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)

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股票代號 : 8112











2017

1st QUARTERLY REPORT 第一季業績報告

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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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Advertising and Media Business

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 2017, the Group has deployed its flat-panel displays at 1,585 venues in Hong Kong and Singapore.

During the three months ended 31 March 2017, the number of venues in which the Group deployed its flat-panel displays over the corresponding period of the previous year is shown as follows:

Region	Network	**three months ended 31 March 2017**	three months ended 31 March 2016
Hong Kong	Office and Commercial Network	**601**	613
Hong Kong	In-store Network (Mannings)	**240**	250
Hong Kong	Residential Network	**229**	211
Singapore	Office and Commercial Network	**515**	520
Total number of venues		**1,585**	1,594

As previously reported in the 2016 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 2017, the Group has deployed its branded flat-panel displays at 1,116 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, at 229 residential apartments in Hong Kong under its Residential Complex digital OOH media network, and at 240 Mannings retail chain-stores in Hong Kong under its In-store digital OOH media network.

Under its Static OOH Billboard media network, the Group has renewed and 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.

The Group also holds the exclusive advertising sales rights to a brand new billboard on the rooftop and sidewall of the pedestrian subway between Charter Road and Connaught Road Central in Hong Kong. This new billboard is located right next to the iconic Mandarin Oriental Hotel at the heart of the Central District, the financial hub of Hong Kong; it faces all vehicle traffic passing through Central towards the east and west side of Hong Kong Island.

As for its 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.

As well, the Group holds the exclusive advertising sales rights to a billboard at Fortune Center in Singapore; it is located in the middle of the bustling Bugis District and faces all vehicle traffic at the cross junction of Middle Road and Waterloo Street. The Group also holds the exclusive advertising sales rights to a large format LED illuminated billboard at The Arcade in Singapore as well as the exclusive sales rights to the venue for event marketing. The Arcade faces the busy Raffles Green, just above the Raffles MRT station, located right in the heart of Singapore's financial district.

In addition, the Group had secured the exclusive advertising sales rights to a brand new billboard on the façade of Furama City Centre Hotel in Singapore. This site is located in the heart of vibrant Chinatown, with a rich culture and long-standing history. The front lit large format billboard is visible to vehicle and human traffic along the extremely busy Eu Tong Sen Street and New Bridge Road.

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.

Securities Brokerage Business

In August 2016, the Company acquired Glory Creator Limited ("GCL") and its 80% owned subsidiary, Cornerstone Securities Limited ("CSL"), collectively "GCL Group", CSL is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance. CSL is principally engaged in the provision of securities brokerage service for products offered by the Stock Exchange to its customers.

After the completion of the acquisition in November 2016, the Company has started its footprint in the financial services industry. Following the launch of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, it is expected that the securities market in Hong Kong can benefit from these mutual market access schemes, in which more capital will flow into the securities market of Hong Kong, hence the market turnover will increase significantly. Based on the above, it is believed that the Group's securities brokerage business would be benefited from this market trend.

CSL commenced business operations in July 2016 and achieved a promising start in the securities trading business. Following its start in 2016, the securities trading business continues its strong business momentum in 2017. During the first quarter of 2017, the company recorded a strong business growth in securities brokerage and other services. The total revenue of the first quarter of 2017 has surpassed the total revenue of 2016 full year and reached to approximately HK$2 million which including brokerage revenue and placement fee income of approximately HK$1.5 million.

Upon received the approval from the Securities and Futures Commission regarding the margin financing business in mid of March 2017, our margin financing has been kick-started and the margin demand from our clients is very strong. It can be demonstrated in CSL's loan book at the end of March 2017 that the maximum margin lending capacity under the Financial Resources Rule of approximately HK$15 million had been reached. In order to top up the margin lending capacity, shareholders of CSL have to increase the paid-up capital of CSL by way of capital injection. The Company will closely monitor the utilization rate of margin financing of CSL and the needs of clients of CSL and to decide whether any additional capital injection is required to accelerate the business growth of CSL.

Backed up by the experienced CSL management team and its sound reputation in the industry, the Directors are optimistic that CSL will continue to widen its customer base through the extensive business platform and will enlarge its presence in the industry with advantage synergies aiming to optimize returns to the Company and its shareholders.

Film Development, Production and Distribution Business

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 ("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.

* 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 script development phase with a view to commence formal shooting in the next two to three years, namely Realm (written by Alex Litvak of "The Three Musketeers" and "Predators"), The Annihilator (written by Jim Hecht of "Ice Age: Melt Down" and "Thundercats"), 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.

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 studios in Hollywood and/or China, 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 to produce the films, and the Company will only participate as one of the production equity investors of the production cost.

Pursuant to the above arrangement for financial resources, the Company will have to bear all the development costs of the motion picture projects and part of the production costs in the form of production equity. The Company will consider various capital raising alternatives, such as equity or debt financing, to meet the funding requirements of the Group for the development and production of the film projects.

FINANCIAL REVIEW

	Three months ended 31 March		
	2017 **HK$** **(unaudited)**	2016 HK$ (unaudited)	% Change
Revenue	**19,512,743**	16,854,539	16%
Gross profit	**11,443,417**	10,639,473	8%
EBITDA(Note 1)	**(4,042,839)**	(2,222,101)	N/A
Net loss	**(5,585,021)**	(5,915,683)	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 profit/(loss) of joint ventures, impairment of property, plant and equipment, impairment of investment in joint venture, fair value gain/(loss) on financial asset at fair value through profit or loss, gain on partial disposal of a joint venture, 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 2017, the Group experienced growth in both revenue and gross profit over the corresponding period of the previous year. The Group's revenue for the three months ended 31 March 2017 was approximately HK$19.5 million, representing an increase of approximately 16% over the corresponding period of the previous year.

The Group's gross profit for the three months ended 31 March 2017 was approximately HK$11.4 million, representing an increase of approximately 8% over the corresponding period of the previous year. The Group's gross profit margin decreased approximately from 63% to 59% due to higher cost-of-sales associated with certain static out-of-home billboards under the Advertising and Media Business.

The Group's administrative expenses for the three months ended 31 March 2017 was approximately HK$17.1 million, representing an increase of approximately 18% over the corresponding period of the previous year. The increase in administrative expenses was mainly due to the office rental and headcount of new business acquired.

The Group's negative EBITDA amounted to approximately HK$4.0 million for the three months ended 31 March 2017 as compared to the Group's negative EBITDA amounted to approximately HK$2.2 million for the corresponding period of the previous year.

The Group recorded a loss attributable to owners of the Company of approximately HK$5.5 million for the three months ended 31 March 2017 as compared to a loss attributable to owners of the Company of approximately HK$5.7 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 net proceeds from the rights issue completed in 2016 (the "Rights Issue"). As at 31 March 2017, the Group had net current assets of approximately HK$72.4 million (31 December 2016: net current assets of HK$76.8 million) and cash and cash equivalents amounted to approximately HK$55.1 million (31 December 2016: HK$73.2 million). The Group had no borrowings outstanding as at 31 March 2017.

To cope with the needs for business operations and development, particularly the securities brokerage business and the film projects, the Company will from time to time review its funding requirement and explore fund raising opportunities including but not limited to equity financing/debt financing opportunities in the market as and when required.

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 2017 (three months ended 31 March 2016: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2017, the Group had 101 (31 December 2016: 96) employees, including the executive Directors. Total staff costs of the Group (including Directors' emoluments) for the three months ended 31 March 2017 were approximately HK$9.8 million (three months ended 31 March 2016: HK$7.9 million). Remuneration is determined with reference to market norms and individual employee's 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 2017, no bonuses were paid to any directors or employees. Other staff benefits included 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 an associate, the Group did not hold any significant investment in equity interest in any company during the three months ended 31 March 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS

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

CHARGES OF ASSETS

As at 31 March 2017, the Group did not have any charges on its assets (31 December 2016: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2017 (31 December 2016: Nil).

HIGHLIGHTS

- The Group's revenue for the three months ended 31 March 2017 was approximately HK$19.5 million, representing an increase of approximately 16% over the corresponding period of the previous year.

- The Group's gross profit for the three months ended 31 March 2017 was approximately HK$11.4 million, representing an increase of approximately 8% over the corresponding period of the previous year. The Group's gross profit margin decreased approximately from 63% to 59% due to higher cost-of-sales associated with certain static out-of-home billboards under the Advertising and Media Business.

- The Group's administrative expenses for the three months ended 31 March 2017 was approximately HK$17.1 million, representing an increase of approximately 18% over the corresponding period of the previous year. The increase in administrative expenses was mainly due to the office rental and headcount of new business acquired.

- The Group's negative EBITDA amounted to approximately HK$4.0 million for the three months ended 31 March 2017 as compared to the Group's negative EBITDA amounted to approximately HK$2.2 million for the corresponding period of the previous year.

- The Group recorded a loss attributable to owners of the Company of approximately HK$5.5 million for the three months ended 31 March 2017 as compared to a loss attributable to owners of the Company of approximately HK$5.7 million for the corresponding period of the previous year.

- Loss per share for the three months ended 31 March 2017 was HK cents 2.4 as compared to loss per share of HK cents 9.6 (as restated) for the corresponding period of the previous year.

- The Board does not recommend the payment of any dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: Nil).

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 2017 together with comparative unaudited figures for the corresponding period ended 31 March 2016, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2017

	Notes	Three months ended 31 March 2017 HK$ (unaudited)	2016 HK$ (unaudited)
Revenue	3	**19,512,743**	16,854,539
Cost of sales		**(8,069,326)**	(6,215,066)
Gross profit		**11,443,417**	10,639,473
Other income		**109,234**	170,924
Administrative expenses		**(17,137,672)**	(14,500,327)
Operating loss		**(5,585,021)**	(3,689,930)
Finance costs		**—**	(2,225,753)
Loss before income tax		**(5,585,021)**	(5,915,683)
Income tax expenses	4	**—**	—
Loss for the period		**(5,585,021)**	(5,915,683)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
Currency translation differences		**681,786**	1,108,167
Total comprehensive loss for the period		**(4,903,235)**	(4,807,516)
Loss for the period attributable to:			
Owners of the Company		**(5,517,320)**	(5,737,630)
Non-controlling interests		**(67,701)**	(178,053)
		(5,585,021)	(5,915,683)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(4,835,591)**	(4,629,443)
Non-controlling interests		**(67,644)**	(178,073)
		(4,903,235)	(4,807,516)
Loss per share attributable to owners of the Company			(As restated)
Basic and diluted	6	**(HK cents 2.4)**	(HK cents 9.6)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2017

	Attributable to owners of the Company								
	Share capital HK$	Share premium HK$	Capital reserve HK$	Exchange reserve HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
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
Balance at 31 December 2016 and 1 January 2017 (audited)	**22,941,845**	**440,528,546**	**(176,467,450)**	**(3,192,246)**	**2,020,536**	**(81,788,809)**	**204,042,422**	**35,470,661**	**239,513,083**
Changes in equity for the three months ended 31 March 2017									
Comprehensive loss									
Loss for the period	**—**	**—**	**—**	**—**	**—**	**(5,517,320)**	**(5,517,320)**	**(67,701)**	**(5,585,021)**
Other comprehensive income/(loss)									
Currency translation differences	**—**	**—**	**—**	**681,729**	**—**	**—**	**681,729**	**57**	**681,786**
Total comprehensive loss	**—**	**—**	**—**	**681,729**	**—**	**(5,517,320)**	**(4,835,591)**	**(67,644)**	**(4,903,235)**
Transactions with owners									
Capital contribution from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**300,000**	**300,000**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**300,000**	**300,000**
Balance at 31 March 2017 (unaudited)	**22,941,845**	**440,528,546**	**(176,467,450)**	**(2,510,517)**	**2,020,536**	**(87,306,129)**	**199,206,831**	**35,703,017**	**234,909,848**

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of out-of-home advertising services, (ii) retail of skin care products, (iii) provision of early childhood education, (iv) film development, production and distribution, (v) securities brokerage business.

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 audit committee of the Company.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly financial information for the three months ended 31 March 2017 (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 the GEM of 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 2016.

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

Changes in accounting policy and disclosures

(a) The following new or revised HKFRSs are mandatory for the first time for the financial period beginning 1 January 2017. The adoption of these new or revised HKFRSs have no material effect on the Group's results and financial position:

HKAS 7 (Amendments)	Statement of cashflows
HKAS 12 (Amendments)	Income taxes

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

(b) The following new or revised HKFRSs have been published but are not yet effective for the period ended 31 March 2017:

		Effective for annual periods beginning on or after
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

The Group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period.

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.

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 early childhood education

— Film development, production and distribution

— Securities brokerage business

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 three months ended 31 March 2017 and 2016 is as follows:

	Advertising and media (Unaudited) HK$	Retail of skin care products (Unaudited) HK$	Provision of early childhood education (Unaudited) HK$	Film development, production and distribution (Unaudited) HK$	Securities brokerage business (Unaudited) HK$	Total (Unaudited) HK$
For the three months ended 31 March 2017						
Segment revenue	**15,454,041**	**1,586,510**	**388,890**	**—**	**2,083,302**	**19,512,743**
Segment results	**8,391,564**	**596,345**	**372,206**	**—**	**2,083,302**	**11,443,417**
For the three months 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

4 INCOME TAX EXPENSES

No provision for Hong Kong and Singapore profits tax has been made in these unaudited consolidated first quarterly financial information as the tax losses brought forward from previous periods exceed the estimated assessable profits (2016: Same). The profits tax rates for Hong Kong and Singapore are 16.5% (2016: 16.5%) and 17% (2016: 17%) respectively.

5 DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: Nil).

6 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share is based on the consolidated loss attributable to owners of the Company for the three months ended 31 March 2017 of HK$5,517,320 (three months ended 31 March 2016: loss of HK$5,737,630) and on the weighted average number of 229,418,448 (three months ended 31 March 2016: 59,848,291) ordinary shares in issue during the period ended 31 March 2017.

The comparative figures for the basic loss per share for the three months ended 31 March 2016 are restated to take into account of the effect of the Rights Issue[Note 1] and Share Consolidation[Note 2] completed last year as if they had been taken place since the beginning of the comparative period. The weighted average number of ordinary shares outstanding was retrospectively decreased to reflect the discount in the Rights Issue and Share Consolidation. For the three months ended 31 March 2016, the weighted average number of ordinary shares in issue was 382,364,080 before restatement.

	Three months ended 31 March	
	2017 (Unaudited)	2016 (Unaudited) (As restated)
Loss attributable to owners of the Company (HK$)	**(5,517,320)**	(5,737,630)
Weighted average number of ordinary shares in issue	**229,418,448**	59,848,291
Basic loss per share	**(HK cents 2.4)**	(HK cents 9.6)

Notes:

(1) On 26 May 2016, the Company completed a rights issue of five rights shares for every one ordinary share then held by qualifying shareholders at a subscription price of HK$0.068 per rights share ("Rights Issue"), resulting in the allotment and issue of 1,911,820,400 rights shares. Accordingly, the number of shares of the Company in issue changed from 382,364,080 shares of HK$0.01 each to 2,294,184,480 shares of HK$0.01 each. The net proceeds from the Rights Issue, after deducting directly attributable costs, amounted to approximately HK$125.8 million.

(2) Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 1 November 2016, the shareholders of the Company have approved the consolidation of every ten shares of HK$0.01 each into one consolidated share of HK$0.1 each in the issued and unissued share capital of the Company with effect from 2 November 2016 ("Share Consolidation").

(b) Diluted

Diluted loss per share is the same as basic loss per share as potential dilutive ordinary shares outstanding during the three months ended 31 March 2017 have no dilutive effect (three months ended 31 March 2016: 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 10 May 2017.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, 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")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the Ordinary Shares of HK$0.10 each of the Company (the "Shares"), Underlying Shares and Debentures of the Company

	Nature/Capacity of Interests				Total		Approximate%
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests in Shares**	**interests in underlying Shares**	**Aggregate interests**	**of the Company's issued share capital**
Wong Hong Gay Patrick Jonathan	—	—	13,815,960 (Note 1)	13,815,960	81,434*	13,897,394	6.06%
Chan Chi Keung Alan	—	—	—	—	81,434*	81,434	0.04%

* 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.

2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 229,418,448 shares in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, 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) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

As at 31 March 2017, the Company has neither adopted any share option scheme nor granted any options.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2017, as far as the Directors or chief executives of the Company are aware, the following persons (other than the 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 as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Shares

Name of shareholders	Capacity	Number of Shares held	Approximate % of shareholding in the Company
Ricco Media (Holdings) Limited (Notes 1 & 2)	Beneficial owner	22,483,008	9.80%
Ricco Capital (Holdings) Limited (Notes 1 & 2)	Interest of controlled corporation	22,483,008	9.80%
Wu Siu Chung (Notes 1 & 2)	Interest of controlled corporation	22,483,008	9.80%
iMediaHouse Asia Limited (Notes 3 & 4)	Beneficial owner	13,815,960	6.02%
iMediaHouse.com Limited (Notes 3 & 4)	Interest of controlled corporation	13,815,960	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.

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 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 disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

4. The interests of iMH and IMHA are duplicated.

5. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 229,418,448 shares in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, no other person (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 31 March 2017, 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 2017, 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 2017.

CORPORATE GOVERNANCE PRACTICES

During the three months ended 31 March 2017, the Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements of the GEM Listing Rules from time to time. 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 in such regard, in addition to its primary duties to make recommendations to the Board on the appointment and removal of external auditors; to review the financial statements and to provide material advice in respect of financial reporting. The Audit Committee currently 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 2017 have not been audited by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the Audit Committee, 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
CEO and Executive Director

Hong Kong, 10 May 2017

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

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