

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**
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Interim Report 2013

二零一三年中期報告

FOCUS MEDIA NETWORK

iMediaHouse

Combining Venture Capital and Entrepreneurs

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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」)之特色

創業板的定位，乃為相比起其他在聯交所上市的公司帶有較高投資風險的公司提供一個上市的市場。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他老練投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於聯交所主板買賣之證券承受較大的市場波動風險，同時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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本報告的資料乃遵照聯交所創業板證券上市規則(「創業板上市規則」)而刊載，旨在提供有關Focus Media Network Limited(「本公司」)之資料。本公司各董事(「董事」)願就本報告所載的內容共同及個別承擔全部責任。本公司各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要方面均屬準確及完整，沒有誤導或欺詐成份，且並無遺漏任何其他事項，致使本報告或其所載任何陳述產生誤導。

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Management Discussion and Analysis

BUSINESS REVIEW

Focus Media Network Limited (the “Company”) together with its subsidiaries (collectively the “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 30 June 2013, our Group has deployed our flat-panel displays at over 1,000 buildings under our **Office and Commercial Building digital OOH media network**, at 250 retail chain-stores under our **In-store digital OOH media network**, and at over 50 buildings under our newly launched **Residential digital OOH media network**.

During the six months ended 30 June 2013, the number of venues in which our Group deployed our flat-panel displays continued to experience double-digit growth over the corresponding period of the previous year.

Region	Network	6 months ended 30 June 2013	6 months ended 30 June 2012	% Change
Hong Kong	Office and Commercial Network	608	590	3%
Hong Kong	In-store Network (Mannings)	200	200	0%
Hong Kong	Residential Network	51	NIL	N/A
Singapore	Office and Commercial Network	410	352	16%
Singapore	HDB Shopping Centres	21	21	0%
Singapore	In-store Network (Watsons)	50	50	0%
Total number of venues		1,340	1,213	10%

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.

During the period under review, our Group launched our **Residential digital OOH media network** at major private residential complexes in Hong Kong as well as launched our **Static OOH billboard media solutions** in Hong Kong. Both of these two new business segments have started to generate revenue for our Group. As well, our Group has commenced our In-store digital media network expansion to the rest of Mannings 300+ retail chain-stores in Hong Kong, with completion targeted by end September this year.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

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 largest Internet television company; Tulip Media, China's largest OOH LED media network; Focus Media Holdings, 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.

FINANCIAL REVIEW

(Unaudited) in HK\$	Six months ended 30 June 2013	Six months ended 30 June 2012	% Change
Turnover	30,504,135	23,057,274	32%
Gross Profit	22,004,488	16,454,583	34%
EBITDA (Note 1)	3,087,390	(7,127,050)	N/A
Net Profit/(Loss)	715,362	(10,717,299)	N/A

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 joint venture 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 six months ended 30 June 2013, our Group experienced double-digit growth in both turnover and gross profit over the corresponding period of the previous year.

Our Group's turnover was approximately HK\$30.5 million, representing an increase of approximately 32%. The increase in our Group's turnover was due to higher revenue generated on the back of an expanded network as well as our Group's successful partnerships with Mannings in Hong Kong and Youku Tudou Inc. in China.

Gross profit was approximately HK\$22.0 million, representing an increase of approximately 34%. Gross profit margin increased to 72% from 71%, due to improved margins from our Group's partnership with Youku Tudou Inc.

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 first half of 2013 were approximately HK\$21.2 million, representing a decrease of approximately 22.1% 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.



Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

As a result, our Group's EBITDA amounted to approximately HK\$3.1 million for the reporting period as compared to negative EBITDA of approximately HK\$7.1 million for the corresponding period of the previous year.

For the six months ended 30 June 2013, our Group recorded a net profit attributable to shareholders of the Company of approximately HK\$0.7 million as compared to a loss attributable to shareholders of the Company of approximately HK\$10.7 million for the six months ended 30 June 2012.

Liquidity and financial resources

Our Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2013. Our Group had cash and cash equivalents of HK\$56,989,826 as at 30 June 2013 (30 June 2012: HK\$54,381,477). Apart from providing working capital to support its media sales and business development, our Group maintains a strong cash position to meet potential needs for business expansion and development.

Gearing ratio

The gearing ratio of our Group, calculated as total borrowings over shareholders' fund, was approximately 0.6% as at 30 June 2013 (31 December 2012: approximately 1.1%).

Foreign exchange

For the six months ended 30 June 2013, our 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. Our Group will monitor its foreign currency exposure closely. During the period under review, our 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 30 June 2013, our Group did not have any significant capital commitments (2012: Nil).

Dividend

The board of directors of the Company (the "Board") does not recommend the payment of any dividend for the six months ended 30 June 2013 (2012: Nil).

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Information on employees

As at 30 June 2013, our Group had 65 employees (30 June 2012: 73), including the executive Directors. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2013 were approximately HK\$11 million, including equity-based compensation, as compared to approximately HK\$12.8 million for the corresponding period of the previous year. 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 six months ended 30 June 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 investments in subsidiaries and a joint venture, during the six months ended 30 June 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 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 period under review, our Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges on assets

As at 30 June 2013, our Group did not have any charges on its assets (2012: Nil).

Contingent liabilities

Our Group had no material contingent liabilities as at 30 June 2013 (2012: Nil).



HIGHLIGHTS

- For the six months ended 30 June 2013, the Group experienced double-digit growth in both turnover and gross profit over the corresponding period of the previous year.
- The Group's turnover for the six months ended 30 June 2013 was approximately HK\$30.5 million, representing increase of approximately 32% over the corresponding period of the previous year. The increase was due to higher revenue generated on the back of an expanded network as well as the Group's successful partnership with Mannings in Hong Kong and Youku Tudou Inc. in China.
- The Group's gross profit was approximately HK\$22.0 million, representing an increase of approximately 34% over the corresponding period of the previous year.
- Gross profit margin increased to 72% from 71%, due to improved margins from our Group's partnership with Youku Tudou Inc.
- Total operating expenses were approximately HK\$21.2 million, representing a decrease of approximately 22.1% 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\$0.7 million for the six months ended 2013 as compared to a loss attributable to shareholders of the Company of approximately HK\$10.7 million for the corresponding period in the previous year.
- Earnings per share for the six months ended 30 June 2013 was HK\$0.22 cents compared to loss per share HK\$3.27 cents for the corresponding period in the previous year.
- The Board does not recommend the payment of an interim dividend for the period.

UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2013 together with comparative unaudited figures for the corresponding period ended 30 June 2012, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Revenue	3	15,495,888	16,298,583	30,504,135	23,057,274
Cost of sales	4	(4,771,889)	(4,349,981)	(8,499,647)	(6,602,691)
Gross profit		10,723,999	11,948,602	22,004,488	16,454,583
Other income		68,699	20,512	143,745	35,620
Administrative expenses	4	(11,085,484)	(13,344,745)	(21,177,647)	(27,238,650)
Operating profit/(loss)		(292,786)	(1,375,631)	970,586	(10,748,447)
Finance costs	5	(9,231)	(15,174)	(19,925)	(31,678)
Share of loss of a joint venture		(54,147)	—	(135,500)	—
Profit/(loss) before income tax		(356,164)	(1,390,805)	815,161	(10,780,125)
Income tax expenses	6	—	(784,602)	(99,799)	(48,770)
Profit/(loss) for the period		(356,164)	(2,175,407)	715,362	(10,828,895)
Other comprehensive (loss)/income for the period					
<i>Item that may be reclassified to profit or loss</i>					
Currency translation differences		(293,110)	(134,029)	(419,916)	179,597
Total comprehensive income/(loss) for the period attributable to equity holders of the Company		(649,274)	(2,309,436)	295,446	(10,649,298)
Profit/(loss) for the period attributable to:					
Owners of the Company		(356,164)	(2,063,811)	715,362	(10,717,299)
Non-controlling interests		—	(111,596)	—	(111,596)
		(356,164)	(2,175,407)	715,362	(10,828,895)
Total comprehensive profit/(loss) for the period attributable to:					
Owners of the Company		(649,274)	(2,197,840)	295,446	(10,537,702)
Non-controlling interests		—	(111,596)	—	(111,596)
		(649,274)	(2,309,436)	295,446	(10,649,298)
Earnings/(loss) per share attributable to owners of the Company					
— Basic and diluted	8	HK cents (0.11)	HK cents (0.63)	HK cents 0.22	HK cents (3.27)



Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	<i>Notes</i>	30 June 2013 HK\$ (Unaudited)	31 December 2012 HK\$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	7,403,240	8,361,024
Intangible assets	9	3,237,264	3,502,019
Investment in a joint venture		797,706	—
		11,438,210	11,863,043
Current assets			
Trade and other receivables	10	17,817,305	21,126,963
Pledged bank deposits		528,646	233,290
Cash and bank balances		56,989,826	53,614,392
		75,335,777	74,974,645
Total assets		86,773,987	86,837,688
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	3,280,000	3,280,000
Share premium	13	274,344,873	274,344,873
Other reserves		(171,774,197)	(171,524,358)
Accumulated losses		(35,478,541)	(36,225,527)
Equity attributable to owners of the Company		70,372,135	69,874,988
Non-controlling interests		—	523,046
Total equity		70,372,135	70,398,034

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	<i>Notes</i>	30 June 2013 HK\$ (Unaudited)	31 December 2012 HK\$ (Audited)
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	12	196,610	248,870
Licence fee payables		315,024	440,636
		511,634	689,506
Current liabilities			
Trade and other payables	11	13,130,337	12,812,779
Finance lease liabilities	12	213,141	496,433
Deferred revenue		2,546,740	2,440,936
		15,890,218	15,750,148
Total liabilities		16,401,852	16,439,654
Total equity and liabilities		86,773,987	86,837,688
Net current assets		59,445,559	59,224,497
Total assets less current liabilities		70,883,769	71,087,540

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Warrant reserve	Share option reserve	Accumulated losses			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 31 December 2011 and 1 January 2012, audited	3,280,000	274,344,873	(176,467,450)	(558,858)	—	2,913,880	(9,634,289)	93,878,156	—	93,878,156
Changes in equity for the six months ended 30 June 2012										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(10,717,299)	(10,717,299)	(111,596)	(10,828,895)
Other comprehensive income										
Currency translation differences	—	—	—	179,597	—	—	—	179,597	—	179,597
Total comprehensive loss	—	—	—	179,597	—	—	(10,717,299)	(10,537,702)	(111,596)	(10,649,298)
Transactions with owners										
Share option scheme	—	—	—	—	—	1,610,634	14,903	1,625,537	—	1,625,537
Issuance of warrant	—	—	—	—	85,596	—	—	85,596	—	85,596
Non-controlling interests	—	—	—	—	—	—	—	—	801,642	801,642
Total transactions with owners	—	—	—	—	85,596	1,610,634	14,903	1,711,133	801,642	2,512,775
Balance at 30 June 2012, unaudited	3,280,000	274,344,873	(176,467,450)	(379,261)	85,596	4,524,514	(20,336,685)	85,051,587	690,046	85,741,633
Balance at 31 December 2012 and 1 January 2013, audited	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
Changes in equity for the six months ended 30 June 2013										
Comprehensive income										
Profit for the period	—	—	—	—	—	—	715,362	715,362	—	715,362
Other comprehensive loss										
Currency translation differences	—	—	—	(419,916)	—	—	—	(419,916)	—	(419,916)
Total comprehensive income	—	—	—	(419,916)	—	—	715,362	295,446	—	295,446
Transactions with owners										
Share option scheme	—	—	—	—	—	170,077	31,624	201,701	—	201,701
Non-controlling interests	—	—	—	—	—	—	—	—	(523,046)	(523,046)
Total transactions with owners	—	—	—	—	—	170,077	31,624	201,701	(523,046)	(321,345)
Balance at 30 June 2013, unaudited	3,280,000	274,344,873	(176,467,450)	(327,814)	153,496	4,867,571	(35,478,541)	70,372,135	—	70,372,135

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Unaudited	
	Six months ended	
	30 June	
	2013	2012
	HK\$	HK\$
Net cash generated from/(used in) operating activities	6,380,067	(6,451,914)
Net cash used in investing activities	(2,455,235)	(239,826)
Net cash used in financing activities	(343,876)	(254,705)
Increase/(decrease) in cash and cash equivalents	3,580,956	(6,946,445)
Cash and cash equivalents at the beginning of the period	53,614,392	61,191,578
Exchange differences on cash and cash equivalents	(205,522)	136,344
Cash and cash equivalents at end of the period	56,989,826	54,381,477
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	57,518,472	54,625,661
Less: Bank deposits held as collateral	(528,646)	(244,184)
Cash and cash equivalents per condensed consolidated statement of cash flows	56,989,826	54,381,477



Notes to the Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 January 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of out-of-home advertising services in Hong Kong and Singapore.

The Company has its primary listing on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information has been reviewed, not audited.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 (the "Interim 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 Interim 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 ("HKFRS").

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

The HKICPA has issued a number of new and revised HKFRS. For those which are effective for accounting periods beginning on 1 January 2013, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

3. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified collectively as the executive directors of the Company. The executive directors reviewed 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.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2013 and 2012 is as follows:

	Hong Kong HK\$	Unaudited Singapore HK\$	Total HK\$
For the six months ended 30 June 2013			
Segment revenue	18,621,896	12,216,989	30,838,885
Inter-segment revenue	(334,750)	—	(334,750)
Revenue (from external customers)	18,287,146	12,216,989	30,504,135
Segment results	13,030,668	8,973,820	22,004,488
For the six months ended 30 June 2012			
Segment revenue	15,774,679	8,085,195	23,859,874
Inter-segment revenue	(802,600)	—	(802,600)
Revenue (from external customers)	14,972,079	8,085,195	23,057,274
Segment results	10,387,863	6,066,720	16,454,583



Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (Continued)

A reconciliation of segment results to profit/(loss) before income tax is provided as follows:

	Unaudited Six months ended 30 June 2013 HK\$	2012 HK\$
Segment results	22,004,488	16,454,583
Other income	143,745	35,620
Administrative expenses	(21,177,647)	(27,238,650)
Operating profit/(loss)	970,586	(10,748,447)
Finance cost	(19,925)	(31,678)
Share of loss of a joint venture	(135,500)	—
Profit/(loss) before income tax	815,161	(10,780,125)

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong are HK\$18,287,146 and HK\$14,972,079 for the six months ended 30 June 2013 and 2012 respectively. The total revenues from external customers in Singapore are HK\$12,216,989 and HK\$8,085,195 for the six months ended 30 June 2013 and 2012 respectively.

The total non-current assets located in Hong Kong are HK\$9,517,573 and HK\$9,738,793 as at 30 June 2013 and 31 December 2012 respectively. The total non-current assets located in Singapore are HK\$1,920,637 and HK\$2,124,250 as at 30 June 2013 and 31 December 2012 respectively.

Revenue of the Group is all derived from advertising fees during the six months ended 30 June 2013 and 2012.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

4. EXPENSES BY NATURE

	Unaudited	
	Six months ended	
	30 June	
	2013	2012
	HK\$	HK\$
Revenue sharing with landlords of Office and Commercial Networks <i>(Note a)</i>	2,143,053	2,020,564
Revenue sharing with landlords of In-store Networks <i>(Note a)</i>	1,967,708	855,689
Revenue sharing with Youku Tudou Inc.	2,230,321	1,988,872
Revenue sharing with owners of Residential Network <i>(Note a)</i>	3,224	—
Sales commission	1,479,008	1,100,783
Production and installation	286,087	426,537
Auditor's remuneration	459,800	483,200
Depreciation <i>(Note 9)</i>	1,526,187	1,557,018
Amortisation <i>(Note 9)</i>	388,914	210,246
Operating lease payments		
— Outdoor billboards	180,000	—
— Land and Building	1,217,205	1,213,050
Employees benefit expenses excluding equity-based compensation	10,754,687	11,162,767
Equity-based compensation	201,703	1,625,537
Marketing and promotional expenses	1,503,642	5,315,632
Travelling expenses	965,397	993,061
Professional parties fees	1,576,758	2,133,424
Other expenses	2,793,600	2,754,961
Total cost of sales and administrative expenses	29,677,294	33,841,341

Note a: There is no minimum lease payment to landlords of Office and Commercial Networks and In-store Networks and owners of Residential Network. Revenue sharing with landlords of Office and Commercial Networks and In-store Networks and owners of Residential Network was calculated based on the rates agreed between the Group, landlords and owners and is recognized as cost of sales when the related advertisements are telecasted.



Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2013 HK\$	2012 HK\$
Interest expense		
– Finance lease liabilities wholly repayable within 5 years	13,013	24,766
– License fee liabilities wholly repayable within 5 years	6,912	6,912
	19,925	31,678

6. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2013 HK\$	2012 HK\$
Current income tax		
– Hong Kong profits tax	—	512,426
– Under-provision in prior years	99,799	—
– Singapore income tax	—	438,456
Deferred income tax	—	(902,112)
	99,799	48,770

No provision for Hong Kong and Singapore profits tax has been made in these Interim Financial Information as the Group's tax losses brought forward from previous years exceed the estimated assessable profits for the six months ended 30 June 2013 (Hong Kong profits tax and Singapore profits tax have been provided at the rate of 16.5% and 17% respectively on the estimated assessable profit for the six months ended 30 June 2012).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2013 (2012: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share for the six months ended 30 June 2013 and 2012 are calculated by dividing the results attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	Unaudited Six months ended 30 June 2013	2012
Earnings/(loss) attributable to equity holders of the Company (HK\$)	715,362	(10,717,299)
Weighted average number of shares in issue	328,000,000	328,000,000
Basic earnings/(loss) per share	HK cents 0.22	HK cents (3.27)

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/(loss) per share during the six month ended 30 June 2013 (2012: Same).



Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment HK\$	Intangible assets HK\$
Year ended 31 December 2012		
Opening net book amount at 1 January 2012, audited	5,985,210	3,355,670
Additions	5,430,996	800,841
Depreciation and amortisation	(3,157,623)	(654,492)
Exchange difference on translation	102,441	—
Closing net book amount at 31 December 2012, audited	8,361,024	3,502,019
Six months ended 30 June 2013		
Opening net book amount at 1 January 2013, audited	8,361,024	3,502,019
Additions	669,143	925,000
Disposal of a subsidiary	(33,471)	(800,841)
Depreciation and amortisation	(1,526,187)	(388,914)
Exchange difference on translation	(67,269)	—
Closing net book amount at 30 June 2013, unaudited	7,403,240	3,237,264

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Trade receivables — third parties	16,429,755	19,792,940
Less: provision for impairment of trade receivables	(1,333,839)	(1,328,900)
Trade receivables — net	15,095,916	18,464,040
Prepayments, deposits and other receivables	2,721,389	2,662,923
Current portion	17,817,305	21,126,963

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2013 and 31 December 2012, the Group's trade receivables of HK\$9,123,461 and HK\$11,657,661 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\$1,333,839 (2012: HK\$1,328,900). The aging analysis of these trade receivables is as follows:

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Neither past due nor impaired	5,972,455	6,806,379
0–30 days past due	3,158,103	6,193,912
31–60 days past due	3,504,982	2,190,944
Over 61 days past due	2,460,376	3,272,805
Past due but not impaired (Note a)	9,123,461	11,657,661
	15,095,916	18,464,040

Note a: Past due but not impaired comprises of receivables from 55 customers with 126 campaign orders.



Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

10. 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:

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
At 1 January	1,328,900	414,806
Provision for receivables impairment	6,581	1,038,747
Recovery of impaired receivable	—	(125,000)
Exchange difference	(1,642)	347
	1,333,839	1,328,900

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

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
HK\$	11,675,657	11,299,351
SG\$	6,141,648	9,827,612
	17,817,305	21,126,963

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

11. TRADE AND OTHER PAYABLES

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Trade payables	23,875	49,191
Licence fee payable	963,848	831,324
Other payables	1,591,220	2,721,945
Accruals	10,551,394	9,210,319
	13,130,337	12,812,779

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

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

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Current	—	48,141
0 to 30 days past due	23,270	—
Over 60 days past due	605	1,050
	23,875	49,191

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

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
HK\$	9,223,707	7,585,501
SG\$	3,122,370	4,054,283
US\$	784,260	1,172,995
	13,130,337	12,812,779



Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

12. FINANCE LEASE LIABILITIES

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

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	229,089	518,952
Later than 1 year and no later than 5 years	207,774	267,138
	436,863	785,090
Future finance charges on finance leases	(27,112)	(40,787)
	409,751	745,303
Present value of finance lease liabilities		
The present value of finance lease liabilities is as follows:		
No later than 1 year	213,141	496,433
Later than 1 year and no later than 5 years	196,610	248,870
	409,751	745,303

The finance lease obligations are secured by certain plant and equipment of the Group.

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

13. SHARE CAPITAL AND PREMIUM

	Number of ordinary share	Equivalent nominal value of ordinary shares HK\$	Share premium HK\$	Total HK\$
Authorised:				
Ordinary share of HK\$0.01 each				
At 31 December 2012 and 30 June 2013	10,000,000,000	100,000,000	—	—
Issued and fully paid:				
At 31 December 2012 and 30 June 2013	328,000,000	3,280,000	274,344,873	277,624,873

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2013

14. OPERATING LEASE COMMITMENTS

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

	At 30 June 2013 HK\$ (Unaudited)	At 31 December 2012 HK\$ (Audited)
Group		
No later than 1 year	3,704,751	617,265
Later than 1 year and no later than 5 years	5,070,920	—
	8,775,671	617,265

15. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 June 2013 and 31 December 2012.

16. 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.

As of 30 June 2013 and 31 December 2012, the Group has no other non-trade receivable from or payable to related parties.

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 12 August 2013.



Other Information

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus and the strategies for delivering them and the actual business progress up to 30 June 2013 is set out below:

Business objectives for the period from 1 January 2013 to 31 December 2013

Actual business progress up to 30 June 2013

Increase our market share

- | | |
|---|---|
| <ul style="list-style-type: none">• Expand advertiser base, increase advertisers' advertising spending, increase number of repeat advertisers• Continue to expand network coverage• Acquisition of targets with good potentials or are otherwise beneficial to our business | <ul style="list-style-type: none">• Our Group had expanded advertiser base by 27% and increased advertisers' advertising spending by 34%. Our Group maintained and increased the number of repeat advertisers over the previous year. The total adspend of these repeat customers increased by approximately 26% over the previous year and contributed to approximately 31% (2012: 33%) of our Group's total turnover.• Our Group had expanded the network coverage by approximately 10% over the previous year. Our Group launched our Residential digital OOH media network and our Static OOH billboard media solutions.• Our Group continues to seek out viable synergistic acquisitions together with identified joint investors. |
|---|---|

Increase the efficiency of our sales and delivery

- | | |
|---|--|
| <ul style="list-style-type: none">• Expand sales force to cover a wide spectrum of the industry• Further expand headcounts in each team and add new sales teams to leverage off new business opportunities | <ul style="list-style-type: none">• Our Group had maintained a sales force of 28 headcounts, and continued to hire and retain only the best talents.• Our Group had maintained a team of 10 headcounts in business development, and continued to hire and retain only the best talents. |
|---|--|

Other Information (Continued)

Business objectives for the period from 1 January 2013 to 31 December 2013

Actual business progress up to 30 June 2013

Developing new product lines

- Launch new platforms and networks
 - Further develop innovative and synergistic creative options/formats to complement advertisers' media campaigns
- Our Group has on-going media partnerships with; Focus Media Holdings, China's largest lifestyle targeted out-of-home interactive digital media network; Youku Tudou Inc. (NYSE: YOKU), China's leading Internet television company; Tulip Media, China's largest out-of-home LED media network; Douban, China's biggest spontaneous social network; and China Search Asia for Baidu (NASDAQ: BIDU), China's largest search engine.
 - Our Group launched our digital OOH media network at elevator lobbies of major high-end residential complexes in Hong Kong (Residential digital OOH media network), and launched our static billboard network in Hong Kong (Static OOH billboard media solutions), and commenced our In-store digital media network expansion to the rest of Mannings 300+ retail chain-stores in Hong Kong.
 - Our Group continued to offer new and innovative creative formats to our advertisers.

Increasing the effectiveness of marketing and personal relations

- Increase the effectiveness of marketing and PR and increase the intensity/frequency of marketing and public relations activities
 - Showcase successful advertisers' campaigns
- Our Group generated a total of 10 press coverage in the leading press.
 - Our Group continued to showcase successful advertisers' campaign to pursue new customers in the relevant product categories.



Other Information (Continued)

Business objectives for the period from 1 January 2013 to 31 December 2013

- Continue to conduct pre/post campaign research studies to be better accountable for advertisers' campaigns
- Implement customers relationship management system
- Create a feedback channel for Clients and Partners
- Create an industry forum on digital OOH trends for advertisers

Actual business progress up to 30 June 2013

- Based on the information gathered, our Group considered that investment in pre/post campaign research studies may not generate attractive return since the industry had already accepted our numerous research studies conducted previously.
- Our Group had maintained and increased the number of repeat advertisers over the previous year.
- The Group had established a robust database of Clients and Partners and has since been communicating with them regarding our Group's development and initiatives through this feedback channel on a regular basis.
- Based on the information gathered, our Group considered that investment in industry forum may not generate attractive return.

Other Information (Continued)

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. 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 authorized financial institutions in Hong Kong as at the date of this report.

During the first half of 2013, the net proceeds of the Share Placing had been applied as follows:

Use of Proceeds	Approximately HK\$17.92 million of the net proceeds for increasing our market share	Approximately HK\$10.24 million of the net proceeds for increasing the efficiency of our sales and delivery	Approximately HK\$7.68 million of the net proceeds for developing new product lines	Approximately HK\$2.56 million of the net proceeds for increasing the effectiveness of marketing and personal relations	Approximately HK\$4.27 million for working capital and other general corporate purposes	Total Net Proceeds Approximately HK\$42.6 million
To be utilized by 31 December 2013 as stated in Prospectus	17,926,117	10,243,495	7,682,622	2,560,874	4,268,123	42,681,231
Utilized by 30 June 2013	15,616,434	9,461,326	4,827,303 <i>(Note 1)</i>	2,484,558	4,268,123	36,657,744

Note 1: Under the category of developing new product lines, our Group has laid a solid foundation and established an infrastructure to leverage on our core assets and resources of our relationships with our partners and advertisers to continuously create new digital OOH platforms and advertising opportunities for our customers. As a result of this success, our Group was able to accomplish our objective under this category without having to fully deploy the assigned amount of Use of Proceeds previously anticipated in our Prospectus.



Other Information (Continued)

UPDATE ON DIRECTOR'S INFORMATION

Mr. LIEN Jown Jing Vincent ("Mr. Lien"), an independent non-executive Director, has been appointed as a non-executive director of Primeline Energy Holdings Inc., a company listed on Canada's TSX Venture Exchange (TSXV: PEH), since 16 April 2013 as well as an independent non-executive director and a member of the audit committee and the remuneration committee of Viva China Holdings Limited, a company listed on the GEM Board of the Hong Kong Stock Exchange (SEHK: 8032), since 6 June 2013. The rest of Mr. Lien's profile remains unchanged.

SHARE OPTION SCHEMES

The Company has adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on 26 March 2011. The principal terms of the two schemes were summarised in the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix V to the Prospectus.

The purpose of the Pre-IPO Share Option Scheme is to aid the Company in retaining key and senior employees of the Group who have assisted in the development and growth of the Group and for their contribution in connection with the Listing, whilst the purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

Pre-IPO Share Option Scheme

During the year of 2011, 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 six months ended 30 June 2013. As at 30 June 2013, the number of shares comprised in the outstanding options is 10,430,400.

Other Information (Continued)

Share Option Scheme

During the year of 2011, 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. 230,000 options were cancelled or lapsed during the six months ended 30 June 2013. As at 30 June 2013, the number of shares comprised in the outstanding options is 6,160,000.

A summary of the movements of the share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme during the six months ended 30 June 2013 (the "Period") is as follows:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options					Market value per share immediately before the date of grant of option	Percentage of total issued share capital as at 30 June 2013
					Outstanding at 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2013		
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 Jul 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	3,766,000	—	—	230,000	3,536,000	0.72	1.08%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK\$0.72	3,706,400	—	—	—	3,706,400	N/A	1.13%
Total					16,820,400	—	—	230,000	16,590,400		

Notes:

- The options granted under Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:
 - 33% of the option shall vest after first twelve months after date of acceptance.
 - 33% of the option shall vest after twenty four months after date of acceptance.
 - 34% of the option shall vest after thirty six months after date of acceptance.
- The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:
 - 50% of the option shall vest on 28 January 2012.
 - 8% of the option shall vest on 28 February 2012.
 - 8% of the option shall vest on 28 March 2012.
 - 8% of the option shall vest on 28 April 2012.
 - 8% of the option shall vest on 28 May 2012.
 - 8% of the option shall vest on 28 June 2012.
 - 10% of the option shall vest on 28 July 2012.



Other Information (Continued)

Apart from the aforesaid share option schemes, at no time during the six months ended 30 June 2013 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 30 June 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%
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%
Chee Hui Ling Audrey	—	—	—	—	676,400*	676,400	0.2%

* 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 these shares by virtue of the SFO.

Other Information (Continued)

Save as disclosed above, as at 30 June 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 30 June 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>(Notes 1 & 2)</i>	Beneficial owner	169,026,600	51.53%
iMediaHouse.com Limited <i>(Notes 1 & 2)</i>	Interest of controlled corporation	169,026,600	51.53%
Trade Grand International Limited <i>(Notes 3 & 4)</i>	Beneficial owner	61,500,000	18.75%
Wong's Industrial (Holdings) Limited <i>(Notes 3 & 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Catel [B.V.I.] Limited <i>(Notes 3 & 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Wong's International Holdings Limited* <i>(Notes 3 & 4)</i>	Interest of controlled corporation	61,500,000	18.75%
Flyer Wonder Limited <i>(Notes 5 & 6)</i>	Investment Manager	31,668,000	9.65%
Asia Private Credit Fund Limited <i>(Notes 5 & 6)</i>	Investment Manager	31,668,000	9.65%
Citigroup Inc.	Person having a security interest in shares	32,548,000	9.92%
Teall Nathaniel EDDS <i>(Notes 7 & 8)</i>	Investment Manager	16,600,000	5.06%
OCP Asia Limited <i>(Notes 7 & 8)</i>	Investment Manager	16,600,000	5.06%
Stuart Michael WILSON <i>(Notes 7 & 8)</i>	Investment Manager	16,600,000	5.06%
Orchard Makira Multi Strategy Master Fund Limited	Beneficial Owner	16,600,000	5.06%

* Company name has been changed from "Wong's International (Holdings) Limited" to "Wong's International Holdings Limited" with effect from 3 June 2013.



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 30 June 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 six months ended 30 June 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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 interim 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, 12 August 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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