

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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2015

1ST QUARTERLY REPORT 第一季業績報告

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 31 March 2015, our Group has deployed our flat-panel displays at 1,623 venues in Hong Kong and Singapore.

During the three months ended 31 March 2015, 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	3 months ended 31 March 2015	3 months ended 31 March 2014	% Change
Hong Kong	Office and Commercial Network	612	621	-1%
Hong Kong	In-store Network (Mannings)	244	200	22%
Hong Kong	Residential Network	159	96	66%
Singapore	Office and Commercial Network	504	461	9%
Singapore	HDB Shopping Centres	21	21	0%
Singapore	In-store Network (Watsons)	83	50	66%
Total number of venues		1,623	1,449	12%

As previously reported in our 2014 Annual Report, our Group has, over the years, 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 31 March 2015, the Group has deployed our branded flat-panel displays at 1,116 office and commercial buildings in Hong Kong and Singapore under our Office & Commercial Building digital OOH media network, at 159 residential apartments in Hong Kong under its Residential Complex digital OOH media network, and at 244 Mannings retail chain-stores in Hong Kong and 83 Watsons retail chain-stores in Singapore under our In-store digital OOH media network.

Under our Static OOH Billboard media network, the 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. In addition, the Group continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at TST. Knutsford Terrace has been dubbed the “Lan Kwai Fong” of Kowloon, a popular dining/nightlife place and an entertainment hub in the heart of TST, with a strip of international/local restaurants and bars catering to both locals and tourists.

As for the large format LED OOH media network, the 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.

Management Discussion and Analysis (Continued)

As well, the Group continues to hold the exclusive advertising sales rights (for static and digital) to the new walkway at Orchard Gateway. It forms part of the underpass that links directly to the Somerset MRT station and also to both sides of Orchard Road. Orchard Gateway is the one-and-only shopping mall that straddles both sides of Orchard Road and is linked by a glass tubular bridge and an underpass — forming a “gateway” to the bustling shopping belt in Singapore.

The Group will continue to pursue the expansion of our digital OOH media networks, adding progressively one venue at a time as well as pursue new static OOH sites under its Static OOH billboard media network.

At the same time and as previously reported in our 2014 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 which includes our Group’s partnerships with Youku Tudou Inc. (NYSE:YOKU), China’s leading Internet television company.

Financial Review

(Unaudited)	3 months ended 31 March 2015	3 months ended 31 March 2014	% Change
Turnover	15,032,271	12,402,888	21%
Gross profit	8,931,861	5,759,323	55%
EBITDA ^(Note 1)	(1,614,099)	(4,573,700)	N/A
Net loss	(3,198,125)	(5,619,444)	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 profit/(loss) of joint ventures, amortisation of intangible assets and net of the 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 three months ended 31 March 2015, 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\$15 million, representing an increase of approximately 21% over the corresponding period of the previous year. The increase was mainly due to the growth in adspend in the Group’s Office & Commercial Building digital OOH media network in both Hong Kong and Singapore, the Group’s Residential Complex digital OOH media network in Hong Kong as well as the Group’s large format LED OOH media network at One Raffles Place in Singapore.

Gross profit was approximately HK\$8.9 million, representing an increase of approximately 55%. Gross profit margin increased from approximately 46.4% to approximately 59.4% mainly due to lower cost-of-sales associated with the better performing media network.

Our total operating expenses for the three months ended 31 March 2015 were approximately HK\$12.5 million, representing an increase of approximately 5.9% over the corresponding period of the previous year. The increase in total operating expenses was mainly due to the increase in office rental and capital expenditure.

Management Discussion and Analysis (Continued)

As a result, our Group's negative EBITDA amounted to approximately HK\$1.6 million for the three months ended 31 March 2015 as compared to negative EBITDA of approximately HK\$4.6 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\$3 million as compared to a loss attributable to shareholders of the Company of approximately HK\$5.6 million for the three months ended 31 March 2014.

Dividend

The board of directors of the Company (the "Board") does not recommend the payment of any dividend for the three months ended 31 March 2015 (2014: Nil).

Information on employees

As at 31 March 2015, our Group had 81 employees (2014: 71), including the executive Directors. Total staff costs (including Directors' emoluments) for the three months ended 31 March 2015 were approximately HK\$6.5 million, including equity-based compensation, as compared to approximately HK\$6.6 million for the three months ended 31 March 2014. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to our Group's performance as well as individual's performance. For the three months ended 31 March 2015, 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 joint ventures, during the three months ended 31 March 2015, 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 three months ended 31 March 2015, our Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

As at 31 March 2015, our Group did not have any charges on its assets (31 December 2014: Nil).

Contingent liabilities

Our Group had no material contingent liabilities as at 31 March 2015 (31 December 2014: Nil).

Highlights

- The Group's turnover for the three months ended 31 March 2015 was approximately HK\$15 million, representing an increase of approximately 21% over the corresponding period of the previous year.
- The Group's gross profit for the three months ended 31 March 2015 was approximately HK\$8.9 million, representing an increase of approximately 55% over the corresponding period of the previous year. Gross profit margin increased from approximately 46.4% to approximately 59.4%.
- Total operating expenses for the three months ended 31 March 2015 were approximately HK\$12.5 million, representing an increase of approximately 5.9% over the corresponding period of the previous year.
- The Group recorded a loss attributable to shareholders of the Company of approximately HK\$3 million for the three months ended 31 March 2015 as compared to a loss attributable to shareholders of the Company of approximately HK\$5.6 million for the three months ended 31 March 2014.
- Loss per share for the three months ended 31 March 2015 was HK cents 0.91 compared to loss per share HK cents 1.71 for the corresponding period in the previous year.
- The Board does not recommend the payment of an interim dividend for the period.

Unaudited First Quarterly Results

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2015 together with comparative unaudited figures for the corresponding period ended 31 March 2014, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2015

	Notes	Three months ended 31 March	
		2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)
Revenue		15,032,271	12,402,888
Cost of sales		(6,100,410)	(6,643,565)
Gross profit		8,931,861	5,759,323
Other income		475,114	424,329
Administrative expenses		(12,504,198)	(11,812,709)
Operating loss		(3,097,223)	(5,629,057)
Finance costs		(3,459)	(7,807)
Share of (loss)/profit of joint ventures		(97,443)	17,420
Loss before income tax		(3,198,125)	(5,619,444)
Income tax expenses	3	—	—
Loss for the period		(3,198,125)	(5,619,444)
Other comprehensive (loss)/income for the period			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(800,100)	49,206
Total comprehensive loss for the period attributable to equity holders of the Company		(3,998,225)	(5,570,238)
Loss for the period attributable to:			
Owners of the Company		(2,982,815)	(5,619,444)
Non-controlling interests		(215,310)	—
		(3,198,125)	(5,619,444)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(3,782,915)	(5,570,238)
Non-controlling interests		(215,310)	—
		(3,998,225)	(5,570,238)
Loss per share attributable to owners of the Company			
— Basic and diluted	5	HK cents (0.91)	HK cents (1.71)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2015

	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\$			
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 three months ended 31 March 2014										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(5,619,444)	(5,619,444)	—	(5,619,444)
Other comprehensive income										
Currency translation differences	—	—	—	49,206	—	—	—	49,206	—	49,206
Total comprehensive income/(loss)	—	—	—	49,206	—	—	(5,619,444)	(5,570,238)	—	(5,570,238)
Transactions with owners										
Share option scheme	—	—	—	—	—	36,733	—	36,733	—	36,733
Total transactions with owners	—	—	—	—	—	36,733	—	36,733	—	36,733
Balance at 31 March 2014, audited	3,280,000	274,344,873	(176,467,450)	(244,719)	67,900	4,356,780	(37,015,402)	68,321,982	—	68,321,982
Balance at 31 December 2014 and 1 January 2015, audited	3,280,000	274,344,873	(176,467,450)	(1,140,843)	67,900	4,455,455	(44,389,291)	60,150,644	(189,338)	59,961,306
Changes in equity for the three months ended 31 March 2015										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(2,982,815)	(2,982,815)	(215,310)	(3,198,125)
Other comprehensive loss										
Currency translation differences	—	—	—	(800,100)	—	—	—	(800,100)	—	(800,100)
Total comprehensive loss	—	—	—	(800,100)	—	—	(2,982,815)	(3,782,915)	(215,310)	(3,998,225)
Balance at 31 March 2015, unaudited	3,280,000	274,344,873	(176,467,450)	(1,940,943)	67,900	4,455,455	(47,372,106)	56,367,729	(404,648)	55,963,081

Notes to the Financial Information

For the three months ended 31 March 2015

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 and other 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 first quarterly financial information for the three months ended 31 March 2015 (the "First Quarterly Financial Information") has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on GEM on the Stock Exchange (the "GEM Listing Rules").

The First Quarterly Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The First 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 2015. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 19 (2011) (Amendment)
Annual Improvements Project
Annual Improvements Project

Defined Benefit Plans: Employee Contributions
Annual Improvements 2010–2012 Cycle
Annual Improvements 2011–2013 Cycle

Notes to the Financial Information (Continued)

For the three months ended 31 March 2015

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 31 March 2015 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statement	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

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 31 March 2015 and have not been adopted in these condensed consolidated first quarterly 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

No provision for Hong Kong and Singapore profits tax has been made in these interim financial information as the Group has no assessable profits for the three months ended 31 March 2015 (2014: same). The profits tax rates for Hong Kong and Singapore are 16.5% (2014: 16.5%) and 17% (2014: 17%) respectively.

Notes to the Financial Information (Continued)

For the three months ended 31 March 2015

4 Dividends

The Board does not recommend the payment of any dividend for the three months ended 31 March 2015 (2014: Nil).

5 Loss Per Share

Basic

Basic loss per share for the three months ended 31 March 2015 and 2014 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) Three months ended 31 March	
	2015	2014
Loss attributable to equity holders of the Company (HK\$)	(2,982,815)	(5,619,444)
Weighted average number of shares in issue	328,000,000	328,000,000
Basic loss per share	HK cents (0.91)	HK cents (1.71)

Diluted

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the three month ended 31 March 2015 (2014: Same).

6 Approval of the Unaudited Condensed Consolidated First Quarter Financial Statements

The unaudited condensed consolidated first quarterly financial information was approved by the Board on 11 May 2015.

Other Information

Pledge of Shares by Controlling Shareholder

As announced by the Company on 9 April 2015 (the "Announcement"), the Company was notified that, an aggregate of 169,026,600 shares of the Company (the "Pledged Shares") held by iMediaHouse Asia Limited ("iMediaHouse"), the Company's controlling shareholder (as defined in the GEM Listing Rules), had been pledged on 9 April 2015 in favour of an independent third party (the "Lender") as a security for a loan facility of HK\$80,000,000 provided by the Lender to iMediaHouse. The Pledged Shares represented approximately 51.53% of the issued share capital of the Company as at the date of the Announcement. The pledge of the Pledged Shares did not fall within the scope of Rule 17.19 of the GEM Listing Rules.

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

As at 31 March 2015, 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	Approximate % of the Company's issued share capital
	Personal interests	Family interests	Corporate interests				
Wong Hong Gay Patrick Jonathan	—	—	169,026,600 (Note)	169,026,600	328,000*	169,354,600	51.63%
Ngan Toi Yuk	—	—	—	—	3,608,000*	3,608,000	1.10%
Lee Sze Leong	—	—	—	—	1,968,000*	1,968,000	0.60%
Chee Hui Ling 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

[#] Ceased to be director of the Company with effect from 21 April 2015

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.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

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

As at 31 March 2015, 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%
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%

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 31 March 2015, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

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

During the three months ended 31 March 2015, 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 three months ended 31 March 2015, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Code of Conduct For Securities Transactions By Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 31 March 2015.

Corporate Governance Practices

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

During the three months ended 31 March 2015, 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. Chan Ming Sun Jonathan (chairman of the audit committee), Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.

Other Information (Continued)

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2015 have not been audited by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the audit committee of the Company, which is of the opinion that the first quarterly financial information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 11 May 2015

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

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