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## **FOCUS MEDIA NETWORK**



Combining Venture Capital and Entrepreneurs

## **FOCUS MEDIA NETWORK LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8112)**

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 8 August 2016 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share (representing 100% of the entire issued share capital of the Target Company) and the Sale Loans at the Consideration of HK\$12,850,000.

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

As Completion is subject to the fulfillment of various conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

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The principal terms of the Sale and Purchase Agreement are set out below:

### **THE SALE AND PURCHASE AGREEMENT**

**Date:**

8 August 2016

**Parties:**

- (1) Pacific Plywood Holdings Limited as the Vendor; and
- (2) Sino Shine Global Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company, as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are Independent Third Parties.

**Assets to be acquired:**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to acquire from the Vendor, the Sale Share and the Sale Loans free from all encumbrances.

The Sale Share represents the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement. As at the date of this announcement, the Sale Loans amounted to approximately HK\$12 million.

**Consideration:**

The Consideration payable by the Purchaser (or its nominee) to the Vendor in cash for the Sale Share and the Sale Loans is HK\$12,850,000 upon Completion.

The Consideration was arrived at after arm's length negotiations and on normal commercial terms between the Purchaser and the Vendor with reference to, among other things, (i) the net liabilities of the Target Group of approximately HK\$327,000 and the Sale Loans of approximately HK\$12 million; (ii) the licensed status of Cornerstone Securities Limited to carry on Type 1 (dealing in securities) regulated activity under the SFO; and (iii) the business prospects of the Target Group.

**Conditions Precedent:**

Completion of the Sale and Purchase Agreement is conditional upon and subject to:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review on the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Target Company and the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained; and
- (c) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange and/or the SFC, required by the Vendor, the Target Company, the Purchaser and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained.

If the above conditions has not been fulfilled on or before the Conditions Fulfillment Date, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other.

### **Completion:**

Upon Completion, the Purchaser will be interested in the entire issued share capital of the Target Company, and hence 80% of the issued share capital of Cornerstone Securities Limited. Accordingly, the Target Company and Cornerstone Securities Limited will become an indirect wholly-owned subsidiary and an indirect subsidiary of the Company, and their financial results will be consolidated in the accounts of the Group.

### **INFORMATION ABOUT THE TARGET GROUP**

The Target Company is a company incorporated in Hong Kong on 27 March 2015 with limited liability and it is an investment holding company. The Target Company is holding 80% of the issued share capital of Cornerstone Securities Limited. The remaining 20% of the issued share capital of Cornerstone Securities Limited is held by another Independent Third Party. Cornerstone Securities Limited is a company incorporated in Hong Kong on 7 July 2014 with limited liability and a licensed corporation under the SFO with the Type 1 (dealing in securities) regulated activity. The said license has been granted to Cornerstone Securities Limited in June 2016. The principal activities of Cornerstone Securities Limited are provision of securities brokerage service for products offered by the Stock Exchange to its customers.

### **Financial information of the Target Group**

Set out below is the consolidated net losses before taxation and after taxation of the Target Group for the period from the date of its incorporation on 27 March 2015 to 31 December 2015 and for the period ended 4 August 2016:

	<b>For the period from the date of its incorporation on 27 March 2015 to 31 December 2015 HK\$'000 (unaudited)</b>	<b>For the period ended 4 August 2016 HK\$'000 (unaudited)</b>
Net losses before taxation	(351)	(2,887)
Net losses after taxation	(351)	(2,887)

The Target Group has an unaudited net liabilities of approximately HK\$327,000 as at 4 August 2016.

## **INFORMATION OF THE VENDOR**

The Vendor is a company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange, which is the legal and beneficial owner of the Sale Share, representing the entire issued share capital of the Target Company and the Sale Loans. It is an investment holding company, and through its subsidiaries, is principally engaged in the business of operation of P2P financing platform under the CAIJIA brand and other loan facilitation services, money lending and provision of credit and securities investments.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in (i) provision of out-of-home advertising services, and (ii) film development, production and distribution.

The Board considers that the Acquisition, if materialized, will enable the Company to diversify its business into the financial services industry so as to broaden the revenue sources of the Group. In view of the potential development of the Shenzhen-Hong Kong Stock Connect, Hong Kong's securities market is expected to benefit from this mutual market access scheme in which more capital will flow into the securities market of Hong Kong and accordingly, the Board is optimistic on the business prospects of the Target Group.

The Directors consider that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, and such terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

As Completion is subject to the fulfillment of various conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Share and the Sale Loans by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
“Company”	Focus Media Network Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the GEM of the Stock Exchange (stock code: 8112)
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loans pursuant to the Sale and Purchase Agreement
“Conditions Fulfillment Date”	the date of fulfillment of the conditions precedent pursuant to the Sale and Purchase Agreement, in any event no later than 31 January 2017 or such other later date as the parties to the Sale and Purchase Agreement may agree in writing
“Consideration”	HK\$12,850,000, being the total amount to be paid by the Purchaser to the Vendor for the Sale Share and the Sale Loans in the manner as set out in the Sale and Purchase Agreement
“Director(s)”	directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons in accordance with the GEM Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kog Special Administrative Region of the People’s Republic of China

“Purchaser”	Sino Shine Global Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 8 August 2016 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Sale Share”	one (1) ordinary share in the share capital of the Target Company
“Sale Loans”	all indebtedness, obligations and liabilities due, owing or incurred by the Target Company to the Vendor
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Glory Creator Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiary, namely Cornerstone Securities Limited
“Vendor”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 767)
“%”	per cent.

By order of the Board  
**FOCUS MEDIA NETWORK LIMITED**  
**Mock Wai Yin**  
*Executive Director*

Hong Kong, 8 August 2016

*As at the date of this announcement, the Board comprises Mr. Wong Hong Gay Patrick Jonathan (Chairman), Mr. Chen Xiaoping, Mr. Mock Wai Yin, Ms. Lam Hoi Yu Nicki and Mr. Wang Jun as executive directors; and Mr. Chan Chi Keung Alan, Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying as independent non-executive directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) 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](http://www.focusmedia.com).*