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

2016

1ST QUARTERLY REPORT 第一季業績報告

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

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

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

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Business Review

Focus Media Network Limited (the "Company") together with its subsidiaries (collectively the "Group") is a well-established digital Out-of-Home ("OOH") media company in Hong Kong and Singapore, with an operating history since April 2004. The Group had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings to sell advertisement. In terms of the number of venues in which the Group deploys its digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 31 March 2016, the Group has deployed its flat-panel displays at 1,686 venues in Hong Kong and Singapore.

During the three months ended 31 March 2016, the number of venues in which the Group deployed its flat-panel displays continued to experience growth over the corresponding period of the previous year.

Region	Network	three months ended 31 March 2016	three months ended 31 March 2015	% Change
Hong Kong	Office and Commercial Network	**613**	612	0.2%
Hong Kong	In-store Network (Mannings)	**250**	244	2.5%
Hong Kong	Residential Network	**211**	159	32.7%
Singapore	Office and Commercial Network	**520**	504	3.2%
Singapore	HDB Shopping Centres	**20**	21	–4.8%
Singapore	In-store Network (Watsons)	**72**	83	–13.3%
Total number of venues		**1,686**	1,623	3.9%

As previously reported in the 2015 Annual Report, the Group has, over the years, laid a solid foundation and established an infrastructure to leverage its core assets and resources of the Group's relationships with its major partners — the real-estate developers. As of 31 March 2016, the Group has deployed its branded flat-panel displays at 1,133 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, at 211 residential apartments in Hong Kong under its Residential Complex digital OOH media network, and at 250 Mannings retail chain-stores in Hong Kong and 72 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.

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 United States of America ("USA"), 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.

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

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.

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 phase 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.

Among the abovementioned three motion picture projects, the script development for the "The Annihilator" and "Realm" is at the final stage and these two films are expected to be completed and released in 2018. The Company estimated that the "Replicator & Antilight" would be completed and released in 2019. To better elaborate the Company's business model in relation to its investment in SLGE, the Company does not participate in the actual production or filming of the motion pictures being developed, such is left to the collaborating partners, which are the leading studios in Hollywood, which the Company believes to have the requisite credibility, experience and track record in film making. Neither would the Company participate in the actual distribution or marketing of the motion pictures. All the Company does is to develop the intellectual properties, i.e. the superhero characters that SLGE owns. Once the motion picture projects have been developed, the Company will partner with the leading studios, and the Company will only participate as one of the production equity investors of the production cost.

The production budget per film is expected to be approximately HK$387 million to HK$504 million. The total budget for the production of these films are approximately HK$1,356 million. The Company intends to finance all the development costs of the motion picture projects and contribute approximately 20% of production cost in the form of production equity and the total funding required by the Company to complete the three films amounting to approximately HK$342 million. The shortfall in production costs (apart from the capital provided and/or to be provided by the Company), will be financed by the collaborating studios (up to 60% of production cost) and by independent production equity investors (up to 20% of production cost). The Company understands this is the typical and prevailing funding model for the film industry in the USA.

Financial Review

in HK$ (including RMI Group)	**three months ended 31 March 2016 (Unaudited)**	three months ended 31 March 2015 (Unaudited)	% Change
Turnover	**16,854,539**	15,032,271	12%
Gross profit	**10,639,473**	8,931,861	19%
EBITDA(Note 1)	**(2,222,101)**	(1,614,099)	N/A
Net loss	**(5,915,683)**	(3,198,125)	N/A

in HK$ (excluding RMI Group)	**three months ended 31 March 2016 (Unaudited)**	three months ended 31 March 2015 (Unaudited)	% Change
Turnover	**16,854,539**	15,032,271	12%
Gross profit	**10,639,473**	8,931,861	19%
EBITDA (Note 1)	**(728,206)**	(1,614,099)	N/A
Net loss	**(4,421,518)**	(3,198,125)	N/A

Note 1: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, share of profits/(losses) of joint ventures, amortisation of intangible assets and net of the total comprehensive loss for the period attributable to non-controlling interests. While EBITDA is commonly used in the advertising and media industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

For the three months ended 31 March 2016, the Group experienced double-digit growth in both turnover and gross profit over the corresponding period of the previous year. The Group's turnover was approximately HK$16.9 million, representing an increase of approximately 12% over the corresponding period of the previous year. The increase was mainly due to the growth in adspend in the Group's Office & Commercial Building digital OOH media network in both Hong Kong and Singapore; the Group's Residential Complex digital OOH media network and the Group's Static OOH Billboard media network in Hong Kong; as well as the Group's large format LED OOH media network at One Raffles Place in Singapore.

The Group's gross profit for the three months ended 31 March 2016 was approximately HK$10.6 million, representing an increase of approximately 19% over the corresponding period of the previous year. Gross profit margin increased from approximately 59% to approximately 63% mainly due to lower cost-of-sales associated with the better performing media network.

The Group's total operating expenses for the three months ended 31 March 2016 were approximately HK$14.5 million, representing an increase of approximately 16% over the corresponding period of the previous year. The increase was due to the office rental and headcount of RMI which was acquired in August 2015. Currently RMI has three films in development stage and it is expected that further financial resources would be incurred in this business prior to the release of films in 2018 and 2019. The management is confident that the films would contribute positive return to the Group in the future.

For the three months ended 31 March 2016, the Group's negative EBITDA, including RMI Group, amounted to approximately HK$2.2 million. Excluding RMI Group, the Group's negative EBITDA amounted to approximately HK$0.7 million as compared to the Group's negative EBITDA amounted to approximately HK$1.6 million for the corresponding period of the previous year.

The Group recorded a loss attributable to owners of the Company of approximately HK$5.7 million (including RMI Group) and a loss attributable to owners of the Company of approximately HK$4.2 million (excluding RMI Group) for the three months ended 31 March 2016 as compared to a loss attributable to owners of the Company of approximately HK$3 million for the corresponding period of the previous year.

Liquidity and financial resources

During the period under review, the Group financed its daily operations with both internally generated resources and short-term loans. In order to strengthen the Group's liquidity, the Company proposed a rights issue to raise approximately HK$130 million before expenses in March 2016. The rights issue was approved by the shareholders of the Company in an extraordinary general meeting held on 22 April 2016 and it is expected that the rights issue would be completed in May 2016. The net proceeds from the rights issue of approximately HK$126 million will be used for (i) the full repayment of short-term loans and accrued interests, (ii) not more than HK$45 million for the development of the films; and (iii) the remaining (if any) for the general and corporate working capital of the Group. Please refer to the Company's announcement dated 16 March 2016, the circular dated 5 April 2016 and the prospectus dated 4 May 2016 for details of the rights issue.

Dividend

The board of directors of the Company (the "Board") does not recommend the payment of any dividend for the three months ended 31 March 2016 (2015: Nil).

Information on employees

As at 31 March 2016, the Group had 89 (2015: 81) employees, including the executive Directors. Total staff costs of the Group (including Directors' emoluments) for the three months ended 31 March 2016 were approximately HK$7.9 million, including equity-based compensation, as compared to approximately HK$6.5 million for the three months ended 31 March 2015. 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. For the three months ended 31 March 2016, no bonuses were paid to any directors or employees. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investments in subsidiaries and joint ventures, during the three months ended 31 March 2016, the Group did not hold any significant investment in equity interest in any company.

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

Save as disclosed herein, during the period under review, the Group did not make any material acquisition or disposal, nor had other plans for material investments and capital assets

Charges of assets

As at 31 March 2016, the Group did not have any charges on its assets (31 December 2015: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2016 (31 December 2015: Nil).

Highlights

- The Group’s turnover for the three months ended 31 March 2016 was approximately HK$16.9 million, representing an increase of approximately 12% over the corresponding period of the previous year.

- The Group’s gross profit for the three months ended 31 March 2016 was approximately HK$10.6 million, representing an increase of approximately 19% over the corresponding period of the previous year. Gross profit margin increased from approximately 59% to approximately 63%.

- The Group’s total operating expenses for the three months ended 31 March 2016 were approximately HK$14.5 million, representing an increase of approximately 16% over the corresponding period of the previous year.

- The Group recorded a loss attributable to owners of the Company of approximately HK$5.7 million (including RMI Group) and a loss attributable to owners of the Company of approximately HK$4.2 million (excluding RMI Group) for the three months ended 31 March 2016 as compared to a loss attributable to owners of the Company of approximately HK$3 million for the three months ended 31 March 2015.

- Loss per share for the three months ended 31 March 2016 was HK cents 1.50 as compared to loss per share HK cents 0.91 for the corresponding period in the previous year.

- The Board does not recommend the payment of any dividend for the three months ended 31 March 2016.

- On 22 April 2016, the proposed rights issue to raise net proceeds of approximately HK$126 million was approved by the Company’s shareholders in an extraordinary general meeting. It is expected that the rights issue would be completed in May 2016. Please refer to the Company's announcement dated 16 March 2016, the Company's circular dated 5 April 2016 and the Company's prospectus dated 4 May 2016 for details of the rights issue.

Unaudited First Quarterly Results

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 together with comparative unaudited figures for the corresponding period ended 31 March 2015, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2016

	Notes	2016 HK$ (Unaudited)	2015 HK$ (Unaudited)
		Three months ended 31 March	
Revenue	3	**16,854,539**	15,032,271
Cost of sales		**(6,215,066)**	(6,100,410)
Gross profit		**10,639,473**	8,931,861
Other income		**170,924**	475,114
Administrative expenses		**(14,500,327)**	(12,504,198)
Operating loss		**(3,689,930)**	(3,097,223)
Finance costs		**(2,225,753)**	(3,459)
Share of losses of joint ventures		**—**	(97,443)
Loss before income tax		**(5,915,683)**	(3,198,125)
Income tax expenses	4	**—**	—
Loss for the period		**(5,915,683)**	(3,198,125)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Currency translation differences		**1,108,167**	(800,100)
Total comprehensive loss for the period		**(4,807,516)**	(3,998,225)
Loss for the period attributable to:			
Owners of the Company		**(5,737,630)**	(2,982,815)
Non-controlling interests		**(178,053)**	(215,310)
		(5,915,683)	(3,198,125)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(4,629,443)**	(3,782,915)
Non-controlling interests		**(178,073)**	(215,310)
		(4,807,516)	(3,998,225)
Loss per share attributable to owners of the Company			
Basic and diluted	6	**HK cents 1.50**	HK cents 0.91

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2016

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Exchange reserve	Warrant reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Balance at 31 December 2014 and 1 January 2015 (audited)	3,280,000	274,344,873	(176,467,450)	(1,140,843)	67,900	4,455,455	(44,389,291)	60,150,644	(189,338)	59,961,306
Changes in equity for the three months ended 31 March 2015										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(2,982,815)	(2,982,815)	(215,310)	(3,198,125)
Other comprehensive loss										
Currency translation differences	—	—	—	(800,100)	—	—	—	(800,100)	—	(800,100)
Total comprehensive loss	—	—	—	(800,100)	—	—	(2,982,815)	(3,782,915)	(215,310)	(3,998,225)
Balance at 31 March 2015 (unaudited)	3,280,000	274,344,873	(176,467,450)	(1,940,943)	67,900	4,455,455	(47,372,106)	56,367,729	(404,648)	55,963,081
Balance at 31 December 2015 and 1 January 2016 (audited)	**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**
Changes in equity for the three months ended 31 March 2016										
Comprehensive loss										
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(5,737,630)**	**(5,737,630)**	**(178,053)**	**(5,915,683)**
Other comprehensive income/(loss)										
Currency translation differences	**—**	**—**	**—**	**1,108,187**	**—**	**—**	**—**	**1,108,187**	**(20)**	**1,108,167**
Total comprehensive loss	**—**	**—**	**—**	**1,108,187**	**—**	**—**	**(5,737,630)**	**(4,629,443)**	**(178,073)**	**(4,807,516)**
Balance at 31 March 2016 (unaudited)	**3,823,641**	**333,877,058**	**(176,467,450)**	**(1,560,422)**	**—**	**2,020,536**	**(68,065,817)**	**93,627,546**	**30,262,893**	**123,890,439**

1 General Information

The Company was incorporated in the Cayman Islands on 28 January 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is 6th Floor, 603, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the subsidiaries are provision of out-of home advertising services, retail of skin care products, provision of nursery services and film development, production and distribution.

The Company has its primary listing on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated first quarterly financial information have been reviewed by the Board.

2 Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated first quarterly financial information for the three months ended 31 March 2016 (the "First Quarterly Financial Information") has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on GEM on the Stock Exchange (the "GEM Listing Rules").

The First Quarterly Financial Information should be read in conjunction with the annual report of the Group for the year ended 31 December 2015.

The First Quarterly Financial Information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

(a) The following new or revised HKFRSs are mandatory for the first time for the financial period beginning 1 January 2016. The adoption of these new or revised HKFRSs have no material effect on the Group's results and financial position:

Annual Improvements Project	Annual Improvements 2012–2014 Cycle
HKAS 1 (Amendment)	Disclosure Initiative
HKFRS 14	Regulatory Deferral Accounts
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12, and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKAS 27 (Amendment)	Equity Method in Separate Financial Statement

2 Basis of Preparation and Principal Accounting Policies (Continued)

(b) The following new or revised HKFRSs have been published but are not yet effective for the period ended 31 March 2016 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

Apart from above, a number of improvements and minor amendments to HKFRS have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 March 2016 and have not been adopted in these unaudited condensed consolidated first quarterly financial information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretation would be in the period of initial application, but not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

3 Revenue and Segment Information

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

In current period, management regularly reviews the operating results from a perspective of different activities. 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.

3 Revenue and Segment Information (Continued)

The segment information provided to the CODM for the reportable segments for the periods ended 31 March 2016 and 2015 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 period ended 31 March 2016					
Segment revenue	**15,960,356**	**762,901**	**131,282**	**—**	**16,854,539**
Segment results	**10,324,387**	**184,896**	**130,190**	**—**	**10,639,473**
For the period ended 31 March 2015					
Segment revenue	14,224,994	652,182	155,095	—	15,032,271
Segment results	8,621,434	155,332	155,095	—	8,931,861

4 Income Tax Expenses

No provision for Hong Kong, Singapore and the USA profits tax has been made in these first quarterly financial information as the Group has no assessable profits for the three months ended 31 March 2016 (2015: Same). The profits tax rates for Hong Kong, Singapore and the USA are 16.5% (2015: 16.5%), 17% (2015: 17%) and 40% respectively.

5 Dividend

The Board does not recommend the payment of any dividend for the three months ended 31 March 2016 (2015: Nil).

For the three months ended 31 March 2016

6 Loss Per Share

Basic

Basic loss per share for the three months ended 31 March 2016 and 2015 are calculated by dividing the results attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	(Unaudited) Three months ended 31 March	
	2016	2015
Loss attributable to owners of the Company (HK$)	**(5,737,630)**	(2,982,815)
Weighted average number of shares in issue	**382,364,080**	328,000,000
Basic loss per share (HK cents)	**1.50**	0.91

Diluted

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the three month ended 31 March 2016 (2015: Same).

7 Approval of the Unaudited Condensed Consolidated First Quarterly Financial Information

The unaudited condensed consolidated first quarterly financial information was approved by the Board on 9 May 2016.

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

As at 31 March 2016, 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 provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Rules 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*	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 Limited 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, iMHA has an undertaking to the Company and the Underwriter to take up its entitlements of 115,133,000 Rights Shares under the Rights Issue pursuant to the iMHA Undertaking. For details, please refer to the Company's announcement dated 16 March 2016 (the "Announcement"), the circular dated 5 April 2016 (the "Circular") and the prospectus dated 4 May 2016 (the "Prospectus") and the capitalised terms used in this note have the same meanings as defined therein, 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 March 2016.

Save as disclosed above, as at 31 March 2016, 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 March 2016, 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 (Notes 1 & 2)	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 of 187,358,400 Rights Shares under the Rights Issue pursuant to the Ricco Media Undertaking. For details, please refer to the Announcement, the Circular and the Prospectus and the capitalised terms used in this note have the same meanings as defined therein unless the context requires otherwise.

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

3. These shares are directly held by iMediaHouse Asia Limited ("iMHA") which is owned as to approximately 67.09% by iMediaHouse.com Limited ("iMH") which is in turn wholly owned by Mr. Wong. 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 of 115,133,000 Rights Shares under the Rights Issue. For details, please refer to the Announcement, the Circular and the Prospectus and the capitalised terms used in this note have the same meanings as defined therein, unless the context requires otherwise.

4. The interests of iMH and iMHA are duplicated.

Save as disclosed above, at 31 March 2016, 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.

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

During the three months ended 31 March 2016, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

Competition and Conflict of Interests

During the three months ended 31 March 2016, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Code of Conduct For Securities Transactions By Directors

The Company has adopted the required standard of dealings 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, having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the three months ended 31 March 2016.

Corporate Governance Practices

During the three months ended 31 March 2016, the Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. WONG Hong Gay Patrick Jonathan. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

Audit Committee

The 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 be revised terms of reference in addition to its primary duties to make recommendations to the Board on the appointment and renewal of external auditors, to review the financial statements and to provide material advice in respect of financial reporting. The audit committee comprises three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua (chairman of the audit committee), Mr. Chan Chi Keung Alan and Ms. Lau Mei Ying.

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2016 have not been audited by the Company’s auditor, PricewaterhouseCoopers, but have been reviewed by the audit committee of the Company, which is of the opinion that the first quarterly financial information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 May 2016

As at the date of this report, the executive Directors are Mr. Wong Hong Gay Patrick Jonathan (Chairman), Mr. Chen Xiaoping, Mr. Mock Wai Yin and Mr. Lam Chun Yin, and the independent non-executive Directors are Mr. Chan Chi Keung Alan, Ms. Lau Mei Ying and Mr. Lee Chi Hwa, Joshua.