 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 <i>(Note 1 &amp; 2)</i>	Beneficial owner	169,026,600	51.53%
iMediaHouse.com Limited <i>(Notes 1 &amp; 2)</i>	Interest of controlled corporation	169,026,600	51.53%
Trade Grand International Limited <i>(Notes 3 &amp; 4)</i>	Beneficial owner	61,500,000	18.75%
Wong's Industrial (Holdings) Limited <i>(Notes 3 &amp; 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Catel (B.V.I.) Limited <i>(Notes 3 &amp; 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Wong's International (Holdings) Limited <i>(Notes 3 &amp; 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Flyer Wonder Limited <i>(Notes 5 &amp; 6)</i>	Investment Manager	31,668,000	9.65%
Asia Private Credit Fund Limited <i>(Notes 5 &amp; 6)</i>	Investment Manager	31,668,000	9.65%
Citigroup Inc.	Person having a security interest in shares	31,668,000	9.65%
Teall Nathaniel EDDS <i>(Notes 7 &amp; 8)</i>	Investment Manager	16,600,000	5.06%
OCP Asia Limited <i>(Notes 7 &amp; 8)</i>	Investment Manager	16,600,000	5.06%
Stuart Michael WILSON <i>(Notes 7 &amp; 8)</i>	Investment Manager	16,600,000	5.06%
Orchard Makira Multi Strategy Master Fund Limited	Beneficial Owner	16,600,000	5.06%



## Other Information (Continued)

### 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 International 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.
7. These shares are directly held by OCP Asia Limited ("OCP Asia") which is owned as to approximately 33% by Teall Nathaniel EDDS and Stuart Michael WILSON respectively. Teall Nathaniel EDDS and Stuart Michael WILSON are therefore deemed to be interested in these shares by virtue of the SFO.
8. The interest of OCP Asia, Teall Nathaniel EDDS and Stuart Michael WILSON 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 March 2013, 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.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 31 March 2013, 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.

## INTERESTS OF THE COMPLIANCE ADVISER

As notified by Cinda International Capital Limited ("CICL"), the compliance adviser of the Company, neither CICL 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 March 2013. Pursuant to the agreement dated 25 October 2012 entered into between CICL and the Company, CICL received fees for acting as the compliance adviser of the Company.

### COMPETITION AND CONFLICT OF INTERESTS

During the three months ended 31 March 2013, 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.

### CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 31 March 2013.

### 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 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.

During the three months ended 31 March 2013, the Company had complied with the code provisions (“Code Provisions”) set out in the Corporate Governance Code as contained in Appendix 15 to 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.



## Other Information (Continued)

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee internal control procedures of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Lien Jown Jing Vincent (chairman of the audit committee), Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2013 have not been audited by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the audit committee of the Company, which is of the opinion that the first quarterly financial information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Focus Media Network Limited**  
**Wong Hong Gay Patrick Jonathan**  
*Chairman, CEO and Executive Director*

Hong Kong, 8 May 2013

*As at the date of this report, the executive Directors are Mr. Wong Hong Gay Patrick Jonathan, Ms. Ngan Toi Yuk, Ms. Chee Huiling Audrey and Mr. Lee Sze Leong; the non-executive Director is Mr. Chan Tsze Wah; and the independent non-executive Directors are Mr. Lien Jown Jing Vincent, Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.*



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