



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)

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focusmedia.com



2014

3RD QUARTERLY REPORT 第三季業績報告

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

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

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

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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.

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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 2014, our Group has deployed our flat-panel displays at 1,572 venues in Hong Kong and Singapore.

During the nine months ended 30 September 2014, 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	Nine months ended 30 September 2014	Nine months ended 30 September 2013	% Change
Hong Kong	Office and Commercial Network	624	616	1%
Hong Kong	In-store Network (Mannings)	241	200	21%
Hong Kong	Residential Network	114	68	68%
Singapore	Office and Commercial Network	485	420	15%
Singapore	HDB Shopping Centres	21	21	0%
Singapore	In-store Network (Watsons)	87	50	74%
Total number of venues		1,572	1,375	14%

Over the last decade, our Group has laid a solid foundation and established an infrastructure to leverage our core assets and resources of our Group’s relationships with our major partners — the real-estate developers. As of 30 September 2014, our Group has deployed our flat-panel displays at over 1,100 buildings under our Office and Commercial Building digital OOH media network; and at 328 retail chain-stores under our In-store digital OOH media network, with on-going installations to expand to all 300+ Mannings stores in Hong Kong and 100+ Watsons stores in Singapore.

Further leveraging on the existing infrastructure and our relationships with Hong Kong’s leading real-estate developers, our Group has also launched our digital OOH media network at major private residential complexes (Residential digital OOH media network) in Hong Kong. During the period under review, the size of our Residential digital OOH media network grew by 68% over the corresponding period of the previous year.

Under our Static OOH Billboard media network, our Group continues to hold the exclusive advertising sales rights to both the Tsim Sha Tsui (“TST”) Interchange Subways and the Middle Road Subway (total three subways); this underground transport hub beneath one of the busiest tourists and business districts in Hong Kong connects the TST MTR station and the East TST MTR station.

As for our large format LED OOH media network, our Group continues to hold the exclusive operating and advertising sales rights to the mega-size LED screen at One Raffles Place (“ORP”), fronting Raffles Green; ORP is one of the three tallest buildings in Singapore and is a beacon in the heart of Singapore’s financial district.

Our Group continued to seek out viable collaborations and partnerships with leading media enterprises in mainland China as part of our Group’s low-cost and low-risk market entry strategy to meet advertisers’ growing demand for quality media and advertising assets in mainland China. These include our Group’s partnerships with Youku Tudou Inc. (NYSE:YOKU), China’s leading Internet television company.

Management Discussion and Analysis (Continued)

Financial Review

(Unaudited) in HK\$	Nine months ended 30 September 2014	Nine months ended 30 September 2013	% Change
Turnover	46,530,971	48,270,889	(4%)
Gross Profit	21,679,581	33,176,800	(35%)
EBITDA (Note 1)	(10,300,411)	4,784,344	N/A
Net (Loss)/Profit	(15,432,881)	1,326,874	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 losses of joint ventures, impairment of property, plant and equipment, gain on partial disposal of a joint venture, amortization of intangible assets and net of total comprehensive loss for the period attributable to non-controlling interests. 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 2014, our Group experienced a decline in turnover and gross profit over the corresponding period of the previous year. Turnover was approximately HK\$46.5 million, representing a decrease of approximately 4%. Gross profit was approximately HK\$21.7 million, representing a decrease of approximately 35%. Gross profit margin decreased to 47% from 69%.

Our total operating expenses for the nine months ended 30 September 2014 were approximately HK\$38.2 million, representing an increase of approximately 20% over the corresponding period of the previous year.

As a result, our Group's negative EBITDA amounted to approximately HK\$10.3 million for the nine months ended 30 September 2014 as compared to positive EBITDA of approximately HK\$4.8 million for the corresponding period of the previous year.

For the reporting period, our Group recorded a loss attributable to shareholders of the Company of approximately HK\$15.4 million as compared to a net profit of approximately HK\$1.3 million for the nine months ended 30 September 2013. Our Group's loss for three months ended 30 September 2014 was HK\$2.2 million..

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 2014 (2013: Nil).

Management Discussion and Analysis (Continued)

Financial Review (Continued)

Information on employees

As at 30 September 2014, our Group had 73 employees (2013: 68), including the executive Directors. Total staff costs (including Directors' emoluments) for the nine months ended 30 September 2014 were approximately HK\$19.2 million, including equity-based compensation, as compared to approximately HK\$16.8 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 nine months ended 30 September 2014, 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 the investments in subsidiaries and joint ventures, during the nine months ended 30 September 2014, 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 interim report 2014, 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 2014, our Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges on assets

As at 30 September 2014, our Group did not have any charges on its assets (31 December 2013: Nil).

Contingent liabilities

Our Group had no material contingent liabilities as at 30 September 2014 (31 December 2013: Nil).

Highlights

- The Group's turnover for the nine months ended 30 September 2014 was approximately HK\$46.5 million, representing a decrease of approximately 4% over the corresponding period of the previous year.
- The Group's gross profit for the nine months ended 30 September 2014 was approximately HK\$21.7 million, representing a decrease of approximately 35% over the corresponding period of the previous year. Gross profit margin decreased to 47% from 69%.
- The Group's total operating expenses for the nine months ended 30 September 2014 were approximately HK\$38.2 million, representing an increase of approximately 20% over the corresponding period of the previous year.
- The Group recorded a loss attributable to shareholders of the Company of approximately HK\$15.4 million for the nine months ended 30 September 2014 as compared to a net profit of approximately HK\$1.3 million for the nine months ended 30 September 2013. The Group's loss for three months ended 30 September 2014 was HK\$2.2 million.
- Loss per share for the nine months ended 30 September 2014 was HK cents 4.7 compared to earnings per share of HK cents 0.4 for the corresponding period in the previous year.
- The Board does not recommend the payment of an interim 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 2014 together with comparative unaudited figures for the corresponding period ended 30 September 2013, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 30 September 2014

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Turnover		18,861,412	17,766,754	46,530,971	48,270,889
Cost of sales		(10,024,340)	(6,594,442)	(24,851,390)	(15,094,089)
Gross profit		8,837,072	11,172,312	21,679,581	33,176,800
Other income		323,855	120,779	1,052,692	264,524
Administrative expenses		(11,438,188)	(10,605,713)	(38,190,576)	(31,783,359)
Operating (loss)/profit		(2,277,261)	687,378	(15,458,303)	1,657,965
Finance costs		(8,529)	(8,095)	(23,125)	(28,020)
Share of profits/(losses) of joint ventures		49,774	(67,771)	48,547	(203,272)
(Loss)/profit before income tax		(2,236,016)	611,512	(15,432,881)	1,426,673
Income tax expenses	3	—	—	—	(99,799)
(Loss)/profit for the period		(2,236,016)	611,512	(15,432,881)	1,326,874
Other comprehensive (loss)/income for the period					
<i>Item that may be reclassified to profit or loss</i>					
— Currency translation differences		(321,396)	139,028	(90,795)	(280,888)
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		(2,557,412)	750,540	(15,523,676)	1,045,986
(Loss)/profit for the period attributable to:					
Owners of the Company		(2,227,375)	611,512	(15,424,240)	1,326,874
Non-controlling interests		(8,641)	—	(8,641)	—
		(2,236,016)	611,512	(15,432,881)	1,326,874
Total comprehensive (loss)/profit for the period attributable to:					
Owners of the Company		(2,548,771)	750,540	(15,515,035)	1,045,986
Non-controlling interests		(8,641)	—	(8,641)	—
		(2,557,412)	750,540	(15,523,676)	1,045,986
(Loss)/earnings per share attributable to owners of the Company					
— Basic and diluted	5	HK cents (0.68)	HK cents 0.19	HK cents (4.70)	HK cents 0.40

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2014

	Attributable to equity holders of the Company							Total HK\$	Non- controlling interest HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Warrant reserve HK\$	Share option reserve HK\$	Accumulated losses HK\$			
Balance at 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 loss	—	—	—	(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
Balance at 31 December 2013 and 1 January 2014, audited	3,280,000	274,344,873	(176,467,450)	(293,925)	67,900	4,320,047	(31,395,958)	73,855,487	—	73,855,487
Changes in equity for the nine months ended 30 September 2014										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(15,424,240)	(15,424,240)	(8,641)	(15,432,881)
Other comprehensive loss										
Currency translation differences	—	—	—	(90,795)	—	—	—	(90,795)	—	(90,795)
Total comprehensive loss	—	—	—	(90,795)	—	—	(15,424,240)	(15,515,035)	(8,641)	(15,523,676)
Transactions with owners										
Share option scheme	—	—	—	—	—	110,198	—	110,198	—	110,198
Non-controlling interests	—	—	—	—	—	—	—	—	30	30
Total transactions with owners	—	—	—	—	—	110,198	—	110,198	30	110,228
Balance at 30 September 2014, unaudited	3,280,000	274,344,873	(176,467,450)	(384,720)	67,900	4,430,245	(46,820,198)	58,450,650	(8,611)	58,442,039

Notes to the Financial Information

For the nine months ended 30 September 2014

1 General information

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

The 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 third quarterly financial information for the nine months ended 30 September 2014 (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 Third Quarterly Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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

(a) The following new HKFRSs are mandatory for the first time for the financial period on 1 January 2014. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement — Novation of derivatives and hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities
HK (IFRIC) Interpretation 21	Levies

Notes to the Financial Information (Continued)

For the nine months ended 30 September 2014

2 Basis of preparation and principal accounting policies (Continued)

- (b) The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the period ended 30 September 2014 and which the Group has not early adopted:

		Effective for the accounting period beginning on or after
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contribution	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Annual improvements 2012	Annual improvements 2010–2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011–2013 cycle	1 July 2014

Apart from above, a number of improvements and minor amendments to HKFRS have also been issued by the HKICPA but they are not yet effective for the accounting period ended 30 September 2014 and have not been adopted in these condensed consolidated interim financial information.

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

3 Income tax expenses

	(Unaudited) Nine months ended 30 September	
	2014 HK\$	2013 HK\$
Current income tax		
— Under-provision in prior years	—	(99,799)

No provision for Hong Kong and Singapore profits tax has been made in these consolidated financial information as the Group has no assessable profits for the period ended 30 September 2014 (2013: the Group's tax losses brought forward from previous years exceed the estimated assessable profits for the nine months ended 30 September 2013). The profits tax rates for Hong Kong and Singapore are 16.5% (2013: 16.5%) and 17% (2013: 17%) respectively.

Notes to the Financial Information (Continued)

For the nine months ended 30 September 2014

4 Dividends

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2014 (2013: Nil).

5 (Loss)/earnings per share

Basic

Basic (loss)/earnings per share for the nine months ended 30 September 2014 and 2013 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	
	2014	2013
(Loss)/earnings attributable to equity holders of the Company (HK\$)	(15,424,240)	1,326,874
Weight average number of shares in issue	328,000,000	328,000,000
Basic (loss)/earnings per share	HK cents (4.70)	HK cents 0.40

Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the nine months ended 30 September 2014 (2013: Same).

6 Approval of the unaudited condensed consolidated third quarterly financial statements

The unaudited condensed consolidated third quarterly financial information was approved by the Board on 10 November 2014.

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

As at 30 September 2014, 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 (Note 1)	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%
Chee Huiing Audrey	—	—	—	—	676,400*	676,400	0.20%
Chan Tsze Wah	—	—	—	—	328,000*	328,000	0.10%
Lien Jown Jing Vincent	—	—	—	—	328,000*	328,000	0.10%
Rosenkranz Eric Jon	—	—	—	—	328,000*	328,000	0.10%
Chan Chi Keung Alan	—	—	—	—	328,000*	328,000	0.10%

* 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 2014, 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 2014, 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 (Notes 1 & 2)	Beneficial owner	169,026,600	51.53%
iMediaHouse.com Limited (Notes 1 & 2)	Interest of controlled corporation	169,026,600	51.53%
Trade Grand International Limited (Notes 3 & 4)	Beneficial owner	61,500,000	18.75%
Wong's Industrial (Holdings) Limited (Notes 3 & 4)	Interest of controlled corporation	61,500,000	18.75%
Catel (B.V.I.) Limited (Notes 3 & 4)	Interest of controlled corporation	61,500,000	18.75%
Wong's International Holdings Limited (Notes 3 & 4)	Interest of controlled corporation	61,500,000	18.75%
Flyer Wonder Limited (Notes 5 & 6)	Investment manager	31,668,000	9.65%
Asia Private Credit Fund Limited (Notes 5 & 6)	Investment manager	31,668,000	9.65%
Citigroup Inc.	Person having a security interest in shares	22,584,000	6.88%
Teall Nathaniel EDDS (Notes 7 & 8)	Investment manager	16,600,000	5.06%
OCP Asia Limited (Notes 7 & 8)	Investment manager	16,600,000	5.06%
Stuart Michael WILSON (Notes 7 & 8)	Investment manager	16,600,000	5.06%
Orchard Makira Multi Strategy Master Fund Limited	Beneficial owner	16,600,000	5.06%

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 2014, 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 2014, 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.

Competition and Conflict of Interests

During the nine months ended 30 September 2014, 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 2014.

Other Information (Continued)

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 2014, 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.

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 2014 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, 10 November 2014

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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