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 2014

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's turnover for the year of 2014 was approximately HK$76.3 million, representing an increase of approximately 6% over the previous year which was the highest since the founding of the Group in 2004, mainly due to the growth in adspend in the Group's Static OOH billboard media network in Hong Kong and Singapore as well as the Group's partnership with Youku Tudou Inc. ("YOKU").

- Turnover for the fourth quarter was approximately HK$29.8 million, representing approximately 39% of the entire turnover for the year ended 31 December 2014, and an increase of approximately 24% over the corresponding period of the previous year. Gross profit for the fourth quarter was approximately HK$17.1 million (with a gross profit margin of approximately 57%) as compared to approximately HK$15.4 million (with a profit margin of approximately 64%) over the corresponding period of the previous year.

- Gross profit for the year of 2014 was approximately HK$38.8 million, representing a decrease of approximately 20% over the previous year. Gross profit margin declined from approximately 67% to 51% due to higher cost-of-sales associated with the Group's Static OOH billboard media network and partnership with YOKU.

- The Group's negative EBITDA amounted to approximately HK$6.4 million for the year of 2014 as compared to positive EBITDA amounted to approximately HK$8.6 million for the previous year.

- Due to the decrease in gross profit, the Group recorded a loss attributable to shareholders of approximately HK$13 million for the year of 2014 as compared to a profit attributable to shareholders of approximately HK$4 million for the previous year.

- Loss per shares for the year of 2014 was HK cents 3.96 (2013: Earnings per share HK cents 1.22)

- The Board does not recommend the payment of final dividend for the year of 2014 (2013: 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 2014 (the "**Financial Year**") together with comparative figures for the year 2013, as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

	Notes	**2014** *HK$*	2013 *HK$*
Revenue	*3*	**76,304,823**	72,253,333
Cost of sales	*5*	**(37,540,837)**	(23,707,797)
Gross profit		**38,763,986**	48,545,536
Other income	*4*	**1,219,420**	304,345
Administrative expenses	*5*	**(52,990,895)**	(44,439,530)
Operating (loss)/profit		**(13,007,489)**	4,410,351
Finance costs	*6*	**(26,584)**	(35,681)
Share of losses of joint ventures		**(158,777)**	(258,836)
(Loss)/profit before income tax		**(13,192,850)**	4,115,834
Income tax expenses	*7*	**—**	(99,799)
(Loss)/profit for the year attributable to equity holders of the Company		**(13,192,850)**	4,016,035
Other comprehensive loss			
Currency translation differences		**(846,918)**	(386,027)
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		**(14,039,768)**	3,630,008
(Loss)/profit for the year attributable to:			
Owners of the Company		**(13,003,482)**	4,016,035
Non-controlling interests		**(189,368)**	—
		(13,192,850)	4,016,035
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(13,850,400)**	3,630,008
Non-controlling interests		**(189,368)**	—
		(14,039,768)	3,630,008
(Loss)/earnings per share attributable to owners of the Company	*8*		
— Basic and diluted		**HK cents (3.96)**	HK cents 1.22

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	2014 HK$	2013 HK$
ASSETS			
Non-current assets			
Property, plant and equipment		**10,941,954**	7,021,878
Intangible assets		**1,978,020**	2,817,516
Deposits and prepayments		**2,620,275**	5,082,215
Pledged bank deposits		**586,000**	—
Interests in joint ventures		**1,612,422**	674,371
		17,738,671	15,595,980
Current assets			
Trade and other receivables	9	**21,236,970**	23,909,339
Financial asset at fair value through profit or loss		**1,898,734**	—
Pledged bank deposits		**291,389**	304,814
Cash and bank balances		**37,890,563**	50,692,047
		61,317,656	74,906,200
Total assets		**79,056,327**	90,502,180
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		**(173,084,938)**	(172,373,428)
Accumulated losses		**(44,389,291)**	(31,395,958)
Equity attributable to owners of the Company		**60,150,644**	73,855,487
Non-controlling interests		**(189,338)**	—
Total equity		**59,961,306**	73,855,487

Consolidated Statement of Financial Position (Continued)
As at 31 December 2014

	Notes	2014 HK$	2013 HK$
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**—**	142,611
Licence fee payables		**—**	217,062
		—	359,673
Current liabilities			
Trade and other payables	*10*	**17,823,812**	14,422,417
Finance lease liabilities		**—**	106,307
Deferred revenue		**1,271,209**	1,758,296
		19,095,021	16,287,020
Total liabilities		**19,095,021**	16,646,693
Total equity and liabilities		**79,056,327**	90,502,180
Net current assets		**42,222,635**	58,619,180
Total assets less current liabilities		**59,961,306**	74,215,160

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	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 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 as 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
Balance at 1 January 2014	**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**
Comprehensive loss										
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(13,003,482)**	**(13,003,482)**	**(189,368)**	**(13,192,850)**
Other comprehensive loss										
Currency translation differences	**—**	**—**	**—**	**(846,918)**	**—**	**—**	**—**	**(846,918)**	**—**	**(846,918)**
Total comprehensive loss	**—**	**—**	**—**	**(846,918)**	**—**	**—**	**(13,003,482)**	**(13,850,400)**	**(189,368)**	**(14,039,768)**
Transactions with owners										
Share option scheme	**—**	**—**	**—**	**—**	**—**	**135,408**	**10,149**	**145,557**	**—**	**145,557**
Capital injection into a subsidiary from the non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**30**	**30**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**135,408**	**10,149**	**145,557**	**30**	**145,587**
Balance at 31 December 2014	**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**

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 (the "Hong Kong Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2015.

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, as modified by financial assets at fair value through profit or loss.

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

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

(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 2014 and which the Group has not early adopted:

		Effective for annual periods beginningon or after
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements Project	Annual Improvements 2010–2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011–2013 Cycle	1 July 2014
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
HKFRS15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the 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 December 2014 and have not been adopted in these 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 2014 and 2013 is as follows:

	Hong Kong	Singapore	Total
	HK$	*HK$*	*HK$*
For the year ended 31 December 2014			
Segment revenue	**47,520,022**	**31,500,313**	**79,020,335**
Inter-segment revenue	**(2,715,512)**	**—**	**(2,715,512)**
Revenue (from external customers)	**44,804,510**	**31,500,313**	**76,304,823**
Segment results	**19,997,154**	**18,766,832**	**38,763,986**
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

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 (loss)/profit before income tax is provided as follows:

	2014	2013
	HK$	*HK$*
Segment results	**38,763,986**	48,545,536
Other income	**1,219,420**	304,345
Administrative expenses	**(52,990,895)**	(44,439,530)
Operating (loss)/profit	**(13,007,489)**	4,410,351
Finance costs	**(26,584)**	(35,681)
Share of losses of joint ventures	**(158,777)**	(258,836)
(Loss)/profit before income tax	**(13,192,850)**	4,115,834

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong and Singapore are HK$44,804,510 (2013: HK$47,328,631) and HK$31,500,313 (2013: HK$24,924,702) respectively.

The total non-current assets located in Hong Kong and Singapore are HK$10,936,482 (2013: HK$11,278,085) and HK$6,802,189 (2013: HK$4,317,895) respectively.

None of the customers accounted for 10% or more of the Group's total revenue for the year ended 31 December 2014 (2013: Nil).

Breakdown of revenue from all activities is as follows:

	2014	2013
	HK$	*HK$*
Advertising fees	**76,300,223**	72,253,333
Others	**4,600**	—
	76,304,823	72,253,333

4. OTHER INCOME

	2014	2013
	HK$	*HK$*
Net exchange losses	**(305,928)**	(128,430)
Government grants	**167,956**	—
Interest income	**545**	695
Sundry income	**363,436**	432,080
Gains on disposal of property, plant and equipment	**200,000**	—
Gain on partial disposal of a joint venture	**229,760**	—
Production income	**563,651**	—
	1,219,420	304,345

5. EXPENSES BY NATURE

	2014	2013
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note)*	**6,635,566**	4,789,649
Revenue sharing with landlords of In-store Networks *(Note)*	**1,745,966**	3,906,636
Revenue sharing with owners of Online Video Streaming Platforms *(Note)*	**9,174,690**	4,864,764
Revenue sharing with owners of Residential Networks *(Note)*	**69,033**	25,181
Sales commission	**3,944,012**	4,058,846
Production and installation	**5,793,214**	1,290,007
Auditor's remuneration	**1,313,000**	1,267,430
Depreciation	**3,591,045**	2,992,893
Amortisation	**839,496**	808,662
Operating lease payments		
— Outdoor billboards	**9,574,239**	4,104,572
— In-store Networks	**183,625**	247,650
— Land and building	**4,513,300**	2,947,184
Employee benefit expenses excluding equity-based compensation	**26,077,823**	22,856,582
Equity-based compensation	**145,557**	350,491
Marketing and promotion expenses	**3,138,441**	2,994,589
Travelling expenses	**2,068,630**	1,787,792
Provision for impairment of trade receivables	**781,397**	6,581
Professional fees	**1,145,121**	2,949,930
Impairment of property, plant and equipment	**2,066,667**	—
Other expenses	**7,730,910**	5,897,888
Total cost of sales and administrative expenses	**90,531,732**	68,147,327

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

6. FINANCE COSTS

	2014	2013
	HK$	*HK$*
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**12,754**	21,857
— Licence fee liabilities wholly repayable within 5 years	**13,830**	13,824
	26,584	35,681

7. INCOME TAX EXPENSES

	2014	2013
	HK$	*HK$*
Current income tax		
— Hong Kong profits tax	**—**	—
— Under-provision in prior years	**—**	99,799
— Singapore income tax	**—**	—
Deferred income tax	**—**	—
	—	99,799

No provision for Hong Kong and Singapore profits tax has been made in these consolidated financial statements as the tax losses brought forward from previous years exceed the estimated assessable profits (2013: same). The profits tax rates for Hong Kong, Singapore and the People's Republic of China (the "PRC") are 16.5% (2013: 16.5%), 17% (2013: 17%) and 10% respectively.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings 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.

	2014	2013
(Loss)/earnings attributable to equity holders of the Company (HK$)	**(13,003,482)**	4,016,035
Weighted average number of ordinary share in issue	**328,000,000**	328,000,000
Basic (loss)/earnings per share	**HK cents (3.96)**	HK cents 1.22

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as potential dilutive ordinary shares outstanding during the year ended 31 December 2014 have no dilutive effect (2013: same).

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$	*HK$*
Trade receivables — third parties	**20,240,370**	22,840,408
Less: provision for impairment of trade receivables	**(2,112,988)**	(1,333,998)
Trade receivables — net	**18,127,382**	21,506,410
Prepayments, deposits and other receivables	**5,729,863**	7,485,144
	23,857,245	28,991,554
Less non-current portion:		
Rental deposit	**(2,277,649)**	(2,778,755)
Prepayment for acquisition of plant and equipment	**(342,626)**	(2,303,460)
Current portion	**21,236,970**	23,909,339

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$12,536,766 (2013: HK$12,013,466) 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$2,112,988 (2013: HK$1,333,998). The ageing analysis of these trade receivables is as follows:

	2014	2013
	HK$	*HK$*
Neither past due nor impaired	**5,590,616**	9,492,944
0–30 days past due	**4,101,933**	4,800,630
31–60 days past due	**3,665,237**	2,513,936
Over 61 days past due	**4,769,596**	4,698,900
Past due but not impaired (Note a)	**12,536,766**	12,013,466
	18,127,382	21,506,410

Note:

(a) Past due but not impaired comprised of receivables from 69 (2013: 66) customers with 146 (2013: 165) campaign orders.

10. TRADE AND OTHER PAYABLES

	2014	2013
	HK$	*HK$*
Trade payables	**599,065**	151,989
Licence fee payable	**1,048,125**	817,234
Other payables	**2,864,761**	1,510,755
Accruals	**13,311,861**	11,942,439
	17,823,812	14,422,417

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:

	2014	2013
	HK$	*HK$*
Current	**598,460**	—
0–30 days past due	**—**	151,385
Over 60 days past due	**605**	604
	599,065	151,989

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:

	2014	2013
	HK$	*HK$*
No later than 1 year	**11,950,889**	12,089,652
Later than 1 year and no later than 5 years	**7,336,552**	13,363,785
	19,287,441	25,453,437

(b) Capital commitments

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

	2014	2013
	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. It 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	2014	2013	% change
Hong Kong	Office and Commercial Network	**617**	622	(1%)
Hong Kong	In-store Network (Mannings)	**242**	200	21%
Hong Kong	Residential Network	**123**	91	35%
Singapore	Office and Commercial Network	**500**	443	13%
Singapore	HDB Shopping Centres	**20**	21	(5%)
Singapore	In-store Network (Watsons)	**84**	50	68%
Total number of venues		**1,586**	1,427	11%

Business model and strategy

As of 31 December 2014, the Group has deployed its branded flat-panel displays at 1,117 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, at 123 residential apartments in Hong Kong under its Residential Complex digital OOH media network, and at 242 Mannings retail chain-stores in Hong Kong and 84 Watsons retail chain-stores in Singapore under its In-store digital OOH media network.

Under its 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 was awarded 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.

As well, the Group has won the tender for 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 its 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.

On the Group's digital media partnership with YOKU, China's largest online television company, the Group renewed partnerships with leading gaming, integrated resorts, and tourism brands such as Marina Bay Sands Singapore, Resort World Sentosa, City of Dream Macau, MGM Macau, Macau Government Tourist Office, etc, and signed new partnerships with Resort World Genting Malaysia, Mount Faber Leisure Group and AirBnB; including the production of micro-movies for Resort World Sentosa, Resort World Genting Malaysia and Mount Faber Leisure Group.

Turnover was generated from a diverse pool of 338 customers (through 936 campaign orders); comprising 210 new customers and 128 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 15% over the previous year and contributed to approximately 56% (2013: 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$	**2014**		2013		2012		2011		2010		2009	
Travel/Leisure	**19,398,158**	**25%**	12,986,726	18%	6,196,120	11%	1,206,182	2%	1,317,150	3%	1,156,801	3%
Health/Personal care/Cosmetic	**13,464,064**	**17%**	15,037,326	21%	11,811,400	22%	14,220,471	24%	13,055,467	27%	8,030,559	24%
Food & Beverages	**8,942,246**	**12%**	15,484,528	21%	6,382,914	12%	7,696,632	13%	2,788,726	6%	2,092,322	6%
Entertainment/Media	**8,381,714**	**11%**	10,481,242	15%	12,164,918	23%	12,067,438	20%	9,504,454	20%	4,684,139	14%
Banking/Finance/Insurance	**8,705,392**	**11%**	6,138,248	8%	4,395,542	8%	4,465,599	7%	3,540,672	7%	3,420,720	10%
Electronics	**1,355,753**	**2%**	2,328,167	3%	2,462,305	5%	510,001	1%	2,608,915	5%	2,974,553	9%
Government	**1,390,606**	**2%**	1,149,996	2%	2,292,994	4%	4,075,764	7%	1,987,877	4%	2,246,514	7%
Mobile Phone	**534,744**	**1%**	1,434,362	2%	1,507,531	3%	1,522,484	2%	1,549,110	3%	1,615,618	5%
Others	**14,132,146**	**19%**	7,212,738	10%	6,448,081	12%	14,268,107	24%	12,193,550	25%	7,370,672	22%
Total	**76,304,823**	**100%**	72,253,333	100%	53,661,805	100%	60,032,678	100%	48,545,921	100%	33,591,898	100%

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 2014 included:

1. Sponsorship of Singapore's National Day Parade 2014 (Singapore)

2. Sponsorship of Chingay 2014 (Singapore)

3. Partnership with Mercy Relief to support Segway Water Challenge (Singapore)

4. Sponsorship of IPG Mediabrands Charity Campaign — Free the Children (Singapore)

5. Sponsorship of Clean Up Hong Kong (Hong Kong)

6. Sponsorship of Rehab Power Day (Hong Kong)

7. Sponsorship of Ronald McDonald House Charities (Hong Kong)

8. Sponsorship of Bless Hong Kong (Hong Kong)

9. Sponsorship of Wofoo Social Enterprises (Hong Kong)

10. Sponsorship of Panda 1600 (Hong Kong)

11. Sponsorship of Red Cross (Hong Kong)

12. Sponsorship of Hong Chi Association (Hong Kong)

Financial Review

in HK$	**2014**	2013	2012	2011	2010	2009
Turnover	**76,304,823**	72,253,333	53,661,805	60,032,678	48,545,921	33,591,898
Gross profit	**38,763,986**	48,545,536	36,511,072	48,596,827	38,783,624	26,410,163
EBITDA *(Note 1)*	**(6,405,116)**	8,562,397	(21,323,630)	8,342,882	13,746,000	7,514,000
Net (loss)/profit	**(13,192,850)**	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 joint ventures, impairment of property, plant and equipment, gain on partial disposal of a joint venture, amortization of intangible assets and net of the total comprehensive loss for the year attributable to non-controlling interest. 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 2014 was approximately HK$76.3 million, representing an increase of approximately 6% over the previous year which was the highest since the founding of the Group in 2004, mainly due to the growth in adspend in the Group's Static OOH billboard media network in Hong Kong and Singapore as well as the Group's partnership with YOKU.

Turnover for the fourth quarter was approximately HK$29.8 million, representing approximately 39% of the entire turnover for the year ended 31 December 2014, and an increase of approximately 24% over the corresponding period of the previous year. Gross profit for the fourth quarter was approximately HK$17.1 million (with a gross profit margin of approximately 57%) as compared to approximately HK$15.4 million (with a profit margin of approximately 64%) over the corresponding period of the previous year.

Gross profit for the year of 2014 was approximately HK$38.8 million, representing a decrease of approximately 20% over the previous year. Gross profit margin declined from approximately 67% to 51% due to higher cost-of-sales associated with the Group's Static OOH billboard media network and partnership with YOKU.

The Group's total operating expenses (including non-cash equity-based compensation and depreciation) for year of 2014 were approximately HK$53 million, representing an increase of approximately 19% over the previous year. The increase in total operating expenses for the year of 2014 over the previous year was mainly due to increase in office rental as well as cost related to increased headcount.

The Group's negative EBITDA amounted to approximately HK$6.4 million for the year of 2014 as compared to positive EBITDA amounted to approximately HK$8.6 million for the previous year.

Due to the decrease in gross profit, the Group recorded a loss attributable to shareholders of approximately HK$13 million for the year of 2014 as compared to a profit attributable to shareholders of approximately HK$4 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 2014. The Group had cash and cash equivalents of HK$37,890,563 as at 31 December 2014 (2013: HK$50,692,047). 2014 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 zero as at 31 December 2014 (2013: approximately 0.3%).

Foreign exchange

For the year ended 31 December 2014, 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 2014, 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.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

Information on employees

As at 31 December 2014, the Group had 75 employees (2013: 68), including the Executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$26.1 million for the year ended 31 December 2014 as compared to approximately HK$22.9 million for the year ended 31 December 2013. 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. During the year ended 31 December 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 investment in subsidiaries and joint ventures, during the year ended 31 December 2014, 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 in the interim report 2014, 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 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

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

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2014 (2013: 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 (up to 28 March 2014), 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 28 March 2014. 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 up to 28 March 2014.

The Company ceased to engage CICL as compliance adviser effective on 29 March 2014 as the Company had complied with Rule 6A.19 of the GEM Listing Rules for appointing the compliance adviser for the required period.

Non-Competition Undertaking from Controlling Shareholders

At the time of the listing of the securities of the Company on the Stock Exchange, 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 had been made to all Directors who 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 2014.

Corporate Governance Practices

For the year ended 31 December 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 2014 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 2014. 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

The Register of Members will be closed from 6 May 2015 (Wednesday) to 8 May 2015 (Friday), both days inclusive, during which period no transfer of shares of the Company shall be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, 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 Level 22, Hopwell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5 May 2015 (Tuesday).

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

Hong Kong, 23 March 2015

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.