FOCUS MEDIA NETWORK

iMediaHouse

Combining Venture Capital and Entrepreneurs

FOCUS MEDIA NETWORK LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8112)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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.

This announcement, 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 GEM 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 announcement 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 announcement misleading.

HIGHLIGHTS

- The Group attained double-digit growth in both its turnover (35% growth) and gross profit (33% growth), both represent record-highs in the Group's operating history.
- The Group attained its highest EBITDA and net profit in the three years since its listing.
- The Group's turnover for the year of 2013 was approximately HK$72.3 million, representing an increase of approximately 35% over the previous year mainly due to the growth in adspend in the Group's In-store digital OOH media network in both Hong Kong and Singapore as well as the Group's newly launched Static OOH billboard media solutions in Hong Kong.
- Gross profit for the year of 2013 was approximately HK$48.5 million, representing an increase of approximately 33% over the previous year. Gross profit margin decreased 1% to 67% from 68% due to higher cost-of-sales associated with the Group's Static OOH billboard media solutions.
- The Group's positive EBITDA amounted to approximately HK$8.6 million for the year of 2013 as compared to negative EBITDA amounted to approximately HK$21.3 million for the previous year.
- Due to the increase in turnover and the decrease in operating expenses, the Group recorded a profit attributable to shareholders of approximately HK$4 million for the year of 2013 as compared to a loss attributable to shareholders of approximately HK$27.3 million for the previous year.
- Earning per shares for the year of 2013 was HK cents 1.22 (2012: Loss per share HK cents 8.25).
- The Board does not recommend the payment of final dividend for the year of 2013 (2012: Nil).

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 (the "Financial Year") together with comparative figures for the year 2012, as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	Notes	**2013** *HK$*	2012 *HK$*
Revenue	*3*	**72,253,333**	53,661,805
Cost of sales	*5*	**(23,707,797)**	(17,150,733)
Gross profit		**48,545,536**	36,511,072
Other income	*4*	**304,345**	499,258
Administrative expenses	*5*	**(44,439,530)**	(64,666,253)
Operating profit/(loss)		**4,410,351**	(27,655,923)
Finance costs	*6*	**(35,681)**	(57,448)
Share of loss of a joint venture		**(258,836)**	—
Profit/(loss) before income tax		**4,115,834**	(27,713,371)
Income tax (expenses)/credit	*7*	**(99,799)**	385,567
Profit/(loss) for the year attributable to equity holders of the Company		**4,016,035**	(27,327,804)
Other comprehensive (loss)/income			
Currency translation differences		**(386,027)**	650,960
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**3,630,008**	(26,676,844)
Profit/(loss) for the year attributable to:			
Owners of the Company		**4,016,035**	(27,049,208)
Non-controlling interests		**—**	(278,596)
		4,016,035	(27,327,804)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**3,630,008**	(26,398,248)
Non-controlling interests		**—**	(278,596)
		3,630,008	(26,676,844)
Earnings/(loss) per share attributable to owners of the Company	*8*		
— Basic and diluted		**HK cents 1.22**	HK cents (8.25)

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013 HK$	2012 HK$
ASSETS			
Non-current assets			
Property, plant and equipment		**7,021,878**	8,361,024
Intangible assets		**2,817,516**	3,502,019
Other receivables		**5,082,215**	—
Investment in a joint venture		**674,371**	—
		15,595,980	11,863,043
Current assets			
Trade and other receivables	*9*	**23,909,339**	21,126,963
Pledged bank deposits		**304,814**	233,290
Cash and bank balances		**50,692,047**	53,614,392
		74,906,200	74,974,645
Total assets		**90,502,180**	86,837,688
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**3,280,000**	3,280,000
Share premium		**274,344,873**	274,344,873
Other reserves		**(172,373,428)**	(171,524,358)
Accumulated losses		**(31,395,958)**	(36,225,527)
Equity attributable to owners of the Company		**73,855,487**	69,874,988
Non-controlling interests		**—**	523,046
Total equity		**73,855,487**	70,398,034

Consolidated Statement of Financial Position (Continued)
As at 31 December 2013

	Notes	2013 HK$	2012 HK$
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**142,611**	248,870
Licence fee payables		**217,062**	440,636
		359,673	689,506
Current liabilities			
Trade and other payables	*10*	**14,422,417**	12,812,779
Finance lease liabilities		**106,307**	496,433
Deferred revenue		**1,758,296**	2,440,936
		16,287,020	15,750,148
Total liabilities		**16,646,693**	16,439,654
Total equity and liabilities		**90,502,180**	86,837,688
Net current assets		**58,619,180**	59,224,497
Total assets less current liabilities		**74,215,160**	71,087,540

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to equity holders of the Company									
	Share capital *HK$*	Share premium *HK$*	Capital reserve *HK$*	Exchange reserve *HK$*	Warrant reserve *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
Balance as at 1 January 2012	3,280,000	274,344,873	(176,467,450)	(558,858)	—	2,913,880	(9,634,289)	93,878,156	—	93,878,156
Comprehensive loss										
Loss for the year	—	—	—	—	—	—	(27,049,208)	(27,049,208)	(278,596)	(27,327,804)
Other comprehensive income										
Currency translation differences	—	—	—	650,960	—	—	—	650,960	—	650,960
Total comprehensive loss	—	—	—	650,960	—	—	(27,049,208)	(26,398,248)	(278,596)	(26,676,844)
Transactions with owners										
Share option scheme	—	—	—	—	—	1,783,614	457,970	2,241,584	—	2,241,584
Issuance of warrants	—	—	—	—	153,496	—	—	153,496	—	153,496
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	801,642	801,642
Total transactions with owners	—	—	—	—	153,496	1,783,614	457,970	2,395,080	801,642	3,196,722
Balance as at 31 December 2012	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
Balance at 1 January 2013	**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**
Comprehensive income										
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**4,016,035**	**4,016,035**	**—**	**4,016,035**
Other comprehensive loss										
Currency translation differences	**—**	**—**	**—**	**(386,027)**	**—**	**—**	**—**	**(386,027)**	**—**	**(386,027)**
Total comprehensive income	**—**	**—**	**—**	**(386,027)**	**—**	**—**	**4,016,035**	**3,630,008**	**—**	**3,630,008**
Transactions with owners										
Share option scheme	**—**	**—**	**—**	**—**	**—**	**(377,447)**	**727,938**	**350,491**	**—**	**350,491**
Warrants lapsed	**—**	**—**	**—**	**—**	**(85,596)**	**—**	**85,596**	**—**	**—**	**—**
Disposal of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(523,046)**	**(523,046)**
Total transactions with owners	**—**	**—**	**—**	**—**	**(85,596)**	**(377,447)**	**813,534**	**350,491**	**(523,046)**	**(172,555)**
Balance at 31 December 2013	**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**

NOTES

1. GENERAL INFORMATION

Focus Media Network Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 2801, 28th Floor, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the subsidiaries are provision of out-of-home advertising services.

The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION

The consolidated financial information of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial information have been prepared under the historical cost convention.

(a) The following new HKFRSs are mandatory for the first time for the financial year beginning on 1 January 2013.

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

HKAS 1 (Amendment)	Presentation of Financial Statement — Presentation of Items of Other Comprehensive Income
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interest in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefit
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

(b) The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2013 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015

Apart from the above, a number of improvements and minor amendments to HKFRSs have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 December 2013 and have not been adopted in these consolidated financial information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations 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. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified collectively as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Management regularly reviews the operating results from geographical perspective. The reportable operating segments derive their revenue primarily from the advertising. Management assesses the performance of the following segments:

— Hong Kong

— Singapore

Management assesses the performance of the operating segments based on a measure of gross profits.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2013 and 2012 is as follows:

	Hong Kong	Singapore	Total
	HK$	*HK$*	*HK$*
For the year ended 31 December 2013			
Segment revenue	**49,689,056**	**24,924,702**	**74,613,758**
Inter-segment revenue	**(2,360,425)**	**—**	**(2,360,425)**
Revenue (from external customers)	**47,328,631**	**24,924,702**	**72,253,333**
Segment results	**30,347,998**	**18,197,538**	**48,545,536**
For the year ended 31 December 2012			
Segment revenue	33,943,074	21,006,451	54,949,525
Inter-segment revenue	(1,287,720)	—	(1,287,720)
Revenue (from external customers)	32,655,354	21,006,451	53,661,805
Segment results	20,691,513	15,819,559	36,511,072

The revenue from external parties reported to the Group's senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

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

	2013	2012
	HK$	*HK$*
Segment results	**48,545,536**	36,511,072
Other income	**304,345**	499,258
Administrative expenses	**(44,439,530)**	(64,666,253)
Operating profit/(loss)	**4,410,351**	(27,655,923)
Finance costs	**(35,681)**	(57,448)
Share of loss of a joint venture	**(258,836)**	—
Profit/(loss) before income tax	**4,115,834**	(27,713,371)

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong and Singapore are HK$47,328,631 (2012: HK$32,655,354) and HK$24,924,702 (2012: HK$21,006,451) respectively.

The total non-current assets located in Hong Kong and Singapore are HK$11,278,085 (2012: HK$9,738,793) and HK$4,317,895 (2012: HK$2,124,250) respectively.

None of the customers accounted for 10% or more of the Group's total revenue for the year ended 31 December 2013 (2012: Nil).

Breakdown of revenue from all activities is as follows:

	2013	2012
	HK$	*HK$*
Advertising fees	**72,253,333**	53,661,805

4. OTHER INCOME

	2013	2012
	HK$	*HK$*
Net exchange (loss)/gain	**(128,430)**	120,369
Interest income	**695**	929
Sundry income	**432,080**	377,960
	304,345	499,258

5. EXPENSES BY NATURE

	2013	2012
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note a)*	**4,789,649**	4,487,959
Revenue sharing with landlords of In-store Networks *(Note a)*	**3,906,636**	2,327,808
Revenue sharing with Youku Inc.	**4,864,764**	5,681,875
Revenue sharing with owners of Residential Networks *(Note a)*	**25,181**	—
Sales commission	**4,058,846**	3,112,587
Production and installation	**1,290,007**	1,120,012
Auditor's remuneration	**1,267,430**	1,376,931
Depreciation	**2,992,893**	3,157,623
Amortisation	**808,662**	654,492
Operating lease payments		
— Outdoor billboards	**4,104,572**	—
— In-store Networks	**247,650**	—
— Land and building	**2,947,184**	2,517,668
Employee benefit expenses excluding equity-based compensation	**22,856,582**	23,133,629
Equity-based compensation	**350,491**	2,241,583
Marketing and promotion expenses	**2,994,589**	18,287,826
Travelling expenses	**1,787,792**	1,901,363
Provision for impairment of trade receivables	**6,581**	1,038,747
Professional fees	**2,949,930**	4,558,818
Other expenses	**5,897,888**	6,218,065
Total cost of sales and administrative expenses	**68,147,327**	81,816,986

Note:

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

6. FINANCE COSTS

	2013	2012
	HK$	*HK$*
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**21,857**	43,624
— Licence fee liabilities wholly repayable within 5 years	**13,824**	13,824
	35,681	57,448

7. INCOME TAX EXPENSES/(CREDIT)

	2013	2012
	HK$	*HK$*
Current income tax		
— Hong Kong profits tax	**—**	—
— Under-provision in prior years	**99,799**	—
— Singapore income tax	**—**	—
Deferred income tax	**—**	(385,567)
	99,799	(385,567)

No provision for Hong Kong and Singapore profits tax has been made in these consolidated financial statements as the Group has no assessable profits for the year ended 31 December 2013 (2012: Tax losses brought forward from previous years exceed the estimated assessable profits). The profits tax rates for Hong Kong and Singapore are 16.5% (2012: 16.5%) and 17% (2012: 17%) respectively.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Earnings/(loss) attributable to equity holders of the Company (HK$)	**4,016,035**	(27,049,208)
Weighted average number of ordinary share in issue	**328,000,000**	328,000,000
Basic earnings/(loss) per share	**HK cents 1.22**	HK cents (8.25)

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as potential dilutive ordinary shares outstanding during the year ended 31 December 2013 have no dilutive effect (2012: same).

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$	*HK$*
Trade receivables — third parties	**22,840,408**	19,792,940
Less: provision for impairment of trade receivables	**(1,333,998)**	(1,328,900)
Trade receivables — net	**21,506,410**	18,464,040
Prepayments, deposits and other receivables	**7,485,144**	2,662,923
	28,991,554	21,126,963
Less non-current portion:		
Rental deposit	**(2,778,755)**	—
Prepayment for acquisition of plant and equipment	**(2,303,460)**	—
Current portion	**23,909,339**	21,126,963

The carrying amounts of trade and other receivables approximate their fair values.

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. Trade receivables of HK$12,013,466 (2012: HK$11,657,661) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Provision for impairment of receivables has been provided for the remaining balance of HK$1,333,998 (2012: HK$1,328,900). The ageing analysis of these trade receivables is as follows:

	2013	2012
	HK$	*HK$*
Neither past due nor impaired	**9,492,944**	6,806,379
0–30 days past due	**4,800,630**	6,193,912
31–60 days past due	**2,513,936**	2,190,944
Over 61 days past due	**4,698,900**	3,272,805
Past due but not impaired *(Note a)*	**12,013,466**	11,657,661
	21,506,410	18,464,040

Note:

(a) Past due but not impaired comprised of receivables from 66 customers with 165 campaign orders.

10. TRADE AND OTHER PAYABLES

	2013	2012
	HK$	*HK$*
Trade payables	**151,989**	49,191
Licence fee payable	**817,234**	831,324
Other payables	**1,510,755**	2,721,945
Accruals	**11,942,439**	9,210,319
	14,422,417	12,812,779

The carrying amounts of the trade and other payables approximate their fair values.

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

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

	2013	2012
	HK$	*HK$*
Current	**—**	48,141
0–30 days past due	**151,385**	—
Over 60 days past due	**604**	1,050
	151,989	49,191

11. COMMITMENTS

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of its office buildings and outdoor billboard spaces are as follows:

	2013	2012
	HK$	*HK$*
No later than 1 year	**12,089,652**	617,265
Later than 1 year and no later than 5 years	**13,363,785**	—
	25,453,437	617,265

(b) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2013	2012
	HK$	*HK$*
Property, plant and equipment	**1,206,190**	—

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a well-established digital OOH media company in Hong Kong and Singapore, with an operating history since April 2004. The Group 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 the Group deploys its branded flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore.

Number of venues

The number of venues in which the Group deployed its branded flat-panel displays continued to experience double-digit growth which allowed the Group to increase the advertising rates offered to its advertisers. The table below shows the growth of the Group's network size:

Region	**Network**	**2013**	2012	% Increase (2013)
Hong Kong	Office and Commercial Network	**622**	607	2%
Hong Kong	In-store Network (Mannings)	**200**	200	0%
Hong Kong	Residential Network	**91**	0	n/a
Singapore	Office and Commercial Network	**443**	398	11%
Singapore	HDB Shopping Centres	**21**	21	0%
Singapore	In-store Network (Watsons)	**50**	50	0%
Total number of venues		**1,427**	1,276	12%

Business model and strategy

The Group has laid a solid foundation and established an infrastructure to leverage on its core assets and resources of its relationships with its major partners — the real-estate developers. As of 31 December 2013, the Group has deployed its branded flat-panel displays at 1,065 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, and at 200 Mannings retail chain-stores in Hong Kong and at 50 Watsons retail chain-stores in Singapore under its In-store digital OOH media network. The Group will continue to pursue the expansion of these two core networks, adding progressively from one office and commercial building at a time as well as setting a goal to deploy its branded flat-panel displays to all of Mannings 300+ stores in Hong Kong and Macau and at all of Watsons 100+ stores in Singapore.

Turnover was generated from a diverse pool of 272 customers (through 833 campaign orders); comprising 175 new customers and 97 repeat customers, demonstrating the medium is still very much attracting new advertisers onboard while retaining loyalty from repeat customers. The total adspend from these repeat customers increased by approximately 32% over the previous year and contributed to approximately 52% (2012: 52%) of the Group's total turnover. These are testaments to the success and sustainability of the Group's business model.

The table below shows the breakdown of the Group's turnover by customer sector, demonstrates our medium's effective and consistent reach to a broad spectrum of sectors in the industry:

In HK$	**2013**		2012		2011		2010		2009	
Health/Personal care/Cosmetics	**15,037,326**	**21%**	11,811,400	22%	14,220,471	24%	13,055,467	27%	8,030,559	24%
Entertainment/Media	**10,481,242**	**15%**	12,164,918	23%	12,067,438	20%	9,504,454	20%	4,684,139	14%
Food & Beverages	**15,484,528**	**21%**	6,382,914	12%	7,696,632	13%	2,788,726	6%	2,092,322	6%
Banking/Finance/Insurance	**6,138,248**	**8%**	4,395,542	8%	4,465,599	7%	3,540,672	7%	3,420,720	10%
Electronics	**2,328,167**	**3%**	2,462,305	5%	510,001	1%	2,608,915	5%	2,974,553	9%
Government	**1,149,996**	**2%**	2,292,994	4%	4,075,764	7%	1,987,877	4%	2,246,514	7%
Mobile Phone	**1,434,362**	**2%**	1,507,531	3%	1,522,484	2%	1,549,110	3%	1,615,618	5%
Others	**20,199,464**	**28%**	12,644,201	23%	15,474,289	26%	13,510,700	28%	8,527,473	25%
Total	**72,253,333**	**100%**	53,661,805	100%	60,032,678	100%	48,545,921	100%	33,591,898	100%

Network Expansion & New Media Platforms

The Group reached beyond office and commercial buildings and launched a new Residential digital OOH media network at major private residential complexes in Hong Kong. As of 31 December 2013, the size of this new network stood at 91 residential apartments. The Group has established a pipeline of landlord prospects to consider this new business proposition and the Group is confident of a strong pick-up rate for them to join this newly launched network in the year ahead.

The pursuit for OOH billboard sites was one of the Group's main growth strategies in 2013. The Group launched its Static OOH billboard media solutions. Amongst other prominent OOH billboard sites the Group tendered, in October 2013, the Group was awarded by the Hong Kong Government the exclusive advertising sales rights to 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. The winning of this tender marks the Group's foray into marketing large scale OOH media assets that reaches 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 the Group to tap into this advertisers' demand.

In November 2013, the Group was awarded the exclusive advertising rights to the OOH billboard site at the SIM City Mall. SIM City is located at the heart of the Mongkok district, and within one of the busiest tourist hubs in Hong Kong. As of 31 December 2013, the Group has secured OOH billboard sites covering three of the busiest shopping districts in Hong Kong, namely TST, Causeway Bay and Mongkok. With this encouraging success, the Group will continue to seek out opportunities for additional premium OOH billboard sites.

In Singapore, the Group was awarded in December 2013, the exclusive advertising sales rights to operate and manage the newly installed 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. Since our success at ORP, the Group has been presented with similar opportunities that would positively encourage the Group's further development in this space.

China Digital Media Partnerships

In furtherance to the 2012 Annual Report, the Group has continuously been seeking for viable collaborations and partnerships with leading media enterprises in mainland China as part of the 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 the Group's partnerships with Youku Tudou Inc. (NYSE: YOKU), China's largest online 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 the Group's representation of Baidu (NASDAQ: BIDU), China's largest search engine.

To grow the Group's digital media partnerships with Youku Tudou Inc. ("YOKU"), the Group entered into partnerships with major corporations including various gaming and integrated resorts, tourism boards and airlines; such as Marina Bay Sands Singapore, City of Dream Macau, Resort World Sentosa, Macau Government Tourist Office, Scoot Airline Singapore; and launched various digital media initiatives on the YOKU platform.

Corporate social responsibility

As a good corporate citizen, the Group strives to improve society through community commitment. We continue to find ways to align citizenship initiatives on our platform and we take an active role in participating in various communities, charitable and national building events in Singapore and Hong Kong to help and support the local communities. Remarkable events in 2013 included:

i. Sponsorship of Chingay 2013 (Singapore)

ii. Sponsorship of Singapore's National Day Parade 2013 (Singapore)

iii. Partnership with Mercy Relief to support regional humanitarian and disaster relief and sustainable development programmes (Singapore)

iv. Sponsorship of Playright (Hong Kong)

v. Sponsorship of Hong Chi Associates (Hong Kong)

vi. Sponsorship of Rehab Power Day 2013 (Hong Kong)

Financial Review

in HK$	**2013**	2012	2011	2010	2009
Turnover	**72,253,333**	53,661,805	60,032,678	48,545,921	33,591,898
Gross profit	**48,545,536**	36,511,072	48,596,827	38,783,624	26,410,163
EBITDA*(Note 1)*	**8,562,397**	(21,323,630)	8,342,882	13,746,000	7,514,000
Net profit/(loss)	**4,016,035**	(27,327,804)	2,036,599	11,747,177	5,383,109

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 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.

The Group's turnover for the year of 2013 was approximately HK$72.3 million, representing an increase of approximately 35% over the previous year mainly due to the growth in adspend in the Group's In-store digital OOH media network in both Hong Kong and Singapore as well as the Group's newly launched Static OOH billboard media solutions in Hong Kong.

Gross profit for the year of 2013 was approximately HK$48.5 million, representing an increase of approximately 33% over the previous year. Gross profit margin decreased 1% to 67% from 68% due to higher cost-of-sales associated with the Group's Static OOH billboard media solutions.

The Group's total operating expenses (including non-cash equity-based compensation and depreciation) for year of 2013 were approximately HK$44.4 million, representing a decrease of approximately 31% over the previous year. The decrease in total operating expenses for the year of 2013 over the previous year was mainly due to:

(1) decrease in provision for impairment of trade receivable;

(2) decrease in professional parties' fees;

(3) decrease in share option expenses; and

(4) decrease in marketing expenses.

The Group's positive EBITDA amounted to approximately HK$8.6 million for the year of 2013 as compared to negative EBITDA amounted to approximately HK$21.3 million for the previous year.

Due to the increase in turnover and the decrease in operating expenses, the Group recorded a profit attributable to shareholders of approximately HK$4 million for the year of 2013 as compared to a loss attributable to shareholders of approximately HK$27.3 million for the previous year.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 31 December 2013. The Group had cash and cash equivalents of HK$50,692,047 as at 31 December 2013 (2012: HK$53,614,392). 2013 had been a year of investments and the development of new revenue streams. Apart from providing working capital to support the media sales and business development of its existing business, the Group maintains a strong cash position to meet the needs for potential new business expansion and development.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.3% as at 31 December 2013 (2012: approximately 1.1%).

Foreign exchange

For the year ended 31 December 2013, the Group was exposed to foreign currency risk with respect to its operations in Singapore where most of the business transactions, assets and liabilities were denominated in Singapore dollars. The Group will monitor its foreign currency exposure closely. During the year ended 31 December 2013, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 28 July 2011. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

Capital commitments contracted but not provided for in the financial statement of the Group at 31 December 2013 amounted to HK$1 million (2012: Nil).

Dividend

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

Information on employees

As at 31 December 2013, the Group had 68 employees (2012: 63), including the Executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$22.9 million for the year ended 31 December 2013 as compared to approximately HK$23.1 million for the year ended 31 December 2012. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investment in subsidiaries, during the year ended 31 December 2013, the Group did not hold any significant investment in equity interest in any company.

Future plans for material investments and capital assets

Save as disclosed under the heading of "Management Discussion and Analysis" in this announcement, the Group does not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

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

Contingent liabilities

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

OTHER INFORMATION

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

During the year, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

Interests of the Compliance Adviser

As notified by Cinda International Capital Limited ("CICL"), the compliance adviser of the Company, neither CICL nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2013 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.

Non-competition Undertaking from Controlling Shareholders

At the time of Listing, each of the controlling shareholders (as defined in the GEM Listing Rules) of the Company gave a non-competition undertaking in favour of the Company. Each of them has confirmed compliance with such non-competition undertaking. The Board comprising all the independent non-executive directors is of the view that such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made to all Directors who have confirmed that they had complied with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the year ended 31 December 2013.

Corporate Governance Practices

For the year ended 31 December 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.

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 C3.3 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 financial information set out in this announcement above does not constitute the Group's consolidated financial statements for the year ended 31 December 2013 but represents an extract from those financial statements. The financial information has been reviewed by the audit committee and have been agreed by the Group's external auditors, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, to the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers in this announcement.

Closure of the Register of Members

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting of the Company to be held on 9 May 2014 (the "Annual General Meeting"), the Register of Members of the Company will be closed from 7 May 2014 (Wednesday) to 9 May 2014 (Friday), both days inclusive, during which period no transfer of shares of the Company shall be registered. To determine the entitlement to attend and vote at the Annual Gerenal Meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on 5 May 2014 (Monday).

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

Hong Kong, 24 March 2014

As at the date of this announcement, 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.

The announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.focusmedia.com.