FOCUS MEDIA NETWORK Limited

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

STOCK CODE
股票代號：8112

2015

ANNUAL REPORT 年度報告

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Focus Media Network Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

Board of Directors

Executive Directors

Wong Hong Gay Patrick Jonathan
(Chairman and CEO)
Chen Xiaoping
(appointed on 27 November 2015)
Mock Wai Yin
(appointed on 27 November 2015)
Lam Chun Yin
(appointed on 27 November 2015)
Ngan Toi Yuk
(resigned on 27 November 2015)
Lee Sze Leong
(resigned on 27 November 2015)
Chee Huiling Audrey
(resigned on 27 November 2015)

Non-Executive Director

Chan Tsze Wah
(resigned on 10 November 2015)

Independent Non-Executive Directors

Chan Chi Keung Alan
Lee Chi Hwa Joshua
(appointed on 27 November 2015)
Lau Mei Ying
(appointed on 27 November 2015)
Lien Jown Jing Vincent
(resigned on 21 April 2015)
Chan Ming Sun Jonathan
(appointed on 21 April 2015 and resigned on 27 November 2015)
Rosenkranz Eric Jon
(resigned on 27 November 2015)

Audit Committee

Lee Chi Hwa Joshua *(Chairman)*
(appointed on 27 November 2015)
Chan Chi Keung Alan
Lau Mei Ying
(appointed on 27 November 2015)
Rosenkranz Eric Jon
(resigned on 27 November 2015)
Lien Jong Jing Vincent *(Chairman)*
(resigned on 21 April 2015)
Chan Ming Sun Jonathan *(Chairman)*
(appointed on 21 April 2015 and resigned on 27 November 2015)

Nomination Committee

Wong Hong Gay Patrick Jonathan
(Chairman)
Chan Chi Keung Alan
Lau Mei Ying
(appointed on 27 November 2015)
Lien Jong Jing Vincent
(resigned on 21 April 2015)
Chan Ming Sun Jonathan
(appointed on 21 April 2015 and resigned on 27 November 2015)

Remuneration Committee

Lee Chi Hwa Joshua *(Chairman)*
(appointed on 27 November 2015)
Chan Chi Keung Alan
Wong Hong Gay Patrick Jonathan
Rosenkranz Eric Jon *(Chairman)*
(resigned on 27 November 2015)

Corporate Governance Committee

Wong Hong Gay Patrick Jonathan
(Chairman)
Mock Wai Yin
(appointed on 27 November 2015)
Lam Chun Yin
(appointed on 27 November 2015)
Ngan Toi Yuk
(resigned on 27 November 2015)
Lee Sze Leong
(resigned on 27 November 2015)

Compliance Officer

Lam Chun Yin
(effective from 27 November 2015)
Ngan Toi Yuk
(up to 27 November 2015)

Company Secretary

Chan Sau Chee
(effective from 1 October 2015)
Lee Yuen Han Hope
(up to 1 October 2015)

Authorized Representatives

Mock Wai Yin
(effective from 27 November 2015)
Lam Chun Yin
(effective from 27 November 2015)
Wong Hong Gay Patrick Jonathan
(up to 27 November 2015)
Ngan Toi Yuk
(up to 27 November 2015)

Corporate Information

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

Legal Advisor

Robertsons
57th Floor, The Center
99 Queen's Road Central
Hong Kong

Registered Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

28th Floor, 2801
Citicorp Centre
18 Whitfield Road
North Point
Hong Kong

With effect from 24 March 2016

6th Floor, 603
Citicorp Centre
18 Whitfield Road
North Point
Hong Kong

Principal Place of Business in Singapore

79 Anson Road
#05-02/03
Singapore 079906

Principal Bankers

HSBC
1 Queen's Road Central
Hong Kong

HSBC
21 Collyer Quay
#06-01 HSBC Building
Singapore 049320

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Industrial and Commercial Bank of China Limited
99 Nanjing East Road
Shanghai
People's Republic of China

Principal Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company's Website

www.focusmedia.com

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

8112

Chairman's Statement

Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Focus Media Network Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 ("YUR").

Business & Financial Overview

During the YUR, turnover and gross profit were approximately HK$72.3 million and approximately HK$41.6 million, respectively. Turnover for the YUR was the second highest since the founding of the Group in 2004 and was generated from adspend by 412 customers with 1,074 campaign orders. Turnover for the fourth quarter was approximately HK$21.6 million, representing approximately 30% of the entire turnover for the YUR, and a decrease of approximately 27% over the corresponding period of the previous year. Gross profit for the fourth quarter was approximately HK$12.9 million (with a gross profit margin of approximately 60%) as compared to approximately HK$17.1 million (with a profit margin of approximately 57%) over the corresponding period of the previous year. In addition to our financial performances, I would like to highlight a number of significant developments during the YUR.

The number of venues in which the Group deployed its branded flat-panel displays continued to experience growth which allowed the Group to increase the advertising rates offered to its advertisers. As of 31 December 2015, the Group has deployed its branded flat-panel displays at 1,132 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, at 197 residential apartments in Hong Kong under its Residential Complex digital OOH media network, and at 250 Mannings retail chain-stores in Hong Kong and 74 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 continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at TST. Knutsford Terrace has been dubbed the "Lan Kwai Fong" of Kowloon, a popular dining/nightlife place and an entertainment hub in the heart of TST, with a strip of international/local restaurants and bars catering to both locals and tourists.

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

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

The Group will continue to pursue the expansion of 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.

Turnover was generated from a diverse pool of 412 customers (through 1,074 campaign orders); comprising 278 new customers and 134 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 4% over the previous year and contributed to approximately 49% (2014: 56%) of the Group's total turnover. These are testaments to the success and sustainability of the Group's business model.

Business Acquisition & Expansion

Since the founding of the Group in April 2004, the Group has been in the business of media, advertising and content production. In February 2012, the Group has also been involved in the production of micro-movies for leading gaming, integrated resorts, and tourism brands around the regions, for media placements on Youku Tudou Inc., China's largest online television company, and other leading online video portals and social media platforms in China. The Group has since been exploring possible strategies to further extend the Group's media business, as well as identifying and acquiring suitable investment or business projects related to the field of mass media, film production and distribution, new media content production and entertainment related projects. In view of the increasing needs for media contents in China due to the increasing popularity of social media networks, increasing number of IMAX cinemas and improved accessibility to media contents and also the outstanding box office records in relation to "superhero" genre of motion pictures worldwide, the Company has attempted to make a big step forward to expand its business scope and transform itself into a media content provider.

In August 2015, the Group successfully secured its first-ever acquisition; the acquisition of Ricco Media Investments Limited ("RMI") which indirectly holds a 75% equity interest in Stan Lee Global Entertainment, LLC ("SLGE"). The remaining 25% of SLGE is owned by POW! Entertainment, Inc. ("POW!"), a company publicly-listed in the U.S.A., in which Mr. Stan Lee ("Stan") is the founder, chairman and chief creative officer. It is an extremely rare opportunity to be able to partner with Stan, the co-creator of many of Marvel's superheroes for the production of superhero motion pictures. Stan's co-creations include Spider-Man™, The Incredible Hulk™, X-Men™, The Fantastic Four™, Iron Man™, Avengers™* and hundreds of others. Stan currently remains the Chairman Emeritus of Marvel Entertainment, LLC, a wholly-owned subsidiary of The Walt Disney Company.

In partnership with Stan and POW!, SLGE is engaged in the business of film development, production and distribution and holds intellectual property rights for motion picture development in the form of concept, treatment and/or film script among which three are already in the development phases with a view to commence formal shooting in the next two years, namely The Annihilator (written by Jim Hecht of "Ice Age: Melt Down" and "Thundercats"), Realm (written by Alex Litvak of "The Three Musketeers" and "Predators"), and Replicator & Antilight (written by Chris Shafer and Paul Vicknair of "Before We Go" and "Playing It Cool"). Having witnessed the phenomenal success of Stan's superhero characters as well as the upcoming schedule of new releases of superhero motion pictures, the Company is highly confident that superhero motion pictures and Stan's superhero characters will continue to be in demand.

POW! is a multimedia production and licensing company that creates and licenses animated and live-action fantasy and superhero entertainment content and merchandise, leveraging the creative output and brand image of Stan. POW! develops Stan's originally created projects for traditional entertainment media including feature length films in live action and animation, DVD, live entertainment, television programming, merchandising and new media such as online digital programming and video games.

* These are the registered trademarks and characters of Marvel Characters, Inc.

The Year Ahead

The Board is very confident of the Company's future prospects, in particular its partnership with Stan and POW!. We will continue to seek out new business opportunities for our Company and explore options to deliver returns to our shareholders.

Appreciation

On behalf of the directors, I would like to extend our sincere gratitude to our management and staff for their diligence and contributions to the Group's development and success. I would also like to express our sincere appreciation to our partners for offering the Group the opportunities to collaborate with them, our advertisers and their advertising agencies for their continuous support for the Group's products and services, and most especially we thank you, our shareholders, for your trust, patience and support over last decade.

Focus Media Network Limited
Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 23 March 2016

Financial Highlights & Summary

Financial Summary

in HK$	2015	2014	2013	2012	2011	2010	2009
				Year ended 31 December			
RESULTS							
Revenue	**72,306,609**	76,304,823	72,253,333	53,661,805	60,032,678	48,545,921	33,591,898
EBITDA	**(6,656,831)**	(6,405,116)	8,562,397	(21,323,630)	8,342,882	13,746,000	7,514,000
(Loss)/profit for the year	**(18,936,258)**	(13,192,850)	4,016,035	(27,327,804)	2,036,599	11,747,177	5,383,109
Attributable to:							
Equity owners of the Company	**(18,139,328)**	(13,003,482)	4,016,035	(27,049,208)	2,036,599	11,747,177	5,383,109
Non-controlling interest	**(796,930)**	(189,368)	—	(278,596)	—	—	—

in HK$	2015	2014	2013	2012	2011	2010	2009
				Year ended 31 December			
ASSETS AND LIABILITIES							
Total assets	**222,585,301**	79,056,327	90,502,180	86,837,688	107,788,298	56,316,683	19,046,631
Total liabilities	**93,887,346**	19,095,021	16,646,693	16,439,654	13,910,142	12,578,130	8,025,651
Net assets	**128,697,955**	59,961,306	73,855,487	70,398,034	93,878,156	43,738,553	11,020,980

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.

Business Review (Continued)

Number of venues

The number of venues in which the Group deployed its branded flat-panel displays continued to experience 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	2015	2014	% Change
Hong Kong	Office and Commercial Network	612	617	(1%)
Hong Kong	In-store Network (Mannings)	250	242	3%
Hong Kong	Residential Network	197	123	60%
Singapore	Office and Commercial Network	520	500	4%
Singapore	HDB Shopping Centres	20	20	0%
Singapore	In-store Network (Watsons)	74	84	(12%)
Total number of venues		**1,673**	1,586	5%

Business model and strategy

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Business Review (Continued)

Business model and strategy (Continued)

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Business Review (Continued)

Business Acquisition & Expansion (Continued)

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* These are the registered trademarks and characters of Marvel Characters, Inc.

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$	2015		2014		2013		2012		2011		2010		2009	
Travel/Leisure	4,396,703	6%	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	16,350,024	23%	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	9,616,625	13%	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	9,545,181	13%	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	10,396,614	14%	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	2,097,032	3%	1,355,753	2%	2,328,167	3%	2,462,305	5%	510,001	1%	2,608,915	5%	2,974,553	9%
Government	4,472,850	6%	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	281,424	0%	534,744	1%	1,434,362	2%	1,507,531	3%	1,522,484	2%	1,549,110	3%	1,615,618	5%
Others	15,150,156	22%	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	72,306,609	100%	76,304,823	100%	72,253,333	100%	53,661,805	100%	60,032,678	100%	48,545,921	100%	33,591,898	100%

Business Review (Continued)

Annual General Meeting May 2015

Business Review (Continued)

Office and commercial building digital OOH media network in Hong Kong and Singapore

Hong Kong

Singapore

Business Review (Continued)

In-store digital OOH media network in Hong Kong and Singapore

Mannings in-store network in Hong Kong

Watsons in-store network in Singapore

Business Review (Continued)

Digital OOH billboard media solutions in Singapore

LED at One Raffles Place — one of Singapore's three tallest buildings

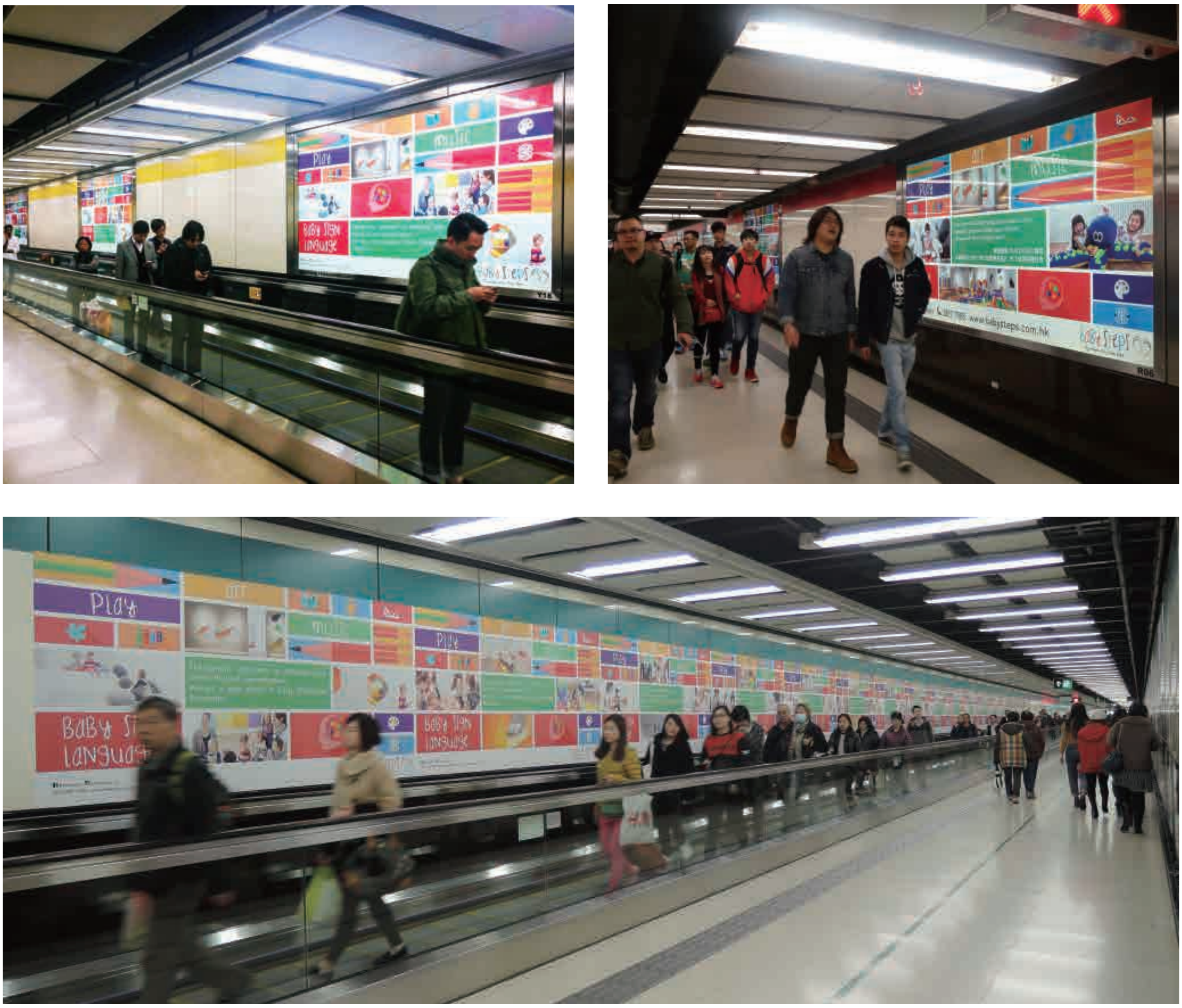
Business Review (Continued)

Digital and Static OOH billboard media solutions in Singapore

LED and Wall Stickers at Orchard Gateway

Business Review (Continued)

Static OOH billboard media solutions in Hong Kong



Tsim Sha Tsui interchange Subways and the Middle Road Subway (total three subways)

Business Review (Continued)

Static OOH billboard media solutions in Hong Kong

Tsim Sha Tsui Knutsford Terrace Billboard

Business Review (Continued)

Residential digital OOH media network at major private residential complexes

Business Review (Continued)

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 2015 included:

1. Sponsorship of Singapore's National Day Parade 2015 (Singapore)
2. Sponsorship of Chingay 2015 (Singapore)
3. Sponsorship of ASEAN Para Games 2015 (Singapore)
4. Sponsorship of the 28th SEA Games 2015 (Singapore)
5. Sponsorship of Rehab Power Day 2015 (Hong Kong)
6. Sponsorship of NothingButNets (Hong Kong)
7. Sponsorship of Dress Causal Day (Hong Kong)
8. Sponsorship of New Life 330 (Hong Kong)
9. Sponsorship of SPCA's Mission Zero (Hong Kong)

1. Sponsorship of Singapore's National Day Parade 2015 (Singapore)

Business Review (Continued)

Corporate social responsibility (Continued)

2. Sponsorship of Chingay 2015 (Singapore)

3. Sponsorship of ASEAN Para Games 2015 (Singapore)

Business Review (Continued)

Corporate social responsibility (Continued)

4. Sponsorship of the 28th SEA Games 2015 (Singapore)

5. Sponsorship of Rehab Power Day 2015 (Hong Kong)

Business Review (Continued)

Corporate social responsibility (Continued)

6. Sponsorship of NothingButNets (Hong Kong)

7. Sponsorship of Dress Casual Day (Hong Kong)

8. Sponsorship of New Life 330 (Hong Kong)

9. Sponsorship of SPCA's Mission Zero (Hong Kong)

Financial Review

in HK$ (including RMI Group)	2015	2014	2013	2012	2011	2010	2009
Turnover	**72,306,609**	76,304,823	72,253,333	53,661,805	60,032,678	48,545,921	33,591,898
Gross profit	**41,630,172**	38,763,986	48,545,536	36,511,072	48,596,827	38,783,624	26,410,163
EBITDA (Note 1)	**(6,656,831)**	(6,405,116)	8,562,397	(21,323,630)	8,342,882	13,746,000	7,514,000
Net (loss)/profit	**(18,936,258)**	(13,192,850)	4,016,035	(27,327,804)	2,036,599	11,747,177	5,383,109

in HK$ (excluding RMI Group)	2015	2014	2013	2012	2011	2010	2009
Turnover	**72,306,609**	76,304,823	72,253,333	53,661,805	60,032,678	48,545,921	33,591,898
Gross profit	**41,630,172**	38,763,986	48,545,536	36,511,072	48,596,827	38,783,624	26,410,163
EBITDA (Note 1)	**(3,700,804)**	(6,405,116)	8,562,397	(21,323,630)	8,342,882	13,746,000	7,514,000
Net (loss)/profit	**(16,006,674)**	(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, impairment of investment in joint venture, fair value loss on financial asset at fair value through profit or loss, 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 2015 was approximately HK$72.3 million, representing a decrease of approximately 5% over the previous year.

Turnover for the fourth quarter was approximately HK$21.6 million, representing approximately 30% of the entire turnover for the YUR, and a decrease of approximately 27% over the corresponding period of the previous year. Gross profit for the fourth quarter was approximately HK$12.9 million (with a gross profit margin of approximately 60%) as compared to approximately HK$17.1 million (with a gross profit margin of approximately 57%) over the corresponding period of the previous year.

Gross profit for the year of 2015 was approximately HK$41.6 million, representing an increase of approximately 7% over the previous year. Gross profit margin increased from approximately 51% to 58% due to lower cost-of-sales associated with the better performing media network.

The Group's total operating expenses (including RMI Group, non-cash equity-based compensation and depreciation) for year of 2015 were approximately HK$56.9 million, representing an increase of approximately 7.4 % over the previous year. The increase in total operating expenses for the year of 2015 over the previous year was mainly due to the office rental and headcount of RMI. (Note: The Group's total operating expenses (excluding RMI Group but including non-cash equity-based compensation and depreciation) for year of 2015 were approximately HK$53.8 million, representing an increase of approximately 1.6% over the previous year.)

Financial Review (Continued)

The Group's negative EBITDA including RMI Group amounted to approximately HK$6.7 million and the Group's negative EBITDA excluding RMI Group amounted to approximately HK$3.7 million for the year of 2015 as compared to negative EBITDA amounted to approximately HK$6.4 million for the previous year.

The Group recorded a loss attributable to shareholders of approximately HK$18.1 million (including RMI Group) and a loss attributable to shareholders of approximately HK$15.2 million (excluding RMI Group) for the year of 2015 as compared to a loss attributable to shareholders of approximately HK$13 million for the previous year.

Liquidity and financial resources

During the YUR, the Group financed its daily operations mainly with its internally generated resources. Short term loan from financier amounted HK$50 million was obtained as part of the consideration for the acquisition of RMI. As at 31 December 2015, the Group has a net assets value of approximately HK$129 million while the net current liabilities was amounted to approximately HK$30 million. In January 2016, the Company obtained a further short-term loan facilities in the amount of HK$58 million, out of which HK$30 million has been drawn down for the Group's ordinary course of business and working capital. The short-term borrowings of HK$80 million and the related interest will be due on 18 May 2016. In order to improve the Group's liquidity, the Company proposed a Rights Issue to raise approximately HK$130 million in March 2016. The Rights Issue is subject to shareholders' approval and the extraordinary general meeting will be held in May 2016. The proceeds from the Rights Issue will be used for (i) full repayment of the principal amounts and accrued interests of the above-mentioned short term loans; (ii) not more than HK$45 million for film development and production; and (iii) the remaining (if any) for the general and corporate working capital of the Group. For details of the Rights Issue, please refer to the Company's announcement dated 16 March 2016.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was 51% as at 31 December 2015 (2014: approximately 0%).

Foreign exchange

For the year ended 31 December 2015, 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. Despite most of RMI Group's business transactions, assets and liabilities were denominated in US dollars, the foreign currency risk associated with RMI Group was not significant due to the linked exchange rate system. The Group will monitor its foreign currency exposure closely. During the year ended 31 December 2015, 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.

Financial Review (Continued)

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange since 2011. The capital of the Company comprises ordinary shares and capital reserves. During the year, the Company issued 54,364,080 new shares including 37,471,680 shares in associated with the acquisition of RMI; 7,892,400 shares from the exercise of share options and 9,000,000 shares from the exercise of conversion right attached to warrants issued by the Company. Please refer to Note 22 of the Notes to the financial statements for details of the share capital.

Dividend

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

Information on employees

As at 31 December 2015, the Group had 84 employees (2014: 75), including the Executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$28.7 million for the year ended 31 December 2015 as compared to approximately HK$26.1 million for the year ended 31 December 2014. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. During the YUR, 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, the Group did not hold any significant investment in equity interest in any company during the year ended 31 December 2015.

Material acquisitions and disposals of subsidiaries and future plans for material investments

On 20 August 2015, the Company completed the acquisition of the entire issued share capital of RMI, resulting in RMI becoming a wholly-owned subsidiary of the Company. 37,471,680 shares were issued and allotted under the general mandate as part consideration of the transaction. Please refer the Company's announcements dated 10 August 2015 and 20 August 2015 for details of the above acquisition.

Save as disclosed above, the Group did not make any material acquisition or disposal, nor had other plans for material investments and capital assets during the year.

Financial Review (Continued)

Charges of assets

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

Contingent liabilities

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

Executive Directors

Mr. WONG Hong Gay Patrick Jonathan, aged 51, co-founded the Group in April 2004 and led its listing on the Stock Exchange of Hong Kong in July 2011. He was appointed a director of the Company on 24 March 2011 and re-appointed as chairman and an Executive Director of the Company and a member of the Remuneration Committee on 9 June 2011. He was appointed chairman of the Nomination Committee on 26 March 2012 and chairman of the Corporate Governance Committee on 8 August 2012. Mr. Wong currently serves as the CEO of the Company and has been CEO of the Group since its founding. Apart from charting the Group's vision and mission and meeting the Group's overall business objectives, Mr. Wong is also responsible for key client/partnership development and new business initiatives and overall management of advertising sales and business development functions.

Mr. Wong is an entrepreneur with over 25 years of start-up and operational experience with a wide range of global and regional media and entertainment, broadcasting, mobile and satellite telecommunications, Internet and digital Out-of-Home ventures. After completing six years of military service in Singapore, Mr. Wong started his career in publishing and in 1991 joined the founding team that launched Star TV. He went on to establish the regional satellite broadcaster's regional office in Singapore and served as its regional director, advertising sales for the Southeast Asia region. A year after the network was acquired by News Corporation, Mr. Wong was invited to rejoin the founders of Star TV to work on the launch of Pacific Century Group's Corporate Access where he served as the satellite-based corporate communications services provider's vice president for sales and advertising & promotions. When Corporate Access was acquired by Hutchison Whampoa, Mr. Wong was transferred to Hutchison Telecommunications where he served as its vice president, business development for the Asia region. While at Hutchison Telecommunications, Mr. Wong developed the desire to join the race to provide the world's first global mobile personal communications service or GMPCS. That led to his joining of Silicon Valley-based Loral Space & Communications' Globalstar where he subsequently established the constellation's regional office in Hong Kong and served as its regional director for the Southeast Asia region.

In 1999, Mr. Wong embraced the Asian Internet boom and became the founding managing director for 24/7 Media Asia, one of the three founding business units of Chinadotcom. At 24/7 Media Asia, Mr. Wong built a pan-Asian interactive advertising sales network that stretches across nine Asian countries within its first year of operations. Shortly afterwards, Mr. Wong founded the AdSociety Group, a venture that eventually became a part of the PCCW Group. As founder and group CEO, Mr. Wong established offices across nine major cities and formed joint ventures with Tokyu Agency Inc. (a member of Tokyu Corporation), LG Advertising Inc. (a member of LG Group) and the People's Daily Group, in Japan, South Korea and China, respectively, and worked with numerous sales and technology partners in the United States and Europe to establish a global advertising sales network and provided integrated online, broadband and mobile advertising, marketing and sales services to a diverse spectrum of premium online media properties. Following the burst of the technology bubble and the events of September 11, the Internet and mobile advertising venture was divested by PCCW on 3 October 2001. Soon afterwards, Mr. Wong was invited to rejoin the founders of PCCW to serve as the CEO of NOW Satellite TV.

Mr. Wong has been a senior advisor on overseas investment and business development for the People's Daily Group since 2002; is serving his fourteenth consecutive year as a Council of Governor of CASBAA, the region's leading industry based advocacy group that represents over 125 Asia-based corporations to promote multi-channel TV via cable, satellite, broadband, mobile and wireless video networks across the Asia-Pacific; and an advisor to The Media Evangelism, a charitable Christian organisation committed to building a Christian media presence using every modern means of communications.

Mr. CHEN Xiaoping, aged 64, was appointed as an Executive Director of the Company on 27 November 2015. Mr. Chen holds a Master Degree and worked at senior management positions in banking and other business fields in the past thirty years, such as Director of Kleinwort Benson Group, Senior Adviser of Global Interactive Technology AG and Financial Adviser of CNT Group. Mr. Chen was the executive director (from September 2007 to December 2013) and non-executive director (from December 2013 to December 2014) of China Minsheng Drawin Technology Group Limited (a company listed on the Stock Exchange with Stock Code: 726). Mr. Chen currently serves as director of Ricco Entertainment Investments Inc. ("REI") and manager of the managing board of Stan Lee Global Entertainment, LLC ("SLGE") and Magic Storm Entertainment, LLC ("MSE") respectively. REI, SLGE and MSE are subsidiaries of the Company involving in the business of film development, production and distribution.

Mr. MOCK Wai Yin, aged 43, was appointed as an Executive Director, an Authorised Representative (pursuant to Rule 5.24 of the GEM Listing Rules) and a member of the Corporate Governance Committee of the Company, on 27 November 2015. Mr. Mock holds a Master of Philosophy degree in Biochemistry from The Chinese University of Hong Kong and a Master of Science degree in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has 15 years of experience in research analysis and over 3 years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. Mr. Mock is the chairman and executive director of Ngai Shun Holdings Limited (a company listed on the Stock Exchange with Stock Code: 1246). He was an executive director of China Minsheng Drawin Technology Group Limited (a company listed on the Stock Exchange with Stock Code: 726) from December 2013 to February 2015.

Mr. LAM Chun Yin, aged 32, was appointed as an Executive Director, an Authorised Representative (pursuant to Rule 5.24 of the GEM Listing Rules), the Compliance Officer (pursuant to Rule 5.19 of the GEM Listing Rules) and a member of the Corporate Governance Committee of the Company, on 27 November 2015. Mr. Lam graduated from London School of Economics and Political Science, University of London with a Bachelor of Science degree in Accounting and Finance. Mr. Lam has extensive experience in finance, compliance and corporate secretarial services.

Independent Non-Executive Directors

Mr. CHAN Chi Keung Alan, aged 52, was appointed an Independent Non-executive Director of the Company on 9 June 2011. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong SAR in February 1992 and has practiced corporate and commercial law for more than two decades. He is presently the General Counsel of Imperial Pacific International (CNMI) LLC, a subsidiary of Imperial Pacific International Holdings Limited, a company listed on the main board of the Hong Kong Stock Exchange, which owns an exclusive casino gaming license in Saipan, Commonwealth of Northern Mariana Islands. Mr. Chan is an Independent Non-executive Director, and a member of each of the Audit Committee and Nomination Committee of Fortunet e-Commerce Group Limited, a company listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1039) and was an Independent Non-executive Director of L & A International Holdings Limited from September 2014 to October 2015, a company listed on the GEM Board of the Hong Kong Stock Exchange (Stock Code: 8195). Previously, Mr. Chan was the Vice President, Legal of NagaCorp Limited; a company listed on the Main Board of the Hong Kong Stock Exchange which owns, manages and operates the largest integrated gaming, leisure and entertainment hotel complex in the Kingdom of Cambodia, as well as the Head of Legal Services for the Hong Kong Jockey Club. Mr. Chan started his career in 1992 in Hong Kong as a corporate finance lawyer with Stephenson Harwood & Lo. He later acted as the senior assistant director, legal department, of the Land Development Corporation (now known as Urban Renewal Authority). Mr. Chan was the legal counsel for one of the leading US information technology companies, Sun Microsystems for Greater China, the Asia Pacific legal director for St. Jude Medical, and the vice president of Legal Affairs, at Celestial Pictures Limited, a subsidiary of Astro All Asia Networks plc., a Malaysian company that carries out business relating to crossmedia, in particular, direct-to-home television services, commercial radio and television programming. Celestial Pictures Limited is a commercial media company that owns and distributes the largest film library in Asia, including the Shaw Brothers film library, with worldwide entertainment assets in the motion picture, television, and new media industries. Mr. Chan obtained a Bachelor of Science degree in Civil Engineering from the Aston University of Birmingham, England in July 1986 and a LLB in China Law from the China University of Political Science and Law, Beijing, PRC in June 1999. He is a registered civil celebrant in Hong Kong and served as a board director (and former chairman) of Theatre Space Foundation Limited, a theatrical drama performance charitable institution. In July 2012, Mr. Chan was appointed a Committee Member by Special Appointment of the Eighth Zhuhai Committee of the Chinese People's Political Consultative Conference. In September 2012, he was appointed a director of the Hong Kong Chiu Chow Chamber of Commerce Limited, and in 4th Quarter 2013, he was appointed a director of the China Overseas Friendship Association.

Mr. LEE Chi Hwa Joshua, aged 43, was appointed as an Independent Non-executive Director, the chairmen of the Audit Committee and the Remuneration Committee of the Company respectively, on 27 November 2015. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and financing. Mr. Lee currently serves as an executive director of Telefield International (Holdings) Limited (Stock Code: 1143) which is listed on the Main Board of the Stock Exchange, an independent non-executive director of Hao Tian Development Group Limited (Stock Code: 474) and Jin Bao Bao Holdings Limited (Stock Code: 1239), which are listed on the Main Board of the Stock Exchange; and China Fortune Investments (Holding) Limited (Stock Code: 8116) and Code Agriculture (Holdings) Limited (Stock Code: 8153), which are listed on the GEM Board of the Stock Exchange. He was an independent non-executive director of China Minsheng Drawin Technology Group Limited (Stock Code: 726) from December 2013 to February 2015 and King Stone Energy Group Limited (Stock Code: 663) from January 2012 to April 2013.

Ms. LAU Mei Ying, aged 33, was appointed as an Independent Non-executive Director, a member of each the Audit Committee and the Nomination Committee of the Company, on 27 November 2015. Ms. Lau graduated from The Chinese University of Hong Kong with a bachelor degree of Social Science in Economics. Ms. Lau has extensive experiences in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. She is the independent non-executive director of Ngai Shun Holdings Limited (a company listed on the Stock Exchange with Stock Code: 1246).

Corporate Governance Report

Corporate Governance Practices

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

For the year ended 31 December 2015, the Company had complied with the code provisions (the "Code Provision(s)") 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") (without taking into account of the amendments to the Corporate Governance Code effective from 1 January 2016), 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 (the "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.

Board of Directors

Composition and Responsibilities

The Board comprised the following directors during the year ended 31 December 2015 and up to the date of this report:

Executive directors:
Mr. WONG Hong Gay Patrick Jonathan *(Chairman & CEO)*
Mr. CHEN Xiaoping (appointed on 27 November 2015)
Mr. MOCK Wai Yin (appointed on 27 November 2015)
Mr. LAM Chun Yin (appointed on 27 November 2015)
Ms. NGAN Toi Yuk (resigned on 27 November 2015)
Mr. LEE Sze Leong (resigned on 27 November 2015)
Ms. CHEE Huiling Audrey (resigned on 27 November 2015)

Non-executive director:
Mr. CHAN Tsze Wah (resigned on 10 November 2015)

Independent non-executive directors:
Mr. CHAN Chi Keung Alan
Mr. LEE Chi Hwa Joshua (appointed on 27 November 2015)
Ms. LAU Mei Ying (appointed on 27 November 2015)
Mr. LIEN Jown Jing Vincent (resigned on 21 April 2015)
Mr. CHAN Ming Sun Jonathan (appointed on 21 April 2015 and resigned on 27 November 2015)
Mr. ROSENKRANZ Eric Jon (resigned on 27 November 2015)

The relationship among members of the Board and biographical details of the directors of the Company (the "Director(s)") who are currently serving the Board are set out in the section headed "Directors' Profile" on pages 28 to 31. Save for the Directors' business relationships as a result of their respective directorships in the Company and its subsidiaries or else as disclosed in each of their respective biographies as aforementioned, there are no financial, business, family or other material or relevant relationships among members of the Board.

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The Non-executive Directors (including Independent Non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

Board Meetings

The Board has drawn up a schedule to meet regularly at least four times a year at approximately quarterly intervals, to consider and approve quarterly, half-yearly and annual results of the Group, as well as to discuss the overall strategy, business operations and development of the Group. Notice is given to all Directors at least 14 days in advance for a regular board meeting. For the sake of flexibility, the Board may also hold meetings whenever necessary other than the regular meetings; in such case, reasonable notice will be given. For the year ended 31 December 2015, the Board has convened seven meetings (including four regular Board meetings but excluding the committee meetings) that required directors' attendance in person or through electronic means of communication. It has also passed resolutions by circulation of documents in other circumstances during the year.

Directors' Attendance at Board/General Meetings

During the year ended 31 December 2015, the individual attendance record of each Director at the meetings of the Board (including circulation of written resolutions) and general meeting is as follows:

	Number of Board Meetings Attended/held	Board written resolutions	2015 Annual General Meeting
Executive Directors:			
Mr. WONG Hong Gay Patrick Jonathan	7/7	10/10	1/1
Mr. CHEN Xiaoping (appointed on 27 November 2015)	N/A	3/3	N/A
Mr. MOCK Wai Yin (appointed on 27 November 2015)	N/A	3/3	N/A
Mr. LAM Chun Yin (appointed on 27 November 2015)	N/A	3/3	N/A
Ms. NGAN Toi Yuk (resigned on 27 November 2015)	7/7	7/7	1/1
Mr. LEE Sze Leong (resigned on 27 November 2015)	7/7	7/7	1/1
Ms. CHEE Huiling Audrey (resigned on 27 November 2015)	6/7	7/7	0/1
Non-executive Director:			
Mr. CHAN Tsze Wah (resigned on 10 November 2015)	6/6	6/6	1/1
Independent Non-executive Directors:			
Mr. CHAN Chi Keung Alan	7/7	10/10	1/1
Mr. LEE Chi Hwa Joshua (appointed on 27 November 2015)	N/A	3/3	N/A
Ms. LAU Mei Ying (appointed on 27 November 2015)	N/A	3/3	N/A
Mr. ROSENKRANZ Eric Jon (resigned on 27 November 2015)	6/7	7/7	1/1
Mr. LIEN Jown Jing Vincent (resigned on 21 April 2015)	1/2	N/A	N/A
Mr. CHAN Ming Sun Jonathan (appointed on 21 April 2015 and resigned on 27 November 2015)	5/5	7/7	1/1

As stated above, appropriate notices are given to all Directors in advance for attending regular and other Board or Board committee meetings. Meeting agenda and other relevant information are provided to the Directors in advance of the Board or Board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Draft of the minutes will be circulated to all Directors and/or all members of the relevant Board committees for their comment within a reasonable time after convening of the pertaining meeting. Minutes of Board and Board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

The Company has arranged for appropriate liability insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

Chairman and Chief Executive

As disclosed under the section headed "Corporate Governance Practices" above, the roles of the chairman and the CEO are both performed by Mr. Wong Hong Gay Patrick Jonathan. Having considered the factors as stated therein, the Board is of the view that the above arrangement is acceptable. The Board will review this situation when and as it becomes appropriate in the future.

Appointment and Re-election of Directors

Prior to 27 November 2015, all Non-executive Directors (including Independent Non-executive Directors) entered into service contracts with the Company for a specific term of one year, subject to re-election. On 27 November 2015, Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying were appointed as Independent Non-executive Directors for a term of one year from the date of their appointment, and shall be renewable automatically for successive terms of one year, subject to the re-election requirements of the Company's articles of association. Each of them has entered into a letter of appointment with the Company such that their individual service term is subject to re-election in accordance with the Company's articles of association.

In accordance with the Company's articles of association, all Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Further, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting.

Confirmation of Independence of Independent Non-executive Directors

Each of the existing Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all existing Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

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 existing 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 2015.

Directors' Participation in Continuous Professional Trainings

Newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's business and operations, as well as director's responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

During the year under review, the Directors have received from the Company updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company from time to time. They have also been provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director individually to discharge their duties. Certain Directors also attended professional trainings delivered by law firm or certified public accountants. All existing Directors have confirmed that they have had suitable directors' training through attendance of training courses and seminars; or else by reading materials to refresh their knowledge and skills.

Board Committees

Audit Committee

The Audit Committee of the Company was established with written terms of reference in compliance with the relevant Code Provisions from time to time. In view of the new requirements on risk governance in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules which took effect on 1 January 2016, the Company adopted a revised terms of reference of the Audit Committee with effect from 1 January 2016. The Audit Committee was delegated the authority and responsibility to review the Company's risk management and internal control systems and to make recommendations to the Board pursuant to the revised terms of reference. The latest version of the terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the Audit Committee (without taking into account of the amendments to its terms of reference effective from 1 January 2016) is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system and internal control procedures. It reports to the Board and has held regular meetings to review and make recommendations to improve the Group's financial reporting process and internal controls.

The composition of the Audit Committee during the year ended 31 December 2015 and up to the date of this report is as follows:

Independent Non-executive Directors:
Mr. LEE Chi Hwa Joshua (Chairman) (appointed on 27 November 2015)
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying (appointed on 27 November 2015)
Mr. ROSENKRANZ Eric Jon (resigned on 27 November 2015)
Mr. LIEN Jown Jing Vincent (Chairman) (resigned on 21 April 2015)
Mr. CHAN Ming Sun Jonathan (Chairman) (appointed on 21 April 2015 and resigned on 27 November 2015)

During the year, the Audit Committee has held four meetings, and the attendance of each of its members is set out below:

Name of member	**Number of meetings held/attended**
Mr. LEE Chi Hwa Joshua (appointed as the chairman on 27 November 2015)	N/A
Mr. CHAN Chi Keung Alan	4/4
Ms. LAU Mei Ying (appointed as a member on 27 November 2015)	N/A
Mr. ROSENKRANZ Eric Jon (ceased as a member on 27 November 2015)	4/4
Mr. LIEN Jown Jing Vincent (ceased as the chairman on 21 April 2015)	1/1
Mr. CHAN Ming Sun Jonathan (appointed as the chairman on 21 April 2015 and ceased on 27 November 2015)	3/3

The summary of work of the Audit Committee during the year is as follows:

— met with the external auditors and reviewed the annual, interim and quarterly reports of the Company;

— reviewed the effectiveness of the Company's internal control and risk management systems;

— reviewed and approved audit fee;

— recommended the re-appointment of auditors; and

— recommended the revised terms of reference of the Audit Committee (which became effective on 1 January 2016) for reviewing the Company's risk management and internal control systems through the Audit Committee.

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy.

The composition of the Remuneration Committee during the year ended 31 December 2015 and up to the date of this report is as follows:

Independent Non-executive Directors:
Mr. LEE Chi Hwa Joshua (Chairman) (appointed on 27 November 2015)
Mr. ROSENKRANZ Eric Jon (Chairman) (resigned on 27 November 2015)
Mr. CHAN Chi Keung Alan

Executive Director:
Mr. WONG Hong Gay Patrick Jonathan

During the year, the Remuneration Committee has held two meetings, and the attendance of each of its members is set out below:

Name of member	**Number of meetings held/attended**
Mr. LEE Chi Hwa Joshua (appointed as the chairman on 27 November 2015)	1/1
Mr. CHAN Chi Keung Alan	2/2
Mr. WONG Hong Gay Patrick Jonathan	2/2
Mr. ROSENKRANZ Eric Jon (ceased as the chairman on 27 November 2015)	1/1

The summary of work of the Remuneration Committee during the year is as follows:

— recommended to the Board the discretionary bonus, if any, payable to the Executive Directors for the year 2015;

— reviewed the remuneration packages of the Executive Directors for the year 2015, as well as recommended to the Board for approval such remuneration packages upon appointment of new Executive Directors; and

— reviewed the directors' fees of the Non-executive Directors (including the Independent Non-executive Directors) for the year 2015, as well as recommended to the Board for approval such director's fees upon appointment of new Non-executive Directors (including Independent Non-executive Directors).

Nomination Committee

The Board established the Nomination Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the Nomination Committee during the year ended 31 December 2015 and up to the date of this report is as follows:

Executive Director:
Mr. WONG Hong Gay Patrick Jonathan *(Chairman)*

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Mr. LIEN Jown Jing Vincent (resigned on 21 April 2015)
Mr. CHAN Ming Sun Jonathan (appointed on 21 April 2015 and resigned on 27 November 2015)
Ms. LAU Mei Ying (appointed on 27 November 2015)

During the year, the Nomination Committee has held two meetings, and the attendance of each of its members is set out below:

Name of member	**Number of meetings held/attended**
Mr. WONG Hong Gay Patrick Jonathan	2/2
Mr. CHAN Chi Keung Alan	2/2
Ms. LAU Mei Ying (appointed as a member on 27 November 2015)	1/1
Mr. LIEN Jown Jing Vincent (ceased as a member on 21 April 2015)	0/1
Mr. CHAN Ming Sun Jonathan (appointed as a member on 21 April 2015 and ceased on 27 November 2015)	0/0

The summary of work of the Nomination Committee during the year is as follows:

— reviewed the structure, size and composition of the Board;

— reviewed the independence of the Independent Non-executive Directors;

— evaluated and made recommendations on individuals nominated for directorship; and

— made recommendation on the retiring Directors at the 2016 Annual General Meeting of the Company.

Board Diversity Policy

The Company recognizes the benefits of diversity of Board members. The board diversity policy of the Company (the "Board Diversity Policy") has been published on the Company's corporate website (http://www.focusmedia.com) for public information. According to the Board Diversity Policy, in designing the Board's composition and selecting candidates to the Board, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has monitored the implementation of the Board Diversity Policy since its adoption in August 2013. It carries out annual review of the Board Diversity Policy to ensure its effectiveness.

Corporate Governance Committee

The Board established the Corporate Governance Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Corporate Governance Committee are available on the websites of the Company and the Stock Exchange.

The composition of the Corporate Governance Committee during the year ended 31 December 2015 and up to the date of this report is as follows:

Executive Directors:
Mr. WONG Hong Gay Patrick Jonathan *(Chairman)*
Mr. MOCK Wai Yin (appointed on 27 November 2015)
Mr. LAM Chun Yin (appointed on 27 November 2015)
Ms. NGAN Toi Yuk (resigned on 27 November 2015)
Mr. LEE Sze Leong (resigned on 27 November 2015)

The primary duties of the Corporate Governance Committee include, among others, to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of directors and senior management; and to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

During the year, the Corporate Governance Committee has held one meeting, and the attendance of each of its members is set out below:

Name of member	Number of meetings held/attended
Mr. WONG Hong Gay Patrick Jonathan	1/1
Mr. MOCK Wai Yin (appointed as a member on 27 November 2015)	1/1
Mr. LAM Chun Yin (appointed as a member on 27 November 2015)	1/1
Ms. NGAN Toi Yuk (ceased as a member on 27 November 2015)	0/0
Mr. LEE Sze Leong (ceased as a member on 27 November 2015)	0/0

The summary of work of the Corporate Governance Committee during the year is as follows:

— reviewed the corporate governance practices of the Group;

— reviewed the training programmes for Directors and senior management of the Company;

— reviewed the Company's policies such as human resources policy, code of conduct and grievance policy;

— reviewed the current practices on compliance with legal and regulatory requirements;

— provided latest updates on laws, rules and regulations to Directors; and

— reviewed the compliance with the Code Provisions and disclosures in the Corporate Governance Report.

Remuneration of Directors and Senior Management

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of Executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions. The remuneration policy of Non-executive Directors (including Independent Non-executive Directors) is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of Non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends.

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 60 to 120 were prepared on the basis set out in note 2.1 to the Consolidated Financial Statements. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

Auditor's Remuneration

During the year, the Company engaged Messrs. PricewaterhouseCoopers ("PwC") as the external auditors. The fee in respect of audit services provided by PwC for the year ended 31 December 2015 approximately amounted to HK$2,036,075 (2014: HK$1,291,500). No non-audit services were provided by PwC for the year (2014: Nil).

The reporting responsibilities of PwC are set out in the Independent Auditors' Report on pages 58 to 59.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

For the year, the Company conducted reviews on the effectiveness of the internal control system as required by the Code Provisions, including review on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee also reviewed with members of the management the work done and the results of such reviews.

Delegation by the Board

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee (the majority of such committee members must be the Independent Non-executive Directors), the Independent Non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees that they are serving..

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the Executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

Compliance Officer

During the year up to 27 November 2015, Ms. Ngan Toi Yuk ("Ms. Ngan") assumed responsibility for acting as the compliance officer of the Company (the "Compliance Officer"). Ms. Ngan ceased acting as the Compliance Officer upon her resignation as an Executive Director on 27 November 2015. Mr. Lam Chun Yin was appointed as the Compliance Officer pursuant to Rule 5.19 of the GEM Listing Rules to fill such vacancy with effect from 27 November 2015.

Company Secretary

During the year up to 1 October 2015, the Company engaged Ms. Hope Lee Yuen Han ("Ms. Lee"), an external service provider, as its company secretary. Her primary contact person at the Company was Ms. Ngan, the then executive Director and Compliance Officer, as regards compliance and other company secretarial matters of the Company.

On 1 October 2015, Ms. Chan Sau Chee ("Ms. Chan") was appointed as the company secretary of the Company in place of Ms. Lee. Ms. Chan is an associate member of the Hong Kong Institute of Companies Secretaries and the Institute of Chartered Secretaries and Administrators. She reports to the executive Directors and is responsible for advising the Board on corporate governance matters. Up to the date of this report, she has undertaken not less than 15 hours of relevant professional training to update her skill and knowledge.

Constitutional Documents

During the year, there are no changes in the constitutional documents of the Company.

Shareholders' Rights

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to the Articles of Association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

And, if a shareholder wishes to propose a person other than a Director retiring for election as a Director at an annual general meeting ("AGM"), the shareholder should deposit a written notice of nomination at the head office of the Company or at the office of the Company's Branch Share Registrar within a period of at least seven (7) days commencing from the day after the dispatch of the AGM notice and ending no later than seven (7) days prior to the date of the AGM. The relevant procedures will be set out in the circular regarding, among others, the 2016 Annual General Meeting of the Company (to be convened on or before 30 June 2016), which will be delivered to the shareholders of the Company in due course.

The Procedures for Sending Enquiries to the Board

Specific enquiries from shareholders to the Board can be sent in writing to the Company at our head office in Hong Kong or by email through InvestorRelations@focusmedia.com stated on the Company's website.

Communication with Shareholders

Save as mentioned under the section headed "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information, news and events about the Group on its website for easy access by the shareholders.

Hong Kong, 23 March 2016

The directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Consolidated Financial Statements").

Principal Activities

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 33 to the Consolidated Financial Statements.

Segment Information

An analysis of the Group's revenue and contribution to the loss from operations by principal activities and geographical area of operations for the year ended 31 December 2015 is set out in note 5 to the Consolidated Financial Statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Group as at 31 December 2015 are set out in the Consolidated Financial Statements on pages 60 to 120.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2015 (2014: Nil).

Seven Years Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last seven financial years is set out on page 7. This summary does not form part of the Consolidated Financial Statements.

Share Capital

Details of movements in share capital of the Company during the year are set out in note 22 to the Consolidated Financial Statements.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 30 to the Consolidated Financial Statements respectively.

Distributable Reserves

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$229,968,000.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 22% of the total sales for the year and sales to the largest customer included therein amounted to approximately 9.4%. Purchases from the Group's five largest suppliers accounted for approximately 45.3% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 18.8%.

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 13 to the Consolidated Financial Statements.

Borrowing

Particulars of borrowing of the Group as at the balance sheet date are set out in note 25 to the Consolidated Financial Statements. As at 31 December 2015, the Group did not have any charges on its assets (2014: Nil).

Directors

The directors of the Company (the "Director(s)") who hold office during the year and up to the date of this report are:

Executive Directors:
Mr. WONG Hong Gay Patrick Jonathan (Chairman & CEO)
Mr. CHEN Xiaoping (appointed on 27 November 2015)
Mr. MOCK Wai Yin (appointed on 27 November 2015)
Mr. LAM Chun Yin (appointed on 27 November 2015)
Ms. NGAN Toi Yuk (resigned on 27 November 2015)
Mr. LEE Sze Leong (resigned on 27 November 2015)
Ms. CHEE Huiling Audrey (resigned on 27 November 2015)

Non-executive Director:
Mr. CHAN Tsze Wah (resigned on 10 November 2015)

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Mr. LEE Chi Hwa Joshua (appointed on 27 November 2015)
Ms. LAU Mei Ying (appointed on 27 November 2015)
Mr. LIEN Jown Jing Vincent (resigned on 21 April 2015)
Mr. CHAN Ming Sun Jonathan (appointed on 21 April 2015 and resigned on 27 November 2015)
Mr. ROSENKRANZ Eric Jon (resigned on 27 November 2015)

In accordance with Article 83(3) of the Company's articles of association (the "Articles of Association"), each of Mr. Chen Xiaoping, Mr. Mock Wai Yin, Mr. Lam Chun Yin, Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying (all of them were appointed by the Board after the last annual general meeting) shall hold office only until the first general meeting of shareholders after their appointment and shall be eligible for re-election at such general meeting.

In accordance with Article 84 of the Articles of Association and the relevant provisions of the Corporate Governance Code under Appendix 15 of the GEM Listing Rules, all Directors should be subject to re-election at regular intervals at the annual general meetings of the Company. The forthcoming annual general meeting of the Company will be convened on or before 30 June 2016 (the "AGM"). A notice convening the AGM (the "AGM Notice") will be given to the shareholders of the Company (the "Shareholders") and be published in accordance with the requirements of the GEM Listing Rules in due course. A circular containing (among others) the AGM notice and biographical details of the directors proposed for re-election at the AGM will be despatched to Shareholders in due course.

The Company has received annual confirmation of independence from each of its existing independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all of them are considered to be independent.

Directors' Service Contracts

Prior to 27 November 2015, (i) each of the executive Directors has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by, not less than six months' notice in writing served by either party on the other; and (ii) each of the non-executive Directors (including the independent non-executive Directors) has entered into a service contract with the Company for a term of one year renewable automatically for successive terms of one year, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one months' notice in writing served by either party on the other.

Upon mutual consent with the Company, Mr. Lien Jown Jing Vincent resigned as an independent non-executive Director on 21 April 2015; Mr. Chan Tsze Wah resigned as a non-executive Director on 10 November 2015; each of Mr. Rosenkranz Eric Jon and Mr. Chan Ming Sun Jonathan resigned as independent non-executive Directors on 27 November 2015; and each of Ms. Ngan Toi Yuk, Mr. Lee Sze Leong and Ms. Chee Huiling Audrey resigned as executive Directors on 27 November 2015. Their respective service contracts with the Company were terminated accordingly.

On 27 November 2015, Mr. Chen Xiaoping, Mr. Mock Wai Yin and Mr. Lam Chun Yin were appointed as executive Directors, and Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying were appointed as independent non-executive Directors; each of them has entered into a letter of appointment with the Company for a service term which is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Save as aforesaid, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

Update of Directors' Information

Save as disclosed elsewhere in this report, changes in information of Directors since the publication of the Company's interim report 2015 were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

On 19 October 2015, Mr. Chan Chi Keung Alan, an independent non-executive Director, resigned as an independent non-executive director of L & A International Holdings Limited, a company listed on the GEM Board of the Stock Exchange (Stock Code: 8195).

Directors' biography

The biographical details of the Directors are disclosed in the section headed "Directors' Profile" on pages 28 to 31 of this annual report.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 8 and 9 to the Consolidated Financial Statements respectively.

Arrangements to Acquire Shares or Debentures

Save as disclosed under the section headed "Pre-IPO Share Option Scheme and Share Option Scheme" below, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

As at 31 December 2015, the Company did not enter into or have any management and administrative contracts in respect of the whole or any principal business of the Company.

Connected Transactions

During the year, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

Related Party Transactions

Details of the related party transactions are disclosed in note 32 to the Consolidated Financial Statements. Such transactions are exempt from the reporting requirement in accordance with Chapter 20 of the GEM Listing Rules in respect of connected transactions.

Pre-IPO Share Option Scheme and Share Option Scheme

Pursuant to the written resolutions passed by all the shareholders of the Company on 26 March 2011, the Company has adopted the Pre-IPO Share Option Scheme and has conditionally adopted the Share Option Scheme.

Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution made by certain executive Directors and employees of the Group and to aid the Company in retaining key and senior employees who have assisted in the development and growth of the Group and for their contribution in connection with the Listing.

Eligible participants of the Pre-IPO Share Option Scheme are any employee (including any director) of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity.

The Pre-IPO Share Option Scheme was adopted for a period of 10 years commencing from 26 March 2011 and remains in force until 25 March 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Pre-IPO Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 32,800,000 shares of the Company, which represents 10% of the shares in issue of the Company as at the date of this report.

During the year, 5,018,400 options were exercised, yet no options were granted or lapsed under the Pre-IPO Share Option Scheme. As at 31 December 2015, there were outstanding and unexercised options under the aforementioned scheme, which entitled holders thereof to subscribe for 3,608,000 shares of the Company.

Share Option Scheme

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution or potential contribution to the Group.

Eligible participants under the Share Option Scheme include any employee of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix V to the Prospectus. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 26 March 2011 and remains in force until 25 March 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The exercise price per share of the Company for each option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

(1) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer for the grant of option ("Date of Grant") which must be a trading day;

(2) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and

(3) the nominal value of the shares on the Date of Grant.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company, being a date not later than 10 business days from the date upon which it is made. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the date of grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 32,800,000 shares, which represents 10% of the shares in issue of the Company as at the date of this report.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its shareholders in accordance with the GEM Listing Rules.

During the year under review, 2,874,000 options were exercised, 656,000 options were lapsed and cancelled, yet no options were granted under the Share Option Scheme. As at 31 December 2015, there were outstanding and unexercised options under the abovementioned scheme, which entitled holders thereof to subscribe for 1,772,000 shares of the Company.

A summary of the movements of the share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme during the year under review is as follows:

					Number of share options						
Grantees	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price**	**Outstanding at 1 January 2015**	**Granted during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Outstanding at 31 December 2015**	**Market value per share immediately before the date of grant of option**	**Approximate % of the Company's total issued share capital as at 31 Dec 2015**
Wong Hong Gay Patrick Jonathan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	—	328,000	0.72	0.09%
Ngan Toi Yuk (resigned on 27 November 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	—	328,000	0.72	0.09%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	3,280,000	—	1,312,000	—	1,968,000	N/A	0.51%
Lee Sze Leong (resigned on 27 November 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	—	328,000	0.72	0.09%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	1,640,000	—	—	—	1,640,000	N/A	0.43%
Chee Huiling Audrey (resigned on 27 November 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	250,000	—	250,000	—	0	0.72	0%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	426,400	—	426,400	—	0	N/A	0%
Chan Tsze Wah (resigned on 10 November 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	328,000	0	0	0%
Lien Jown Jing Vincent (resigned on 21 April 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	328,000	0	0.72	0%
Rosenkranz Eric Jon (resigned on 27 November 2015)	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	328,000	—	0	0.72	0%
Chan Chi Keung Alan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	328,000	—	—	—	328,000	0.72	0.09%
Employees	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$0.724	2,756,000	—	2,296,000	—	460,000	0.72	0.12%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$0.72	3,280,000	—	3,280,000	—	0	N/A	0%
Total					**13,928,400**	**—**	**7,892,400**	**656,000**	**5,380,000**		

Additional particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 23 to the Consolidated Financial Statements.

Notes:

1. The options granted under Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

    (i) 33% of the option shall vest after first twelve months after date of acceptance

    (ii) 33% of the option shall vest after twenty four months after date of acceptance

    (iii) 34% of the option shall vest after thirty six months after date of acceptance

2. The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

    (i) 50% of the option shall vest on 28 January 2012

    (ii) 8% of the option shall vest on 28 February 2012

    (iii) 8% of the option shall vest on 28 March 2012

    (iv) 8% of the option shall vest on 28 April 2012

    (v) 8% of the option shall vest on 28 May 2012

    (vi) 8% of the option shall vest on 28 June 2012

    (vii) 10% of the option shall vest on 28 July 2012

3. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 382,364,080 shares in issue as at 31 December 2015.

Apart from the aforesaid share option schemes, at no time during the year ended 31 December 2015 was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

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

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of HK$0.01 each of the Company (the "Shares"), underlying Shares and debentures of the Company

	Interests in ordinary shares						
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests in ordinary shares**	**Total interests in underlying shares**	**Aggregate interests**	**Approximate % of the Company's issued share capital**
Wong Hong Gay Patrick Jonathan	—	—	23,026,600 (Note 1)	23,026,600	328,000* (Note 1)	23,354,600	6.10%
Chan Chi Keung Alan	—	—	—	—	328,000*	328,000	0.09%

* Being personal interests attributable to interests in the share options granted by the Company pursuant to the Share Option Scheme adopted on 26 March 2011.

Notes:

1. These shares are directly held by iMediaHouse Asia Limited ("iMHA") which is owned as to approximately 67.09% by iMediaHouse.com which is in turn wholly owned by Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong"). The remaining interest in iMHA is held by entities ultimately wholly-owned by Mr. Wong. Mr. Wong is therefore deemed to be interested in these shares by virtue of the SFO. As of the date of this report, Mr. Wong has an undertaking to the Company and the Underwriter pursuant to the Rights Issue to take up his entitlements attributing from the Options Shares that might be allotted to him on or before the Record Date if he would have exercised his Options. For details, please refer to the Company's announcement dated 16 March 2016 (the "Announcement") and the capitalised terms used in this note have the same meanings as defined in the Announcement, unless the context requires otherwise.

2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 382,364,080 shares in issue as at 31 December 2015.

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

Substantial Shareholders' and Other Persons' Interests and Short Position in Shares and Underlying Shares of the Company

As at 31 December 2015, as far as the Directors or chief executives of the Company are aware, the following persons (other than Directors or chief executives of the Company) had, or were deemed to have, interests or short positions, in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long positions in the Shares and underlying Shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate % of shareholding in the Company
Ricco Media (Holdings) Limited (Notes 1 & 2)	Beneficial owner	37,471,680	9.80%
Ricco Capital (Holdings) Limited (Notes 1 & 2)	Interest of controlled corporation	37,471,680	9.80%
Wu Siu Chung	Interest of controlled corporation	37,471,680	9.80%
iMediaHouse Asia Limited (Notes 3 & 4)	Beneficial owner	23,026,600	6.02%
iMediaHouse.com Limited (Notes 3 & 4)	Interest of controlled corporation	23,026,600	6.02%

Notes:

1. These shares are directly held by Ricco Media (Holdings) Limited ("RML") which is wholly owned by Ricco Capital (Holdings) Limited ("RCL"), which is in turn wholly owned by Mr. Wu Siu Chung ("Mr. Wu"). RCL and Mr. Wu are therefore deemed to be interested in these shares by virtue of the SFO. As of the date of this report, RML has an undertaking to the Company and the Underwriter to take up its entitlements under the Rights Issue. For details, please refer to the Company's announcement dated 16 March 2016 (the "Announcement") and the capitalised terms used in this note have the same meanings as defined in the Announcement, unless the context requires otherwise.

2. The interests of RCL, RML and Mr. Wu are duplicated.

3. These shares are directly held by iMHA which is owned as to approximately 67.09% by iMediaHouse.com Limited ("iMH"). The remaining interest in iMHA is held by entities ultimately wholly-owned by Mr. Wong. iMH is therefore deemed to be interested in these shares by virtue of the SFO. As of the date of this report, iMHA has an undertaking to the Company and the Underwriter to take up its entitlements under the Rights Issue. For details, please refer to the Company's announcement dated 16 March 2016 (the "Announcement") and the capitalised terms used in this note have the same meanings as defined in the Announcement, unless the context requires otherwise.

4. The interests of iMH and iMHA are duplicated.

Save as disclosed above, at 31 December 2015, no other persons (other than Directors or chief executives of the Company) had, or were deemed to have, any interests or short positions in the Shares of underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Competition and Conflict of Interests

During the year, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group, as defined in the GEM Listing Rules.

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.

Pre-Emptive Rights

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules during the year up to the date of this report.

Corporate Governance Report

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 32 to 44 in this annual report.

Auditor

A resolution to re-appoint the retiring auditor, Messrs. PricewaterhouseCoopers, is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Focus Media Network Limited

Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 23 March 2016

羅兵咸永道

TO THE SHAREHOLDERS OF FOCUS MEDIA NETWORK LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Focus Media Network Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 60 to 120, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention to Note 2.1.1 to the consolidated financial statements, which states that the Group incurred a net loss of HK$18,936,258 and had a net operating cash outflow of HK$19,530,818 during the year ended 31 December 2015. As at the same date, the Group's current liabilities exceeded its current assets by HK$29,700,475, and its borrowing of HK$50,000,000 together with the related accrued interest of HK$2,219,178 would be due for repayment on 18 May 2016. Up to the date of the approval of the consolidated financial statements, the Group does not have sufficient cash and cash equivalents or available long-term financing facility to fund the repayment of borrowings due within twelve months of 31 December 2015. These conditions, along with other matters as described in Note 2.1.1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$	2014 HK$
Revenue	5	**72,306,609**	76,304,823
Cost of sales	7	**(30,676,437)**	(37,540,837)
Gross profit		**41,630,172**	38,763,986
Other (loss)/income — net	6	**(734,066)**	1,219,420
Administrative expenses	7	**(56,891,090)**	(52,990,895)
Operating loss		**(15,994,984)**	(13,007,489)
Finance costs	10	**(2,250,526)**	(26,584)
Share of losses of joint ventures	19	**(690,748)**	(158,777)
Loss before income tax		**(18,936,258)**	(13,192,850)
Income tax expenses	11	**—**	—
Loss for the year		**(18,936,258)**	(13,192,850)
Other comprehensive loss:			
Item that may be reclassified to profit or loss			
Currency translation differences		**(1,527,740)**	(846,918)
Total comprehensive loss for the year		**(20,463,998)**	(14,039,768)
Loss for the year attributable to:			
Owners of the Company		**(18,139,328)**	(13,003,482)
Non-controlling interests		**(796,930)**	(189,368)
		(18,936,258)	(13,192,850)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(19,667,094)**	(13,850,400)
Non-controlling interests		**(796,904)**	(189,368)
		(20,463,998)	(14,039,768)
Loss per share attributable to owners of the Company	12		
— Basic and diluted		**HK cents (5.06)**	HK cents (3.96)

The notes on pages 66 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$	2014 HK$
Assets			
Non-current assets			
Property, plant and equipment	13	**10,467,956**	10,941,954
Intangible assets	14	**1,138,572**	1,978,020
Film deposits and rights	15	**136,845,195**	—
Available-for-sale financial asset	16	**3,000,000**	—
Deposits and prepayments	18	**6,398,707**	2,620,275
Pledged bank deposits	20	**548,000**	586,000
Interests in joint ventures	19	**—**	1,612,422
		158,398,430	17,738,671
Current assets			
Inventories	17	**730,187**	—
Trade and other receivables	18	**34,944,296**	21,236,970
Financial asset at fair value through profit or loss	21	**—**	1,898,734
Pledged bank deposits	20	**291,569**	291,389
Cash and cash equivalents	20	**28,220,819**	37,890,563
		64,186,871	61,317,656
Total assets		**222,585,301**	79,056,327
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	22	**3,823,641**	3,280,000
Share premium		**333,877,058**	274,344,873
Other reserves		**(177,115,523)**	(173,084,938)
Accumulated losses		**(62,328,187)**	(44,389,291)
Equity attributable to owners of the Company		**98,256,989**	60,150,644
Non-controlling interests	34	**30,440,966**	(189,338)
Total equity		**128,697,955**	59,961,306

As at 31 December 2015

	Notes	**2015** **HK$**	2014 HK$
Liabilities			
Current liabilities			
Trade and other payables	24	**37,135,965**	17,823,812
Borrowing and interest payable	25	**52,219,178**	—
Deferred revenue		**4,532,203**	1,271,209
		93,887,346	19,095,021
Total equity and liabilities		**222,585,301**	79,056,327
Net current (liabilities)/assets		**(29,700,475)**	42,222,635
Total assets less current liabilities		**128,697,955**	59,961,306

Wong Hong Gay Patrick Jonathan
Director

Chen Xiaoping
Director

The notes on pages 66 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	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 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
Balance at 1 January 2015	**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**
Comprehensive loss										
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(18,139,328)**	**(18,139,328)**	**(796,930)**	**(18,936,258)**
Other comprehensive loss										
Currency translation differences	**—**	**—**	**—**	**(1,527,766)**	**—**	**—**	**—**	**(1,527,766)**	**26**	**(1,527,740)**
Total comprehensive loss	**—**	**—**	**—**	**(1,527,766)**	**—**	**—**	**(18,139,328)**	**(19,667,094)**	**(796,904)**	**(20,463,998)**
Transactions with owners										
Share option scheme										
— Proceeds from shares issued	**78,924**	**7,898,856**	**—**	**—**	**—**	**(2,283,756)**	**—**	**5,694,024**	**—**	**5,694,024**
— Transfer upon forfeiture of share options	**—**	**—**	**—**	**—**	**—**	**(151,163)**	**151,163**	**—**	**—**	**—**
Warrants										
— Proceeds from shares issued (Note a)	**90,000**	**11,538,631**	**—**	**—**	**(18,631)**	**—**	**—**	**11,610,000**	**—**	**11,610,000**
— Transfer upon lapse of warrants (Note a)	**—**	**—**	**—**	**—**	**(49,269)**	**—**	**49,269**	**—**	**—**	**—**
Issue of ordinary shares related to acquisition of subsidiaries (Note 28)	**374,717**	**40,094,698**	**—**	**—**	**—**	**—**	**—**	**40,469,415**	**—**	**40,469,415**
Non-controlling interests arising on acquisition of subsidiaries (Note 28)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31,427,208**	**31,427,208**
Total transactions with owners	**543,641**	**59,532,185**	**—**	**—**	**(67,900)**	**(2,434,919)**	**200,432**	**57,773,439**	**31,427,208**	**89,200,647**
Balance at 31 December 2015	**3,823,641**	**333,877,058**	**(176,467,450)**	**(2,668,609)**	**—**	**2,020,536**	**(62,328,187)**	**98,256,989**	**30,440,966**	**128,697,955**

For the year ended 31 December 2015

Note:

(a) On 30 November 2012, the Company entered into the Warrant Subscription Agreement with Credit Suisse (Hong Kong) Limited and Orchard Makira Multi Strategy Master Fund Limited (the "Subscribers"), pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for 32,800,000 warrants conferring the right to subscribe for up to HK$42,312,000 in aggregate for the shares of the Company at an issue price of HK$0.0125 per warrant. Each warrant carries the right to subscribe for one ordinary share of the Company at the subscription price of HK$1.29 per share. The subscription right will be exercisable during a period of 36 months from the date of issue of the warrants. During the year, 9,000,000 warrants were exercised and the remaining warrants lapsed on 5 December 2015.

The notes on pages 66 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$	2014 HK$
Cash flows from operating activities			
Cash used in operations	27	**(19,530,818)**	(1,027,683)
Income tax paid		**—**	—
Net cash used in operating activities		**(19,530,818)**	(1,027,683)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,419,230)**	(7,308,242)
Prepayment for plant and equipment		**(4,024,322)**	(337,352)
Proceeds from sale of property, plant and equipment		**—**	200,000
Payments for film deposits and rights		**(4,512,672)**	—
Purchase of financial asset at fair value through profit and loss		**—**	(1,898,734)
Purchase of available-for-sale financial asset		**(3,000,000)**	—
Acquisition of a joint venture		**—**	(928,500)
Disposal of a joint venture		**1**	—
Pledged deposit		**(19,638)**	(612,084)
Interest received		**1,425**	545
Amounts contributed by non-controlling interest		**—**	30
Acquisition of subsidiaries, net of cash acquired (Note 28)		**(40,525,152)**	—
Net cash used in investing activities		**(56,499,588)**	(10,884,337)
Cash flows from financing activities			
Proceeds from borrowing		**50,000,000**	—
Proceeds from issuance of ordinary shares		**17,304,024**	—
Repayment of finance lease liabilities		**—**	(248,918)
Interest paid		**—**	(12,754)
Net cash generated from/(used) in financing activities		**67,304,024**	(261,672)
Decrease in cash and cash equivalents		**(8,726,382)**	(12,173,692)
Cash and cash equivalents at beginning of year	20	**37,890,563**	50,692,047
Exchange losses on cash and cash equivalents		**(943,362)**	(627,792)
Cash and cash equivalents at end of year	20	**28,220,819**	37,890,563
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**29,060,388**	38,767,952
Less: pledged bank deposits		**(839,569)**	(877,389)
Cash and cash equivalents per consolidated statement of cash flows		**28,220,819**	37,890,563

For significant non-cash transaction arising during the year, refer to Note 22(a) of the Notes to the consolidated financial statements.

The notes on pages 66 to 120 are an integral part of these consolidated financial statements.

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 28th Floor, 2801, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong (to be re-located to 6th Floor, 603, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong with effect from 24 March 2016).

The principal activities of the Company and its subsidiaries (together, the "Group") are set out in Note 33.

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 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss and available-for sale financial asset, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern

The Group recorded a net loss of HK$18,936,258 and a net operating cash outflow of HK$19,530,818 during the year ended 31 December 2015. At the same date, the Group's current liabilities exceeded its current assets by HK$29,700,475, its cash and cash equivalents amounted to HK$28,220,819, and its borrowing and the related accrued interest amounted to HK$50,000,000 and HK$2,219,178 respectively. In January 2016, the Group borrowed a further short-term loan of HK$30,000,000 to settle the accrued interest of HK$2,465,753 of the existing short-term loan, while the remaining loan proceeds of HK$27,534,247 are to be used to fund its operations. These short-term borrowings of HK$80,000,000 in total, together with their accrued interests, were scheduled to be repaid on 18 March 2016 (Note 25). In addition, the Group is expected to incur further cash outlays to develop the film rights business acquired during the year ended 31 December 2015.

All the above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(1) On 17 March 2016, the Group has agreed with the financier of the short-term borrowings to further extend the repayment date of the HK$80,000,000 borrowings and the related accrued interest to 18 May 2016 (see Note 25);

(2) The Group plans to undergo a rights issue and expects to raise net proceeds of approximately HK$126,000,000. Such rights issue is subject to the regulatory approval and ordinary shareholders' approval in an extraordinary general meeting, and is expected to complete prior to 18 May 2016; and

(3) To obtain funding for development of the film rights business, the Group is actively considering to raise new capital by undertaking further fund raising activities, including but not limited to further rights issue, open offer, placing of new shares and issuance of convertible notes.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2015. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2015. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary funding described above as and when needed. The Group's ability to continue as a going concern would depend upon the Group's ability to generate adequate financing cash inflows through (i) successful completion of the rights issue on or before 18 May 2016; and (ii) successful raising of new financing as and when needed to fund the on-going development of the film rights business. Should the Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The consolidated financial statements do not include any of these adjustments.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures

(a) The following new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

(b) The following new standards and amendments to existing standards have been published but are not yet effective for the year ended 31 December 2015 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	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
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statement	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these new standards and amendments to existing standards 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.

(c) New Hong Kong Companies Ordinance (Cap. 622)
In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year, as a result, there were changes to presentation and disclosures of certain information in the consolidated financial statements.

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combination

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements (Continued)

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint ventures are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive directors that make strategic decisions.

2.5 Foreign currency transaction

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is also the Company's functional currency and the Group's presentation currency.

2 Summary of significant accounting policies (Continued)

2.5 Foreign currency transaction (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents, trade and other receivables and trade and other payables are presented in the consolidated statement of comprehensive income within "other (loss)/income — net".

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group Companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as below:

LCD monitors	5 years
Furniture and office equipment	3–5 years
Computer equipment	3–5 years
Leasehold improvements	3–5 years or over the term of lease, whichever is shorter
Motor vehicles	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (loss)/income — net" in the consolidated statement of comprehensive income.

2.7 Intangible assets

Intellectual properties and licences

Separately acquired rights to use intellectual properties and licences are shown at historical cost. Rights to use intellectual properties and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of rights to use intellectual properties and licences over their estimated useful lives of 5 and 10 years respectively.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (Continued)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial positions (see Notes 2.14 and 2.15).

(iii) Available-for-sale financial asset

Available-for-sale financial asset is non-derivative that is either designated in this category or not classified in any of the other categories. It is included in non-current asset unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial asset are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

(b) Recognition and measurement (Continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "other (loss)/income — net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of non-monetary securities classified as available for sale are recognised in other comprehensive income.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 Summary of significant accounting policies (Continued)

2.11 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Film deposits and rights

Film deposits and rights comprise fees paid and payable under agreements and direct expenses incurred during the development and production of films. The file deposits paid to counterparties are initially recognized at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

Film deposits and rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film deposits and rights are amortised over their useful lives.

The carrying amount of film deposits and rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see Note 2.8).

2 Summary of significant accounting policies (Continued)

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 Summary of significant accounting policies (Continued)

2.20 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Pension obligations

Hong Kong

The Group operates a defined contribution plan, the mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

Singapore

Pursuant to the relevant local regulations in Singapore, the Singapore subsidiaries of the Group are required to contribute to the Central Provident Fund based on the statutory funding requirement. The Group's contributions to the defined contribution plan are charged to the consolidated statement of comprehensive income in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(b) Other employee benefits

Salaries, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The amount recognised as a liability and an expense should he measured at the cost of providing the benefits.

2.22 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

2 Summary of significant accounting policies (Continued)

2.22 Share-based payments (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.23 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of significant accounting policies (Continued)

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Revenue from advertising services is recognised when the related advertisements are telecasted. Barter revenue on advertising is recognised only when the goods or services being exchanged are of a dissimilar nature. Barter revenue is measured at the fair value of the goods or services rendered, adjusted by the amount of any cash or cash equivalents received or paid. If the fair value of the goods or services rendered cannot be reliably measured, the revenue is measured at the fair value of the goods or services received, again adjusted by the amount of cash or cash equivalents received.

(b) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(c) The Group provides nursery services. Revenue is recognised in the accounting period in which the services are rendered.

(d) Interest income is recognised using the effective interest method.

2.25 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.26 Government grants

Grants from the government are recognised at their fair value in the consolidated statement of comprehensive income where there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group operates in Hong Kong, Singapore and the United States and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars ("US$") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operation.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group mitigates this risk by maintaining HK$ and US$ bank accounts to pay for the transactions denominated in these currencies. The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China (the "PRC"). The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

In the opinion of the directors, HK$ are reasonably stable with US$ under the Linked Exchange Rate System, and accordingly, the Group does not have any significant foreign exchange risk in respect of transactions or balances as denominated in US$. Accordingly, no sensitivity analysis is performed on US$.

As at 31 December 2015, if HK$ had weakened/strengthened by 10% (2014: 7%) against RMB, with all other variables held constant, the Group's results for the year would have decreased/increased by approximately HK$139,342 (2014: HK$318,943), mainly as a result of foreign exchange gains/losses on translation of RMB denominated monetary assets and liabilities.

(b) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and trade and other receivables. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

Trade receivables have an average credit period of 60 to 90 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. Individual credit evaluations are performed by the Group on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group also places its deposits with reputable banks to mitigate the risk arising from banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial positions.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand HK$	1 to 2 years HK$	2 to 5 years HK$	Total contractual undiscounted cash flows HK$	Carrying amount HK$
At 31 December 2015					
Borrowing and interest payable	**52,219,178**	—	—	**52,219,178**	**52,219,178**
Trade and other payables	**36,758,282**	—	—	**36,758,282**	**36,758,282**
Total	**88,977,460**	—	—	**88,977,460**	**88,977,460**
At 31 December 2014					
Trade and other payables	17,823,812	—	—	17,823,812	17,823,812
Total	17,823,812	—	—	17,823,812	17,823,812

The basis of preparing these consolidated financial statements under the going concern basis have been discussed in Note 2.1.1.

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including "current borrowing" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
	HK$	HK$
Total borrowing (Note 25)	**50,000,000**	—
Less: cash and cash equivalents (Note 20)	**(28,220,819)**	(37,890,563)
Net debt/(cash)	**21,779,181**	(37,890,563)
Total equity	**128,697,955**	59,961,306
Total capital	**150,477,136**	22,070,743
Gearing ratio	**14.47%**	N/A

3.3 Fair value estimation

The carrying value less impairment provision of current receivables and payables are a reasonable approximation of their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2015 and 2014.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	HK$	HK$	HK$
As at 31 December 2015				
Asset				
Available-for-sale financial asset	**—**	**—**	**3,000,000**	**3,000,000**
As at 31 December 2014				
Asset				
Financial asset at fair value through profit or loss	—	—	1,898,734	1,898,734

There were no transfers between levels 1, 2 and 3 during the year.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of financial asset at fair value through profit or loss that is not quoted in an active market is referenced to the net asset value of investment.

The fair value of available-for-sale financial asset that is not quoted in an active market is referenced to comparable transaction.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Financial instrument in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2015.

	Financial asset at fair value through profit or loss HK$	Available-for-sale financial asset HK$	Total HK$
Opening balance	1,898,734	—	1,898,734
Additions	—	3,000,000	3,000,000
Fair value loss recognised in other (loss)/income — net	(1,898,734)	—	(1,898,734)
Closing balance	—	3,000,000	3,000,000
Total gains or losses for the year included in the consolidated statement of comprehensive income for assets held at the end of the year, under "Other (loss)/income — net"	(1,898,734)	—	(1,898,734)
Changes in unrealised gains or losses for the year included in the consolidated statement of comprehensive income at the end of the year	(1,898,734)	—	(1,898,734)

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Financial instrument in level 3 (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Financial asset at fair value through profit or loss
	HK$
Opening balance	—
Additions	1,898,734
Closing balance	1,898,734
Total gains or losses for the year included in the consolidated statement of comprehensive income for assets held at the end of the year, under "Other (loss)/income — net"	—
Changes in unrealised gains or losses for the year included in the consolidated statement of comprehensive income at the end of the year	—

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

4 Critical accounting estimates and judgements (Continued)

(b) Current and deferred income taxes

The Group is subject to current income tax in Hong Kong, Singapore and the United States. Significant judgement is required in determining the relevant provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets are relating to tax losses recognised when management considers to be probable that future taxable profit will be available against which the tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation changes in the period in which such estimate is changed.

(c) Revenue recognition

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, in accordance with the accounting policies for revenue recognition as set out in Note 2.24. The assessment of when the Group has transferred the significant risks and rewards of ownership to customers and whether the Group acts as a principal requires the examination of the circumstance of the transaction. The Group's advertising clients include advertisers that directly purchase advertisements from the Group and third-party advertising agencies that are retained by some advertisers to place advertisements on the advertisers' behalf. In arrangements where the Group pays variable fees or share revenue with landlords, and insofar as the Group bears the risks and rewards incidental to the activity, the Group recognises all gross advertising income as revenue and records the fees paid or revenue shared as cost of sales. As part of the industry practice, the Group offers agency commissions to these third-party advertising agencies. The agency commissions in which the advertising agencies are entitled to are based on certain percentage of revenue generated by the Group. The Group records revenues on a net basis and the associated agency commissions are recorded as a deduction from the revenue because the advertising agencies are acting on behalf of the advertisers and are also considered as the Group's customers.

(d) Provision for impairment of trade and other receivables

Significant judgement is exercised in the assessment of the collectability of trade and other receivables from customers. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customers' payment pattern including subsequent payments and customers' financial position. If the financial conditions of the customers are to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4 Critical accounting estimates and judgements (Continued)

(e) Impairment of film deposits and rights

The Group assesses annually whether there is any indication for impairment on film deposits and rights and further assess if it has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. Such annual assessment is performed specifically for each film deposit and right at each statement of financial position date with reference to the cast or scale of each film and on the assumption that funding for development and production of the film are available. According to the management's cash inflow forecast in respect of each film deposit, no impairment losses and no write-off of film deposits and rights (2014: nil) was recognised respectively in the consolidated statement of comprehensive income to reduce the carrying amounts of film deposits and rights to its recoverable amounts. If projected cash inflow from these films were to deteriorate, additional provision for impairment may be required.

5 Segment information

The 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.

In current year, management regularly reviews the operating results from a perspective of different activities instead of geographical perspective in last year. Management assesses the performance of the following operating segments:

— Advertising and media
— Retail of skin care products
— Provision of nursery services
— Film development, production and distribution

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

5 Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2015 and 2014 is as follows:

	Advertising and media HK$	Retail of skin care products HK$	Provision of nursery services HK$	Film development, production and distribution HK$	Total HK$
For the year ended 31 December 2015					
Segment revenue	**69,171,714**	**2,629,776**	**505,119**	**—**	**72,306,609**
Segment results	**40,365,844**	**768,792**	**495,536**	**—**	**41,630,172**
For the year ended 31 December 2014					
Segment revenue	76,300,223	—	4,600	—	76,304,823
Segment results	38,759,386	—	4,600	—	38,763,986

A reconciliation of segment results to loss before income tax is provided as follows:

	2015 HK$	2014 HK$
Segment results	**41,630,172**	38,763,986
Other (loss)/income — net	**(734,066)**	1,219,420
Administrative expenses	**(56,891,090)**	(52,990,895)
Operating loss	**(15,994,984)**	(13,007,489)
Finance costs	**(2,250,526)**	(26,584)
Share of losses of joint ventures	**(690,748)**	(158,777)
Loss before income tax	**(18,936,258)**	(13,192,850)

5 Segment information (Continued)

The total non-current assets by the reportable segments as at 31 December 2015 and 2014 are as follow:

	Advertising and media HK$	Retail of skin care products HK$	Provision of nursery services HK$	Film development, production and distribution HK$	Total HK$
As at 31 December 2015					
Non-current assets	**18,738,132**	**8,826**	**853,438**	**138,798,034**	**158,398,430**
As at 31 December 2014					
Non-current assets	17,738,671	—	—	—	17,738,671

Geographical information

The Group's operations are located in Hong Kong, Singapore and the United States.

The Group's segment revenue from external customers determined based on location of operation of the Group and information about its non-current assets by geographical location of the assets are detailed below:

	Hong Kong HK$	Singapore HK$	United States HK$	Total HK$
For the year ended 31 December 2015				
Segment revenue	**48,255,833**	**24,541,671**	**—**	**72,797,504**
Inter-segment revenue	**(399,392)**	**(91,503)**	**—**	**(490,895)**
Revenue (from external customers)	**47,856,441**	**24,450,168**	**—**	**72,306,609**
Segment results	**26,139,054**	**15,491,118**	**—**	**41,630,172**

5 Segment information (Continued)

Geographical information (Continued)

	Hong Kong HK$	Singapore HK$	United States HK$	Total 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

The total non-current assets located in Hong Kong, Singapore and the United States are HK$13,984,343 (2014: HK$10,936,482), HK$5,616,053 (2014: HK$6,802,189) and HK$138,798,034 (2014: nil) respectively.

None of the customers accounted for 10% or more of the Group's total revenue for the year ended 31 December 2015 (2014: nil).

6 Other (loss)/income — net

	2015 HK$	2014 HK$
Net exchange losses	**(7,695)**	(305,928)
Government grants	**638,971**	167,956
Interest income	**1,425**	545
Sundry income	**192,842**	363,436
Gains on disposal of property, plant and equipment	**—**	200,000
Gain on partial disposal of a joint venture	**—**	229,760
Gain on disposal of a joint venture	**1**	—
Production income	**94,763**	563,651
Recovery of impaired receivables	**244,361**	—
Financial asset at fair value through profit or loss (Note 21):		
— Fair value loss	**(1,898,734)**	—
	(734,066)	1,219,420

7 Expenses by nature

	2015 HK$	2014 HK$
Revenue sharing with landlords of Office and Commercial Networks (Note)	**7,759,448**	6,635,566
Revenue sharing with landlords of In-store Networks (Note)	**2,264,199**	1,745,966
Revenue sharing with owners of Online Video Streaming Platforms (Note)	**1,645,109**	9,174,690
Revenue sharing with owners of Residential Networks (Note)	**248,188**	69,033
Cost of inventories	**1,685,924**	—
Sales commission	**4,979,089**	3,944,012
Production and installation	**3,084,256**	5,793,214
Auditor's remuneration	**2,071,099**	1,313,000
Depreciation (Note 13)	**4,902,545**	3,591,045
Amortisation (Note 14)	**839,448**	839,496
Operating lease payments		
— Outdoor billboards	**8,080,488**	9,574,239
— In-store Networks	**509,292**	183,625
— Land and building	**6,242,637**	4,513,300
Employee benefit expenses excluding equity-based compensation (Note 8)	**28,673,414**	26,077,823
Equity-based compensation	**—**	145,557
Marketing and promotion expenses	**2,838,595**	3,138,441
Travelling expenses	**1,383,603**	2,068,630
Provision for impairment of trade receivables (Note 18)	**194,998**	781,397
Professional fees	**1,109,680**	1,145,121
Impairment of property, plant and equipment (Note 13)	**—**	2,066,667
Impairment of amount due from a joint venture (Note 19)	**488,290**	—
Impairment of investment in a joint venture (Note 19)	**412,206**	—
Other expenses	**8,155,019**	7,730,910
Total cost of sales and administrative expenses	**87,567,527**	90,531,732
Representing:		
Cost of sales	**30,676,437**	37,540,837
Administrative expenses	**56,891,090**	52,990,895
	87,567,527	90,531,732

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

8 Employee benefit expenses (including directors' emoluments)

	2015 HK$	2014 HK$
Salaries, wages and allowances	**25,549,827**	22,469,052
Pension costs — defined contribution plans	**2,069,379**	1,773,021
Other post-employment benefits	**1,054,208**	1,835,750
	28,673,414	26,077,823

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors whose emoluments are reflected in the analysis shown in Note 9. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015 HK$	2014 HK$
Basic salaries and allowances	**1,323,939**	1,186,918
Pension costs — defined contribution plans	**136,395**	100,133
Share options	**—**	3,076
	1,460,334	1,290,127

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**2**	2

9 Directors' and Senior Executive's Emoluments

The remuneration of directors of the Company for the year ended 31 December 2015 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking					
Name	Fee HK$	Salary HK$	Housing allowance HK$	Estimated money value of other benefits HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
Chief Executive Director						
Wong Hong Gay Patrick Jonathan	—	1,950,000	752,000	—	18,000	2,720,000
Executive Directors						
Chen Xiaoping (Note (e))	—	188,133	—	—	1,700	189,833
Mock Wai Yin (Note (e))	—	45,333	—	—	—	45,333
Lam Chun Yin (Note (e))	—	45,333	—	—	—	45,333
Ngan Toi Yuk (Note (d))	—	861,864	—	—	16,332	878,196
Lee Sze Leong (Note (d))	—	914,358	—	—	16,332	930,690
Chee Huiling Audrey (Note (d))	—	515,814	—	—	78,236	594,050
Non-executive Director						
Chan Tsze Wah (Note (c))	43,056	—	—	—	—	43,056
Independent Non-executive Directors						
Rosenkranz Eric Jon (Note (d))	217,753	18,123	—	—	—	235,876
Lien Jown Jing Vincent (Note (a))	74,000	5,000	—	—	—	79,000
Chan Chi Keung Alan	240,000	—	—	—	—	240,000
Chan Ming Sun Jonathan (Note (b))	141,041	12,024	—	—	—	153,065
Lee Chi Hwa Joshua (Note (e))	22,667	—	—	—	—	22,667
Lau Mei Ying (Note (e))	22,667	—	—	—	—	22,667
Total emoluments	761,184	4,555,982	752,000	—	130,600	6,199,766

Notes:

(a) Resigned on 21 April 2015.

(b) Appointed on 21 April 2015 and resigned on 27 November 2015.

(c) Resigned on 10 November 2015.

(d) Resigned on 27 November 2015.

(e) Appointed on 27 November 2015.

9 Directors' and Senior Executive's Emoluments (Continued)

The remuneration of directors of the Company for the year ended 31 December 2014 is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking

Name	Fee HK$	Salary HK$	Housing allowance HK$	Estimated money value of other benefits HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
Chief Executive Director						
Wong Hong Gay Patrick Jonathan	—	1,950,000	720,000	4,102	16,750	2,690,852
Executive Directors						
Ngan Toi Yuk	—	1,011,717	—	4,102	16,750	1,032,569
Lee Sze Leong	—	1,007,772	—	4,102	16,750	1,028,624
Chee Huiling Audrey	—	616,896	—	3,126	61,163	681,185
Non-executive Director						
Chan Tsze Wah	50,000	—	—	4,102	—	54,102
Independent Non-executive Directors						
Rosenkranz Eric Jon	240,000	20,000	—	4,102	—	264,102
Lien Jown Jing Vincent	240,000	20,000	—	4,102	—	264,102
Chan Chi Keung Alan	240,000	—	—	4,102	—	244,102
Total emoluments	770,000	4,626,385	720,000	31,840	111,413	6,259,638

During the year, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments (2014: nil).

10 Finance costs

	2015 HK$	2014 HK$
Interest expense		
— Borrowing	**2,219,178**	—
— Finance lease liabilities	**—**	12,754
— Licence fee liabilities	**31,348**	13,830
	2,250,526	26,584

11 Income tax expenses

	2015 HK$	2014 HK$
Current income tax	—	—
Deferred income tax (Note 26)	—	—
	—	—

No provision for Hong Kong, Singapore and the United States profits tax has been made in these consolidated financial statements as the tax losses brought forward from previous years exceed the estimated assessable profits (2014: same). The profits tax rates for Hong Kong, Singapore and the United States are 16.5% (2014: 16.5%), 17% (2014: 17%) and 40% respectively.

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2015 HK$	2014 HK$
Loss before income tax	**(18,936,258)**	(13,192,850)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(3,066,771)**	(1,603,750)
Income not subject to tax	**(180,857)**	(70,662)
Expenses not deductible for tax purpose	**2,407,508**	299,842
Tax losses for which no deferred income tax asset was recognised	**1,416,274**	1,889,525
Utilisation of previously unrecognised tax losses	**(576,154)**	(514,955)
Income tax expenses	—	—

12 Loss per share

(a) Basic

Basic 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.

	2015	2014
Loss attributable to equity holders of the Company (HK$)	**(18,139,328)**	(13,003,482)
Weighted average number of ordinary share in issue	**358,150,163**	328,000,000
Basic loss per share	**HK cents (5.06)**	HK cents (3.96)

(b) Diluted

Diluted loss per share is the same as basic loss per share as potential dilutive ordinary shares outstanding during the year ended 31 December 2015 have no dilutive effect (2014: same).

13 Property, plant and equipment

	LCD monitors HK$	Furniture and office equipment HK$	Computer equipment HK$	Leasehold improvements HK$	Motor vehicles HK$	Total HK$
At 1 January 2014						
Cost	19,972,206	1,142,265	3,025,934	1,285,241	515,200	25,940,846
Accumulated depreciation	(13,886,127)	(983,440)	(2,531,017)	(1,103,362)	(415,022)	(18,918,968)
Net book amount	6,086,079	158,825	494,917	181,879	100,178	7,021,878
Year ended 31 December 2014						
Opening net book amount	6,086,079	158,825	494,917	181,879	100,178	7,021,878
Additions	5,275,572	67,584	485,183	1,992,592	1,785,497	9,606,428
Impairment of property, plant and equipment (Note 7)	(2,066,667)	—	—	—	—	(2,066,667)
Depreciation (Note 7)	(2,309,392)	(99,607)	(364,921)	(275,553)	(541,572)	(3,591,045)
Exchange difference on translation	(25,140)	(1,855)	(1,645)	—	—	(28,640)
Closing net book amount	6,960,452	124,947	613,534	1,898,918	1,344,103	10,941,954
At 31 December 2014						
Cost	20,947,986	1,192,284	3,465,439	3,275,071	1,785,497	30,666,277
Accumulated depreciation	(13,987,534)	(1,067,337)	(2,851,905)	(1,376,153)	(441,394)	(19,724,323)
Net book amount	6,960,452	124,947	613,534	1,898,918	1,344,103	10,941,954
Year ended 31 December 2015						
Opening net book amount	**6,960,452**	**124,947**	**613,534**	**1,898,918**	**1,344,103**	**10,941,954**
Additions	**1,401,427**	**44,234**	**234,139**	**392,876**	**2,690,049**	**4,762,725**
Depreciation (Note 7)	**(2,245,520)**	**(80,130)**	**(275,484)**	**(1,033,730)**	**(1,267,681)**	**(4,902,545)**
Exchange difference on translation	**(289,638)**	**(1,767)**	**(20,190)**	**(3,965)**	**(18,618)**	**(334,178)**
Closing net book amount	**5,826,721**	**87,284**	**551,999**	**1,254,099**	**2,747,853**	**10,467,956**
At 31 December 2015						
Cost	**21,667,962**	**1,211,692**	**3,613,412**	**3,636,414**	**4,450,722**	**34,580,202**
Accumulated depreciation	**(15,840,241)**	**(1,124,408)**	**(3,061,413)**	**(2,382,315)**	**(1,703,869)**	**(24,112,246)**
Net book amount	**5,827,721**	**87,284**	**551,999**	**1,254,099**	**2,746,853**	**10,467,956**

13 Property, plant and equipment (Continued)

Motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	2015	2014
	HK$	HK$
Cost — capitalised finance leases	**—**	515,200
Accumulated depreciation	**—**	(515,200)
Net book amount	**—**	—

14 Intangible assets

	Rights to use intellectual properties HK$	Licence HK$	Total HK$
At 1 January 2014			
Cost	3,265,000	2,102,411	5,367,411
Accumulated amortisation	(1,288,420)	(1,261,475)	(2,549,895)
Net book amount	1,976,580	840,936	2,817,516
Year ended 31 December 2014			
Opening net book amount	1,976,580	840,936	2,817,516
Amortisation (Note 7)	(419,004)	(420,492)	(839,496)
Closing net book amount	1,557,576	420,444	1,978,020
At 31 December 2014			
Cost	3,265,000	2,102,411	5,367,411
Accumulated amortisation	(1,707,424)	(1,681,967)	(3,389,391)
Net book amount	1,557,576	420,444	1,978,020
Year ended 31 December 2015			
Opening net book amount	**1,557,576**	**420,444**	**1,978,020**
Amortisation (Note 7)	**(419,004)**	**(420,444)**	**(839,448)**
Closing net book amount	**1,138,572**	**—**	**1,138,572**
At 31 December 2015			
Cost	**3,265,000**	**2,102,411**	**5,367,411**
Accumulated amortisation	**(2,126,428)**	**(2,102,411)**	**(4,228,839)**
Net book amount	**1,138,572**	**—**	**1,138,572**

15 Film deposits and rights

	Film deposits and rights HK$
Year ended 31 December 2015	
Opening net book amount	**—**
Acquisition of subsidiaries (Note 28)	**132,336,077**
Addition	**4,512,672**
Exchange difference on translation	**(3,554)**
Closing net book amount	**136,845,195**
At 31 December 2015	
Cost	**136,845,195**
Accumulated amortisation	**—**
Net book amount	**136,845,195**

16 Available-for-sale financial asset

	2015 HK$	2014 HK$
At beginning of the year	**—**	—
Addition	**3,000,000**	—
At end of the year	**3,000,000**	—
Unlisted investment		
— Equity security	**3,000,000**	—

Available-for-sale financial asset is denominated in HK$.

17 Inventories

	2015 HK$	2014 HK$
Finished goods	**730,187**	—

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$1,685,924 (2014: nil). No provision was made on the inventories as at 31 December 2015.

18 Trade and other receivables

	2015 HK$	2014 HK$
Trade receivables — third parties	**19,091,369**	20,240,370
Less: provision for impairment of trade receivables	**(194,998)**	(2,112,988)
Trade receivables — net	**18,896,371**	18,127,382
Prepayments, deposits and other receivables	**22,446,632**	5,729,863
	41,343,003	23,857,245
Less non-current portion:		
Rental deposit	**(2,372,403)**	(2,277,649)
Prepayment for acquisition of plant and equipment	**(4,026,304)**	(342,626)
Current portion	**34,944,296**	21,236,970

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

18 Trade and other receivables (Continued)

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. Trade receivables of HK$13,823,614 (2014: HK$12,536,766) 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$194,998 (2014: HK$2,112,988). The ageing analysis of these trade receivables is as follows:

	2015 HK$	2014 HK$
Neither past due nor impaired	**5,072,757**	5,590,616
0–30 days past due	**8,126,101**	4,101,933
31–60 days past due	**1,300,767**	3,665,237
Over 61 days past due	**4,396,746**	4,769,596
Past due but not impaired (Note a)	**13,823,614**	12,536,766
	18,896,371	18,127,382

Note:

(a) Past due but not impaired comprised of receivables from 81 (2014: 69) customers with 197 (2014: 146) campaign orders.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group or a sound credit quality. Based on past experience and regular credit risk assessment performed on all significant outstanding trade receivables, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral over these balances.

18 Trade and other receivables (Continued)

Movements on the Group's provision for impairment of trade receivables are as follows:

	2015	2014
	HK$	HK$
At 1 January	**2,112,988**	1,333,998
Provision for impairment (Note 7)	**194,998**	781,397
Receivables written off during the year as uncollectible	**(1,884,609)**	—
Recovery of impaired receivable during the year (Note 6)	**(244,361)**	—
Exchange difference	**15,982**	(2,407)
At 31 December	**194,998**	2,112,988

As of 31 December 2015, trade receivables of HK$194,998 (2014: HK$2,112,988) were impaired and provided for. The ageing of these impaired receivables is as follows:

	2015	2014
	HK$	HK$
Over 61 days past due	**194,998**	2,112,988

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2015	2014
	HK$	HK$
HK$	**32,400,323**	14,433,194
Singapore dollars ("SG$")	**8,942,680**	9,408,058
Renminbi ("RMB")	**—**	15,993
	41,343,003	23,857,245

19 Interests in joint ventures

	2015 HK$	2014 HK$
Investments in joint ventures (Note a)	**—**	1,124,132
Amount due from a joint venture (Note b)	**488,290**	488,290
	488,290	1,612,422
Less: Impairment of amount due from a joint venture (Note 7)	**(488,290)**	—
	—	1,612,422

(a) Investments in joint ventures

Movements in the investments in joint ventures are as follows:

	2015 HK$	2014 HK$
At beginning of the year	**1,124,132**	674,371
Additions	**—**	928,498
Disposal	**—**	(285,691)
Share of losses of joint ventures	**(690,748)**	(158,777)
Impairment of a joint venture (Note 7)	**(412,206)**	—
Exchange difference	**(21,178)**	(34,269)
At end of the year	**—**	1,124,132

19 Interests in joint ventures (Continued)

(a) Investments in joint ventures (Continued)

The following are the details of the joint ventures as at 31 December 2015.

Name of company	Place of incorporation and operation	Proportion of ownership interest held by a subsidiary 2015	2014	Principal activities	Measurement method
Five Corners Limited (formerly known as DOupons Limited) (Note)	Hong Kong	**0%**	19.9%	Provision of out-of-home advertising services	Equity
OSG Capital Pte. Limited	Singapore	**18%**	18%	Provision of hospitality activities	Equity

Note: During the year, the Group disposed Five Corners Limited to the joint venture partner at HK$1 consideration. At date of disposal, the carrying amount of investment in Five Corners Limited is nil and resulted in HK$1 gain on disposal (Note 6).

There are no contingent liabilities relating to the Group's investment in a joint venture, and there are no contingent liabilities of the joint venture itself as at 31 December 2015.

(b) Amount due from a joint venture

During the year ended 31 December 2014, the Group entered into a shareholder loan agreement with its joint venture, OSG Capital Pte. Limited, to lend SG$100,000 (HK$621,000). The loan is interest free, unsecured and repayable on the third anniversary of the date of the opening of the first bar. The outstanding balance as at 31 December 2014 is HK$488,290. Full provision was made against this outstanding balance as at 31 December 2015 as there is no objective evidence to support that material amount can be recovered.

20 Cash and cash equivalents and pledged bank deposits

	2015 HK$	2014 HK$
Cash at bank	**28,220,819**	37,890,563
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	**28,220,819**	37,890,563
Pledged bank deposits (Note a)	**839,569**	877,389
Maximum exposure to credit risk	**29,060,388**	38,767,952
Less non-current portion: Pledged bank deposits (Note a)	**(548,000)**	(586,000)
Current portion	**28,512,388**	38,181,952

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	2015 HK$	2014 HK$
HK$	**10,809,491**	24,793,200
SG$	**13,485,350**	13,406,285
RMB	**36,438**	528,453
US$	**4,729,109**	40,014
	29,060,388	38,767,952

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes:

(a) As at 31 December 2015, bank deposits of HK$839,569 (2014: HK$877,389) were pledged to a bank for guarantees issued by the bank.

(b) As at 31 December 2015, funds of the Group denominated in RMB amounting to HK$8,595 were kept in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange controls (2014: HK$12,658).

21 Financial asset at fair value through profit or loss

	2015 **HK$**	2014 HK$
At beginning of the year	**1,898,734**	—
Additions	**—**	1,898,734
Fair value loss (Note 6)	**(1,898,734)**	—
At end of the year	**—**	1,898,734

Financial asset at fair value through profit or loss is denominated in RMB.

22 Share capital

	Number of ordinary shares (of HK$0.01 each)	**Share capital HK$**
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015	328,000,000	3,280,000
Proceeds from shares issued		
— Share option scheme	7,892,400	78,924
— Warrants	9,000,000	90,000
Issue of ordinary shares related to acquisition of subsidiaries (Note 28) (Note a)	37,471,680	374,717
At 31 December 2015	382,364,080	3,823,641

Note:

(a) The Group issued 37,471,680 ordinary shares on 20 August 2015 as part of the purchase consideration for an acquisition of 100% equity interest in Ricco Media Investments Limited ("RMI") (Note 28). The fair value of the shares issued amounted to approximately HK$40,469,415 (HK$1.08 per share).

23 Share-based payments

(a) Pre-IPO share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, selected executive directors and employees are granted a total share option of 12,300,000 shares (the "Pre-IPO Share Option") under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme"). The exercise price per share under the Pre-IPO Share Option Scheme shall be equal to the placing price (i.e. HK$0.72 per share). Each of the Pre-IPO Share Option has a 10-year exercisable period, from 28 July 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 27 July 2021 ("Expiry Date").

Commencing from the date on which trading in the shares of the Company first commenced on the Hong Kong Stock Exchange, being the Listing Date, the expiry of the first six months, each month thereafter up to the eleventh month and the twelfth month after the Listing Date, the relevant grantee may exercise options up to 50%, additional 8% each month and 100% respectively.

The fair value of the share options granted on 30 June 2011, determined using the binominal model (the "Model"), ranges from HK$0.31 to HK$0.36 per option. The significant inputs into the Model were share price of HK$0.72 at the grant date, exercise price shown above, expected dividend yield rate of 0%, an expected option life of ten years and expected volatility of 73%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

See Note 7 for the total expense recognised in the consolidated statement of comprehensive income for share options granted to directors and employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2015		2014	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
At 1 January	**0.72**	**8,626,400**	0.72	8,626,400
Granted	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Exercised	**0.72**	**(5,018,400)**	—	—
At 31 December	**0.72**	**3,608,000**	0.72	8,626,400

Out of the 3,608,000 outstanding options (2014: 8,626,400), 3,608,000 options (2014: 8,626,400) were exercisable.

23 Share-based payments (Continued)

(b) Share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 28 July 2011 when the Company's shares are listed on the Hong Kong Stock Exchange.

On 20 December 2011, selected executive directors, employees and financial advisor were granted a total share option of 11,640,000 shares under the Share Option Scheme. The exercise price per share under the Share Option Scheme shall be equal to the quoted market share price of HK$0.724 per share. Each of the share option has a 10-year exercisable period, from 20 December 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 19 December 2021 ("Expiry Date").

Commencing from the date of acceptance of the grant (the "Acceptance Date"), the expiry of first, second and third anniversaries of the Acceptance Date, the relevant grantee may exercise options up to 33%, 66% and 100% respectively.

The fair value of the share options granted on 20 December 2011, determined using the binominal model (the "Model"), ranges from HK$0.19 to HK$0.21 per option. The significant inputs into the Model were share price of HK$0.724 at the grant date, exercise price shown above, expected dividend yield rate of 3%, an expected option life of ten years and expected volatility of 47.7%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

See Note 7 for the total expense recognised in the consolidated statement of comprehensive income for share options granted to directors and employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2015		2014	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
At 1 January	**0.724**	**5,302,000**	0.724	5,352,000
Granted	**—**	**—**	—	—
Forfeited	**0.724**	**(656,000)**	0.724	(50,000)
Exercised	**0.724**	**(2,874,000)**	—	—
At 31 December	**0.724**	**1,772,000**	0.724	5,302,000

Out of 1,772,000 outstanding options (2014: 5,302,000), 1,772,000 options (2014: 5,302,000) were exercisable.

24 Trade and other payables

	2015 HK$	2014 HK$
Trade payables	**462,884**	599,065
Licence fee payable	**739,745**	1,048,125
Other payables	**25,831,926**	2,864,761
Accruals	**10,101,410**	13,311,861
	37,135,965	17,823,812

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.

As at 31 December 2015, the balance of trade and other payables includes an amount due to a shareholder of HK$19,628,280 (2014: nil), which is unsecured, interest-free and repayable on demand. The carrying amount approximates its fair value and majority of it is denominated in US$.

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

	2015 HK$	2014 HK$
Current	**462,884**	598,460
Over 60 days past due	**—**	605
	462,884	599,065

The carrying amounts of the trade and other payables are denominated in the following currencies:

	2015 HK$	2014 HK$
HK$	**10,785,615**	6,764,918
SG$	**3,756,790**	3,729,060
RMB	**1,668,771**	6,545,574
US$	**20,924,789**	784,260
	37,135,965	17,823,812

25 Borrowing and interest payable

	2015 HK$	2014 HK$
Short-term borrowing	**50,000,000**	—
Interest payable	**2,219,178**	—
	52,219,178	—

At 31 December 2015, the Group's borrowing and interest payable were repayable within 1 year.

The borrowing and related interest was due on 18 January 2016 and further extended to 18 March 2016.

In January 2016, the Group borrowed a further short-term loan of HK$30,000,000 to settle the accrued interest of HK$2,465,753 of the existing short-term loan, while the remaining loan proceeds of HK$27,534,247 are to be used to fund its operations, These short-term borrowings of HK$80,000,000 in total, together with their accrued interests, were scheduled to be repaid on 18 March 2016. The repayment date of these short-term borrowings of HK$80,000,000 in total, together with their accrued interests was further extended to 18 May 2016 (Note 35).

The carrying amounts of borrowing and interest payable approximate their fair values.

The interest rate of the borrowing was 12% as at 31 December 2015.

The financier, Joy Wealth Finance Limited, is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) and is an independent third party to the Group.

Interest expense on borrowing for the year ended 31 December 2015 is HK$2,219,178 (2014: nil).

26 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2015 HK$	2014 HK$
Deferred tax assets	**233,721**	167,340
Deferred tax liabilities	**(233,721)**	(167,340)
	—	—

26 Deferred income tax (Continued)

The gross movement on the deferred income tax account is as follows:

	2015 HK$	2014 HK$
At 1 January	**—**	—
Charged/(credited) to the consolidated statement of comprehensive income arising from deferred income tax liabilities	**(66,381)**	262,345
Credited/(charged) to the consolidated statement of comprehensive income arising from deferred income tax assets	**66,381**	(262,345)
At 31 December	**—**	—

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation	
	2015 HK$	2014 HK$
At 1 January	**167,340**	429,685
Charged/(credited) to the consolidated statement of comprehensive income	**66,381**	(262,345)
At 31 December	**233,721**	167,340

Deferred income tax assets

	Tax loss	
	2015 HK$	2014 HK$
At 1 January	**167,340**	429,685
Credited/(charged) to the consolidated statement of comprehensive income	**66,381**	(262,345)
At 31 December	**233,721**	167,340

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$35,768,761 (2014: HK$30,434,688) to carry forward against future taxable income which is of no expiration date.

27 Cash used in operations

	2015	2014
	HK$	HK$
Loss before income tax	**(18,936,258)**	(13,192,850)
Adjustments for:		
Depreciation and amortisation charges	**5,741,993**	4,430,541
Share-based compensation	**—**	145,557
Share of losses of joint ventures	**690,748**	158,777
Gains on disposal of property, plant and equipment	**—**	(200,000)
Gain on partial disposal of a joint venture	**—**	(229,760)
Gain on disposal of a joint venture	**(1)**	—
Impairment of property, plant and equipment	**—**	2,066,667
Fair value loss of financial asset at fair value through profit or loss	**1,898,734**	—
Impairment of investment in a joint venture	**412,206**	—
Impairment of amount due from a joint venture	**488,290**	—
Interest income	**(1,425)**	(545)
Finance costs	**2,250,526**	26,584
Operating loss before working capital changes	**(7,455,187)**	(6,795,029)
Changes in working capital:		
Inventories	**(730,187)**	—
Trade and other receivables	**(13,758,710)**	2,730,007
Trade and other payables	**(918,965)**	3,489,637
Deferred revenue	**3,332,231**	(452,298)
Cash used in operations	**(19,530,818)**	(1,027,683)

28 Acquisition of subsidiaries

On 7 August 2015, the Group entered into a sale and purchase agreement to acquire 100% issued share capital of RMI at a total consideration satisfied by cash amounted to HK$50,000,000 and issuance of 37,471,680 ordinary shares with fair value of HK$40,469,415. The transaction was completed on 20 August 2015. RMI and its subsidiaries (collectively, "RMI Group") are principally engaged in film development, production and distribution in the United States.

The following table summarises the consideration paid for RMI Group, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$
Film deposits and rights (Note 15)	132,336,077
Rental deposits and other assets	663,356
Cash and cash equivalents	9,474,848
Other payables	(20,577,658)
Total identifiable net assets	121,896,623
Non-controlling interests	(31,427,208)
	90,469,415
Satisfied by:	
Cash consideration paid	50,000,000
Share consideration	40,469,415
	90,469,415

29 Dividends

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

30 Statement of financial position and reserve movement of the Company

(a) Statement of financial position of the Company

	Notes	2015 HK$	2014 HK$
Assets			
Non-current assets			
Interests in subsidiaries		**236,160,000**	236,160,000
Current assets			
Deposits, prepayments and other receivables		**325,587**	264,578
Amount due from a subsidiary		**50,000,000**	—
		50,325,587	264,578
Total assets		**286,485,587**	236,424,578
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	30(b)	**3,823,641**	3,280,000
Share premium	30(b)	**333,877,058**	274,344,873
Warrant reserve	30(b)	**—**	67,900
Share option reserve	30(b)	**2,020,536**	4,455,455
Accumulated losses	30(b)	**(106,127,763)**	(48,381,593)
Total equity		**233,593,472**	233,766,635
Current liabilities			
Accrued charges		**672,937**	661,301
Borrowing and interest payable		**52,219,178**	—
Amount due to a subsidiary		**—**	1,996,642
		52,892,115	2,657,943
Total equity and liabilities		**286,485,587**	236,424,578
Net current liabilities		**(2,566,528)**	(2,393,365)
Total assets less current liabilities		**233,593,472**	233,766,635

The statement of financial position of the Company was approved by the Board of Directors on 23 March 2016 and was signed on its behalf.

Wong Hong Gay Patrick Jonathan	**Chen Xiaoping**
Director	*Director*

30 Statement of financial position and reserve movement of the Company (Continued)

(b) Reserve movement of the Company

	Share capital	Share premium	Warrant reserve	Share option reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1 January 2014	3,280,000	274,344,873	67,900	4,320,047	(11,516,738)	270,496,082
Loss for the year	—	—	—	—	(36,875,004)	(36,875,004)
Share option scheme	—	—	—	135,408	10,149	145,557
At 31 December 2014	3,280,000	274,344,873	67,900	4,455,455	(48,381,593)	233,766,635
At 1 January 2015	**3,280,000**	**274,344,873**	**67,900**	**4,455,455**	**(48,381,593)**	**233,766,635**
Loss for the year	**—**	**—**	**—**	**—**	**(57,946,602)**	**(57,946,602)**
Share option scheme						
— Proceeds from shares issued	**78,924**	**7,898,856**	**—**	**(2,283,756)**	**—**	**5,694,024**
— Transfer upon forfeiture of share options	**—**	**—**	**—**	**(151,163)**	**151,163**	**—**
Warrants						
— Proceeds from shares issued	**90,000**	**11,538,631**	**(18,631)**	**—**	**—**	**11,610,000**
— Transfer upon lapse of warrants	**—**	**—**	**(49,269)**	**—**	**49,269**	**—**
Issue of ordinary shares related to acquisition of subsidiaries (Note 28)	**374,717**	**40,094,698**	**—**	**—**	**—**	**40,469,415**
At 31 December 2015	**3,823,641**	**333,877,058**	**—**	**2,020,536**	**(106,127,763)**	**233,593,472**

31 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:

	2015	2014
	HK$	HK$
No later than 1 year	**10,079,402**	11,950,889
Later than 1 year and no later than 5 years	**5,448,518**	7,336,552
	15,527,920	19,287,441

(b) Other commitments

At 31 December 2015 and 2014, the Group had commitments contracted but not provided for in these consolidated financial statements as follows:

	2015	2014
	HK$	HK$
Development of film rights	**1,356,005**	—

32 Related party transactions

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with a related party:

	2015	2014
	HK$	HK$
Purchases of services:		
— A joint venture	**630,000**	470,000

Services are bought from a joint venture on normal commercial terms and conditions.

33 Particulars of principal subsidiaries

As at 31 December 2015, the Company has direct and indirect interests in the following subsidiaries:

Name of company	Place of incorporation/ establishment and form of legal entity	Place of operation	Particular of issued share capital/paid up registered capital	Attributable equity interest of the Group (%) Directly held	Indirectly held	Principal activities
Direct subsidiary						
Focus Media Network Limited	British Virgin Islands, limited liability company	British Virgin Islands	10,780,000 ordinary shares of HK$0.01 each	100	—	Investment holding
Indirect subsidiaries						
Focus Media Hong Kong Limited	Hong Kong, limited liability company	Hong Kong	10,000 ordinary shares of HK$1 each	—	100	Provision of out-of-home advertising services
Focus Media Singapore Pte. Ltd.	Singapore, limited liability company	Singapore	10 ordinary shares of SG$1 each	—	100	Provision of out-of-home advertising services
Creative Execution Limited	Hong Kong, limited liability company	Hong Kong	10,000 ordinary shares of HK$1 each	—	100	Provision of out-of-home advertising services
Babysteps Limited	Hong Kong, limited liability company	Hong Kong	100 ordinary shares of HK$1 each	—	70	Provision of nursery services
鋭奕(上海)廣告有限公司	People's Republic of China, wholly foreign owned enterprise	People's Republic of China	RMB1,000,000	—	100	Provision of out-of-home advertising services
Creative Execution (Pte.) Limited	Singapore, limited liability company	Singapore	10 ordinary shares of SG$1 each	—	100	Provision of out-of-home advertising services
CNP Cosmetics Singapore Pte. Limited	Singapore, limited liability company	Singapore	1,000 ordinary shares of SG$1 each	—	100	Retail of skin care products
Ricco Media Investments Limited	British Virgin Islands, limited liability company	United States	1 ordinary share of US$1 each	—	100	Investment holding
Ricco Entertainment Investments Inc.	United States, limited liability company	United States	US$100	—	100	Investment holding
Stan Lee Global Entertainment LLC	United States, limited liability company	United States	Nil	—	75	Film development, production and distribution
Magic Storm Entertainment LLC	United States, limited liability company	United States	US$3,000,000	—	75	Film development, production and distribution

34 Non-controlling interests

The non-controlling interests mainly relate to Stan Lee Global Entertainment LLC, a 75% owned subsidiary of the Group. As at 31 December 2015, the net assets of Stan Lee Global Entertainment LLC primarily comprised of film deposits and rights of HK$136,845,195.

35 Subsequent events

(a) On 16 March 2016, the Group announced rights issue of 1,911,820,400 rights shares ("Rights Shares") at HK$0.068 per Rights Share on the basis of five Rights Shares for every one existing share. The issue of Rights Shares was not yet completed as of the date of this report and no adjustment is required to be made to the exercise prices of and the number of the shares falling to be issued under the outstanding share options in accordance with the terms of the Pre-IPO Share Option Scheme and the Share Option Scheme.

(b) Subsequent to the year end, the Group further borrowed a short-term loan of HK$30,000,000 to repay interest payable of HK$2,465,753 and the remaining amount of HK$27,534,247 to fund its operations. On 17 March 2016, the Group has agreed with the financier to extend repayment date of the outstanding borrowing and the related interest payable to 18 May 2016.

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