

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**



3rd Quarterly Report
第三季業績報告 **2013**

FOCUS MEDIA NETWORK



Combining Venture Capital and Entrepreneurs

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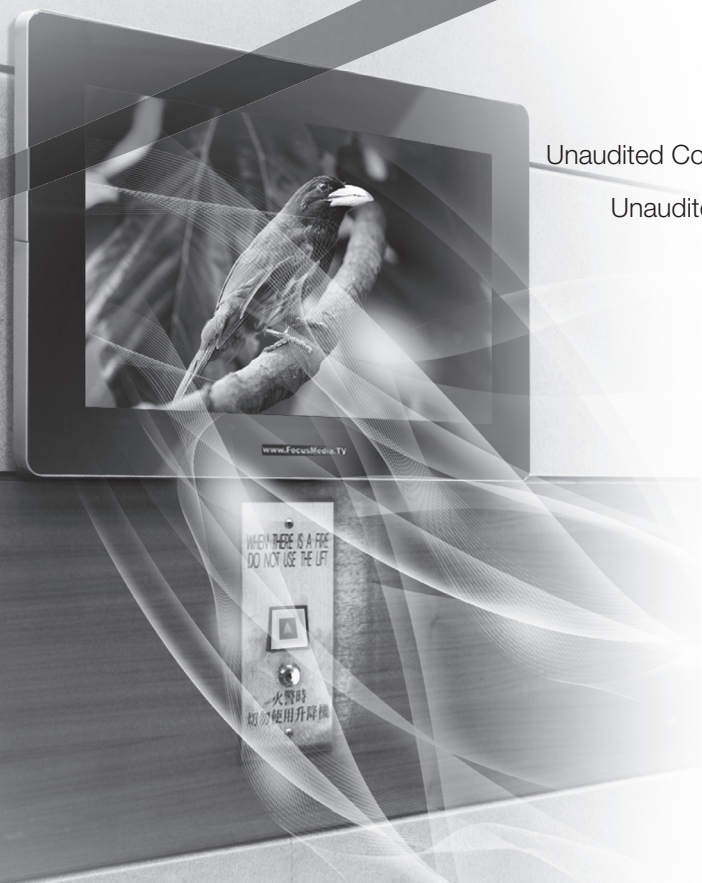
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本報告的資料乃遵照聯交所創業板證券上市規則(「創業板上市規則」)而刊載，旨在提供有關Focus Media Network Limited(「本公司」)之資料。本公司各董事(「董事」)願就本報告所載的內容共同及個別承擔全部責任。本公司各董事在作出一切合理查詢後確認，就彼等所深知及確信，本報告所載資料在各重要方面均屬準確及完整，沒有誤導或欺詐成份，且並無遺漏任何其他事項，致使本報告或其所載任何聲明產生誤導。

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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 September 2013, our Group has deployed our flat-panel displays at over 1,030 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 60 buildings under our newly launched **Residential digital OOH media network**.

During the nine months ended 30 September 2013, 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	Nine months ended 30 September 2013	Nine months ended 30 September 2012	% Change
Hong Kong	Office and Commercial Network	616	613	0.5%
Hong Kong	In-store Network (Mannings)	200	200	0%
Hong Kong	Residential Network	68	NIL	N/A
Singapore	Office and Commercial Network	420	380	10.5%
Singapore	HDB Shopping Centres	21	21	0%
Singapore	In-store Network (Watsons)	50	50	0%
Total number of venues		1,375	1,264	8.8%

As previously reported in our 2013 Interim 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.

As previously reported in our 2013 Interim Report, our Group launched our **Residential digital OOH media network** at major private residential complexes and our **Static OOH billboard media solutions** in Hong Kong. During the period under review, the size of our Residential digital OOH media network grew by 33% over the second quarter of 2013.

BUSINESS REVIEW (CONTINUED)

In September 2013, our Group tendered for and subsequently entered into an agreement with the Hong Kong Government for the exclusive advertising sales rights to the **Tsim Sha Tsui Interchange Subways** and the **Middle Road Subway** (total three subways); the underground transport hub beneath one of the busiest tourists and business districts in Hong Kong; that connects the Tsim Sha Tsui MTR station and the East Tsim Sha Tsui MTR station. The winning of this tender marks our Group's foray into marketing large scale OOH media assets that reach out to ultra-high audience traffic. It is estimated that more than 200,000 people go through the three subways on a daily basis. As retail sales continues to surge due to the sustained growth in mainland China tourists, advertisers are increasing their investments in OOH media assets. The winning of the three subways beneath one of the busiest tourist districts in Hong Kong will certainly enable our Group to tap into this advertisers' demand. Instead of the traditional way of marketing the light-boxes and wall-posters to tens of different advertisers, our Group sold all the advertising space in the three subways to one advertiser, their campaign commenced on the day our Group commenced on the three-year term of the tender.

At the same time, we continued to pursue full expansion of our In-store digital media network to the rest of Mannings 300+ retail chain-stores in Hong Kong.

Also as previously reported in our 2013 Interim 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.

During the period under review, our Group partnered with the **Macau Government Tourist Office** ("MGTO"), **City of Dream Macau** ("COD") and **Resort World Sentosa, Singapore** ("RWS") to launch various digital initiatives on the YOKU platform. 2013 is Macau's 25th international fireworks display contest and Macau's 60th Grand Prix; our Group partnered with the MGTO to launch their official brand TV channel on YOKU to promote these events. 2013 also is the third anniversary of the HK\$2 billion production, The House of Dancing Water ("THODW"), at COD. After a month-long recruitment process, six candidates (three from mainland China and one each from Hong Kong, Macau, and Taiwan) were selected for an experience of a lifetime at the THODW adventure summer camp. Our Group partnered with YOKU and COD to produce four webisodes of blogger videos to witness how the summer interns embarked on a unique and spectacular one-week journey with THODW. In addition, our Group also partnered with RWS to launch their official year-round brand TV channel on YOKU; RWS also launched its first mini movie 《丘比特的幸福世界》 during the summer holiday. Our Group partnered with YOKU to produce a blogger video for RWS; retracing the footprints of the movie characters in RWS, and also launched an interactive minisite for RWS to create more user engagement.



Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

(Unaudited) in HK\$	Nine months ended 30 September 2013	Nine months ended 30 September 2012	% Change
Turnover	48,270,889	34,552,982	40%
Gross Profit	33,176,800	23,968,204	38%
EBITDA <i>(Note 1)</i>	4,784,344	(14,025,728)	N/A
Net Profit/(Loss)	1,326,874	(17,793,724)	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 nine months ended 30 September 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\$48.3 million, representing an increase of approximately 40% over the corresponding period of the previous year. The increase in our Group's turnover was due to revenue contributions from new initiatives launched earlier during the year.

Gross profit was approximately HK\$33.2 million, representing an increase of approximately 38% over the corresponding period of the previous year. Gross profit margin maintained at 69%.

Besides growing our Group's turnover and gross profit, our Group has adopted a prudent approach in operating expenses control and as a result, our total operating expenses for the nine months ended 30 September 2013 were approximately HK\$31.8 million, representing a decrease of approximately 26% 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\$4.8 million for the reporting period as compared to negative EBITDA of approximately HK\$14.0 million for the corresponding period of the previous year.

For the nine months ended 30 September 2013, our Group recorded a net profit attributable to shareholders of the Company of approximately HK\$1.3 million as compared to a loss attributable to shareholders of the Company of approximately HK\$17.8 million for the nine months ended 30 September 2012.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Dividend

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

Information on employees

As at 30 September 2013, our Group had 68 employees (2012: 74), including the executive Directors. Total staff costs (including Directors' emoluments) for the nine months ended 30 September 2013 were approximately HK\$16.8 million, including equity-based compensation, as compared to approximately HK\$18.9 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 nine months ended 30 September 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, during the nine months ended 30 September 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 nine months ended 30 September 2013, our Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges on assets

As at 30 September 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 September 2013 (2012: Nil).



HIGHLIGHTS

- For the nine months ended 30 September 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 nine months ended 30 September 2013 was approximately HK\$48.3 million, representing an increase of approximately 40%.
- The Group's gross profit was approximately HK\$33.2 million, representing an increase of approximately 38%. Gross profit margin maintained at 69%.
- Total operating expenses were approximately HK\$31.8 million, representing a decrease of approximately 26%.
- The Group recorded a net profit attributable to shareholders of the Company of approximately HK\$1.3 million as compared to a loss attributable to shareholders of the Company of approximately HK\$17.8 million.
- Earnings per share for the nine months ended 30 September 2013 was HK\$0.4 cents compared to loss per share HK\$5.42 cents for the corresponding period in the previous year.
- The Board does not recommend the payment of any dividend for the period.

UNAUDITED THIRD QUARTERLY RESULTS

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

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 30 September 2013

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Turnover		17,766,754	11,495,708	48,270,889	34,552,982
Cost of sales		(6,594,442)	(3,982,087)	(15,094,089)	(10,584,778)
Gross profit		11,172,312	7,513,621	33,176,800	23,968,204
Other income		120,779	68,877	264,524	104,497
Administrative expenses		(10,605,713)	(15,555,320)	(31,783,359)	(42,793,970)
Operating profit/(loss)		687,378	(7,972,822)	1,657,965	(18,721,269)
Finance costs		(8,095)	(13,613)	(28,020)	(45,291)
Share of loss of a joint venture		(67,771)	—	(203,272)	—
Profit/(loss) before income tax		611,512	(7,986,435)	1,426,673	(18,766,560)
Income tax (expenses)/credit	3	—	826,999	(99,799)	778,229
Profit/(loss) for the period		611,512	(7,159,436)	1,326,874	(17,988,331)
Other comprehensive income/(loss) for the period					
<i>Item that may be reclassified to profit or loss</i>					
Currency translation differences		139,028	346,798	(280,888)	526,395
Total comprehensive income/(loss) for the period attributable to equity holders of the Company		750,540	(6,812,638)	1,045,986	(17,461,936)
Profit/(loss) for the period attributable to:					
Owners of the Company		611,512	(7,076,425)	1,326,874	(17,793,724)
Non-controlling interests		—	(83,011)	—	(194,607)
		611,512	(7,159,436)	1,326,874	(17,988,331)
Total comprehensive profit/(loss) for the period attributable to:					
Owners of the Company		750,540	(6,729,627)	1,045,986	(17,267,329)
Non-controlling interests		—	(83,011)	—	(194,607)
		750,540	(6,812,638)	1,045,986	(17,461,936)
Earnings/(loss) per share attributable to owners of the Company		HK cents	HK cents	HK cents	HK cents
— Basic and diluted	5	0.19	(2.16)	0.40	(5.42)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 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 as 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 nine months ended 30 September 2012										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(17,793,724)	(17,793,724)	(194,607)	(17,988,331)
Other comprehensive income										
Currency translation differences	—	—	—	526,395	—	—	—	526,395	—	526,395
Total comprehensive loss	—	—	—	526,395	—	—	(17,793,724)	(17,267,329)	(194,607)	(17,461,936)
Transactions with owners										
Share option scheme	—	—	—	—	—	1,207,784	455,160	1,662,944	—	1,662,944
Issuance of warrant	—	—	—	—	85,596	—	—	85,596	—	85,596
Non-controlling Interests	—	—	—	—	—	—	—	—	801,642	801,642
Total transactions with owners	—	—	—	—	85,596	1,207,784	455,160	1,748,540	801,642	2,550,182
Balance as at 30 September 2012, unaudited	3,280,000	274,344,873	(176,467,450)	(32,463)	85,596	4,121,664	(26,972,853)	78,359,367	607,035	78,966,402
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 nine months ended 30 September 2013										
Comprehensive income										
Profit for the period	—	—	—	—	—	—	1,326,874	1,326,874	—	1,326,874
Other comprehensive loss										
Currency translation differences	—	—	—	(280,888)	—	—	—	(280,888)	—	(280,888)
Total comprehensive income	—	—	—	(280,888)	—	—	1,326,874	1,045,986	—	1,045,986
Transactions with owners										
Share option scheme	—	—	—	—	—	(412,821)	689,440	276,619	—	276,619
Non-controlling Interests	—	—	—	—	—	—	—	—	(523,046)	(523,046)
Total transactions with owners	—	—	—	—	—	(412,821)	689,440	276,619	(523,046)	(246,427)
Balance at 30 September 2013, unaudited	3,280,000	274,344,873	(176,467,450)	(188,786)	153,496	4,284,673	(34,209,213)	71,197,593	—	71,197,593

Notes to the Financial Information

For the nine months ended 30 September 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 at Codan Trust Company (Cayman) Limited, 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 GEM of the Stock Exchange.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated third quarterly financial information for the nine months ended 30 September 2013 (the "Third Quarterly Financial Information") have 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 Third 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 Third Quarterly Financial Information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

Notes to the Financial Information (Continued)

For the nine months ended 30 September 2013

3. INCOME TAX (EXPENSES)/CREDIT

	Unaudited Nine months ended 30 September	
	2013 HK\$	2012 HK\$
Current income tax		
– Hong Kong profits tax	—	—
– Under-provision in prior years	(99,799)	—
– Singapore income tax	—	—
Deferred income tax	—	778,229
	(99,799)	778,229

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 30 September 2013 (2012: Same). The profits tax rates for Hong Kong and Singapore are 16.5% (2012: 16.5%) and 17% (2012: 17%) respectively.

4. DIVIDENDS

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

Notes to the Financial Information (Continued)

For the nine months ended 30 September 2013

5. EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share for the nine months ended 30 September 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 Nine months ended 30 September 2013	2012
Earnings/(loss) attributable to equity holders of the Company (HK\$)	1,326,874	(17,793,724)
Weighted average number of shares in issue	328,000,000	328,000,000
Basic earnings/(loss) per share	HK cents 0.40	HK cents (5.42)

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 nine month ended 30 September 2013 (2012: Same).

6. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated third quarterly financial information was approved for issue by the Board on 11 November 2013.



Other Information

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

As at 30 September 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 September 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 September 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	32,700,000	9.98%
	Interest of controlled corporation	64,000	
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 Flyer Wonder Limited ("FWL") which is wholly owned by Asia Private 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 September 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 nine months ended 30 September 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 at 30 September 2013, 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) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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, 11 November 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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