

Team Name: Team Crystal Ball

Stock Name: Focus Media Information Technology Group Co Ltd

Bloomberg Symbol: 002027:CH

Core conclusions:

1. The over-expectation shown by the financial report is due to the huge decline in the performance of the second quarter of 2019. The main risk point of the year is the high-beta fluctuation risk of the building advertising budget caused by the macroeconomic downturn, rather than the market competition risk caused by the New Media (The main competitor of Focus Media.)(At least during the year, "28" competition theory is accepted by the market).
2. We believe that the short-term competition risk is fixed and the trend is gradually in line with expectations, maintaining the "28th" debate on the competitive landscape during the year (ie, the New Media can cut up to 20% market share in 2019, and it has relied mainly on convertible debt financing in the past, which indicates that it has a certain interest payment pressure). The release of medium-term potential risks is controllable (if New Media wants to cut into the community framework of the Focus Media and the office TV market, it also needs to wait for the partial renewal of the points to be renewed, which is represented by the rolling part of the risk factor. Impact rather than one-time full release).
3. From the perspective of income expectations, under the pro-cyclical characteristics of the advertising industry, the market believes that the economy is picking up and the recovery of consumption is expected to drive the improvement of the business in the second half of the year. The belief in the basic advertising market is continuing to strengthen. However, the huge decline in the second quarter of 2019 may affect the market's optimistic expectations for the second half of the year, and the macro potential income factor remains to be seen.
4. To extend to the long-term investment dimension, it is necessary to observe whether the arrival of New Media will bring about a partial contraction of the incremental budget of the entire ladder advertising market through the downward movement of the advertising quotation center. The current flaw is that the advertising industry has the property of "dependent on the weather" both online and offline. It has always been demand-driven supply rather than supply-creating demand. The short-term dilemma of Focus Media is that in order to maintain the market monopoly position, it must be counter-cyclical expansion, and use the vertical screen low-price strategy to suppress the New Media, but at the expense of short-term performance. The short-term dilemma of the New Media is that this hope to go out of the downswing to achieve profitability through the price increase (targeted net interest rate of 15-20%), playing a protracted war, but now has been sharp-warned by Focus Media. The point to solve this confusion is whether the zero-sum competition of the Focus Media and the New Media can be tacit and win-win. Because from the current market structure, the combination of "Focus Media + New Media" has substantially deepened the resource monopoly of the core operators of building advertising in the main cities.

Matters:

The company released the 2018 annual report and the first quarterly report of 2019 on April 24:

1、2018 annual report review:

The company's 18 annual revenues reached 14.551 billion yuan (+21.12%YoY), and operating profit was 6.953 billion yuan (-4.02%YoY). Among them, the government subsidy was 854 million yuan (+16.03%YoY).

The company achieved a net profit of 5.823 billion yuan (-3.03%YoY) for the whole year, and a net profit of 5.026 billion yuan (+3.58%YoY) for the non-returning mothers. The turnover days of accounts receivable were 96.53 days (16, 17) The year is 76.55, 77.04 days).

The company's 18-year profit distribution plan is: 1.00 yuan for every 10 shares (including tax, the company must deduct the company's share capital when implementing the distribution plan), no conversion, no increase in shares, we expect the total cash dividend (including tax) is 14.51 100 million yuan (according to the total repurchase limit of 2 billion yuan, the repurchase price ceiling of 10.75 yuan / share calculation, it is estimated that the repurchased shares are about 186 million shares, accounting for 1.27% of the total share capital).

Chart 1: The company's common stock cash dividends for 2015-2018

Dividend year	Cash dividend amount (including tax, 100 million yuan)	Cash dividend/return to parent company's net profit ratio
2018	14.51	24.92%
2017	12.23	20.37%
2016	35.65	80.08%
2015	10.92	32.22%

Source: Company Announcement

2. Review of the first quarter report of 2019:

The company's 1Q19 revenue was 2.611 billion yuan (-11.78%YoY, after the market expects to decline 10-15%YoY); operating profit was 426 million yuan (-66.06%YoY), of which government subsidies were 240 million yuan (+39.53%YoY) The net profit of the returning mother is 340 million yuan (-71.81%YoY, previously forecasting a decline of 65-75%YoY), and the net profit of the returning home after the non-family is 116 million yuan (-89.17%YoY), the turnover days of accounts receivable It is 153.32 days (92.28 days in the same period of 18 years, affected by the advertiser's budget for payment and payment). In the first half of 2019, the company expects to achieve a net profit of 7.40-11.0 billion yuan (-77.88%~-67.12%YoY); 2Q19 is expected to achieve a net profit of 4.00~860 million yuan (-81.30%~-59.79%YoY).

1. The proportion of building media advertising revenue increased to 83%. The macroeconomic slowdown and the intensified competition caused the gross profit margin to decline.

The company's 18-year revenue increased by 21.12% year-on-year, mainly due to the fact that the company's economic slow-paced stimulus in the first half of the year still existed, and the May World Cup event drove the increase of brand advertisers, but the growth rate dropped from 18Q3, and 18 years of the year. Gross profit margin and net profit margin fell to 66.21% (down from 6.51% in 17 years) and 39.81% (down from 10.17% in 17 years), and fell to 36.54% and 12.68% in 19 years, mainly due to trade. The war led to the economic downgrade, advertisers reduced brand advertising, offline advertising high economic beta volatility was fully exposed; secondly, the trend of new price wars coexisted, point sales price cuts (the publication price has not been raised since January 19, The sale discount was revised down, resulting in a decline in the rate of publications but the decline in the budget of the general package. The gross profit margin of building advertising in 18 years fell to 70.09% (down 6.61% year-on-year).

Chart 2: US outdoor advertising market revenue and GDP (World Bank caliber) growth fluctuations (highlighting the high-bay volatility of outdoor advertising)(%)



Source: Company Announcement

From the perspective of media resource attributes, Focus Media is more like a purely building advertising company. In 2018, the proportion of building media advertising revenue increased to 82.98%, mainly because the cinema advertising resources are relatively weak and vulnerable to the investment source. The direct impact of line advertising agencies, and the performance of the box office and movie attendants in the whole year of 2018,

resulting in the decline in the contribution of cinema media advertising revenue to 16.37%, 2018 annual gross profit fell to 48.60% (down 9.02 percentage points year-on-year).

Chart 3: Company's income composition for 2014-2018

The unit of all the revenues are all the same: (100 million yuan)

Source of Income	2018			2017			2016			2015			2014	
	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)
Building media	120.75	82.98	28.69	93.83	78.11%	15.99%	80.90	79.21%	12.98%	69.45	80.50%	12.98%	61.56	82.11%
Cinema media	23.82	16.37%	2.10%	23.33	19.42%	14.14%	20.44	20.02%	51.06%	13.53	15.69%	51.06%	9.56	12.75%
Others	0.94	0.65%	-68.35%	2.97	2.47%	276.52%	7.89	0.77%	-2.18%	3.29	3.81%	-2.18%	3.85	5.14%

Source: Company Announcement

Chart 4: Company's single quarter earnings for 2016-2019

The unit of all the expenses and costs are all the same: (100 million yuan)

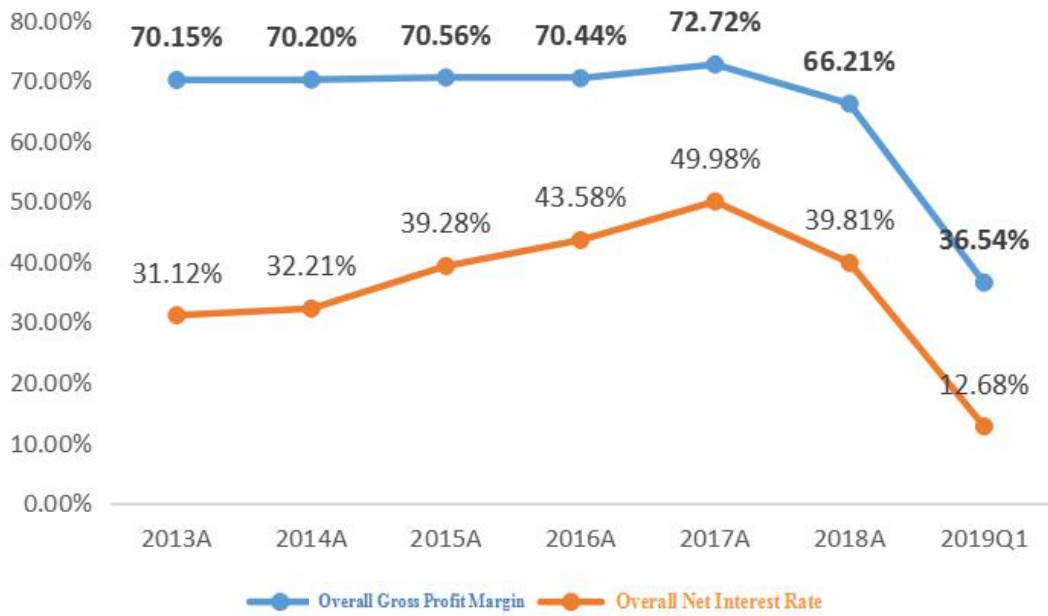
Profit Indicator	16Q1	16Q2	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1
Business Income	21.05	28.22	26.15	26.71	24.20	32.20	30.89	32.84	29.60	41.50	37.67	36.75	26.11
YoY(%)	29.16%	17.81%	10.48%	19.51%	14.99%	14.10%	18.13%	22.95%	22.28%	28.88%	21.95%	11.88%	-11.79%
Business Cost	7.29	7.73	7.54	7.63	7.84	8.62	7.73	8.57	9.19	10.85	13.42	15.71	16.57
YoY(%)	21.20%	32.50%	14.80%	9.30%	7.54%	11.51%	2.52%	12.32%	17.22%	25.87%	73.61%	83.31%	80.30%
Business tax and surcharge	0.68	0.94	0.74	1.22	0.80	1.02	1.03	1.12	1.01	1.17	0.94	1.20	0.80
Revenue Share (%)	3.23%	3.33%	2.83%	4.57%	3.31%	3.17%	3.33%	3.41%	3.41%	2.82%	2.50%	3.27%	3.06%
Sales Expenses	4.29	5.74	5.37	4.04	4.35	5.81	5.08	4.75	5.18	6.78	5.01	6.34	4.86
Revenue Share (%)	20.38%	20.34%	20.54%	15.13%	17.98%	18.04%	16.45%	14.46%	17.50%	16.34%	13.30%	17.25%	18.61%
Management Expenses	0.95	1.21	1.24	1.29	1.19	1.25	1.48	1.35	1.38	1.55	1.08	0.90	1.31
Revenue Share (%)	4.51%	4.29%	4.74%	4.83%	4.92%	3.88%	4.79%	4.11%	4.66%	3.73%	2.87%	2.45%	5.02%
Financial	-0.29	-0.47	-0.26	-0.40	-0.49	-0.64	-0.36	0.20	-0.28	-0.28	-0.25	-0.13	-0.01

Expenses													
Revenue Share (%)	-1.38%	-1.67%	-0.99%	-1.50%	-2.02%	-1.99%	-1.17%	0.61%	-0.95%	-0.67%	-0.66%	-0.35%	-0.04%
Research and Development Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.44	1.09	0.48
Revenue Share (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.96%	1.17%	2.97%	1.84%
Asset Impairment Loss	0.63	1.73	0.89	-0.65	0.47	0.58	0.39	0.38	0.27	0.36	0.58	2.80	0.84
Revenue Share (%)	2.99%	6.13%	3.40%	-2.43%	1.94%	1.80%	1.26%	1.16%	0.91%	0.87%	1.54%	7.62%	3.22%
Net Investment Income	-0.01	0.01	0.00	0.00	0.00	0.05	-0.01	7.45	0.01	1.49	0.20	-0.01	0.41
Exchange Net Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.00	0.00
Asset Disposal Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.02	-0.02	0.00	-0.04	0.00
Other Income	0.00	0.00	0.00	0.00	0.00	5.23	1.21	0.92	1.72	3.54	0.85	2.62	2.40
Operating Profit	7.49	11.34	10.63	13.57	10.05	20.85	16.74	24.81	14.55	26.09	17.49	11.40	4.26
YoY(%)	39.44%	2.68%	6.12%	58.74%	34.19%	83.90%	57.51%	83.02%	2.69%	56.12%	4.50%	-54.03%	-70.72%
Non-operating Net Income	0.35	3.58	4.12	2.10	4.09	-4.21	-0.01	0.00	-0.06	-0.01	0.04	-0.08	-0.11
Total Profit	7.84	14.92	14.75	15.67	14.14	16.64	16.73	24.81	14.49	26.08	17.53	11.32	4.15
Income Tax	1.42	2.39	2.35	2.52	3.13	2.42	2.96	4.07	2.50	4.74	2.97	1.29	0.84
Income Tax Rate (%)	6.75%	8.47%	8.99%	9.43%	12.93%	7.52%	9.58%	12.39%	8.45%	11.42%	7.88%	3.51%	3.22%
Net Profit	6.41	12.52	12.41	13.14	11.01	14.22	13.77	20.73	12.00	21.34	14.55	10.04	3.31
YoY(%)					71.76%	13.58%	10.96%	57.76%	8.99%	50.07%	5.66%	-51.57%	-72.42%
Minority Shareholders' Equity	-0.08	0.00	-0.05	0.10	-0.06	-0.04	-0.07	-0.15	-0.07	0.25	-0.08	-0.08	-0.11
Return to Home Net Profit	6.49	12.52	12.46	13.04	11.07	14.26	13.84	20.88	12.07	21.09	14.63	10.13	3.40
YoY(%)	39.27%	31.79%	31.16%	44.73%	70.42%	13.90%	11.08%	60.12%	9.10%	50.01%	5.73%	-51.25%	-71.83%
Parent Net Profit after Deduction of No	6.23	9.74	9.37	10.98	7.65	13.43	12.94	14.50	10.68	17.50	13.80	8.28	1.16

n-return													
YoY(%)	52.32 %	6.22 %	9.21 %	24.07%	22.79%	37.89%	38.10%	32.06%	39.52%	30.31%	6.66%	-42.90 %	-89.14 %
Return to Parent Company's Net Profit Ratio (%)	30.83 %	44.37 %	47.65 %	48.82%	45.74%	44.29%	44.80%	63.58%	40.78%	50.82%	38.84%	27.56%	13.02%

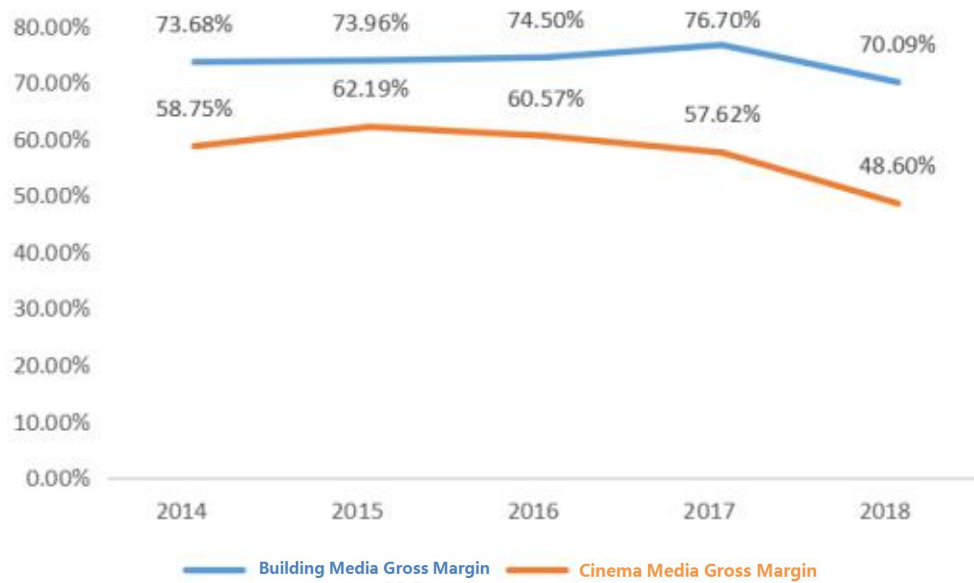
Source: Company Announcement

Chart 5: Changes in gross profit margin and net interest rate of the company's overall business in recent years



Source: Company Announcement

Chart 6: Change in gross profit margin of the company's project business in recent years



Source: Company Announcement

2. The budget increase of traditional Internet advertisers dropped significantly, resulting in a decline in the proportion of head-to-head customer revenue. Order increments rely on traditional brand advertisers such as consumer goods and automobiles.

The growth rate of traditional Internet customer budgets has dropped significantly. Daily use of consumer goods counterattacks into a TOP1 advertiser source.

Affected by the cold winter of the Internet, the advertising strategy of Internet customers in the past “burning money to buy exposure” was obviously cautious. And in the context of the economic downturn, Internet advertisers are more focused on advertising ROI. The budget competitiveness of online effect advertising is significantly stronger than that of outdoor advertising, which leads to the Ladder media advertising, which is the most high-quality offline advertising channel, still difficult to avoid the strong cyclical weakness of brand advertising. However, from the perspective of customer structure, traditional advertisers such as consumer goods, automobiles, and communications have shown stronger resilience and demand rigidity. In the future, Focus Media's recovery will depend on the incremental budget offset of such traditional advertisers and the warming of Internet customers.

The stalled budget of Internet customers caused the revenue of CR5 customers to fall for the first time, and the sales expenses increased sharply in order to digest the "overstorage" situation.

The company's 2018 CR5 customer revenue contribution ratio was 19.77%, which was lower than that in 2017, while the revenue contribution ratio in 2015-2017 remained inertial, mainly due to the advertising of traditional Internet customers occupying the head of the budget. Incremental decline, and according to grassroots research, since Ali joined the market in July 18, the second largest advertiser Jingdong stopped in August-September of the same year (recovered in October); the company's 2018 sales expense was 2.31 billion Yuan (+16.73%YoY), of which the sales business fee was 1.946 billion yuan (+18.51%YoY), a significant increase year-on-year. The main reason was that the company's head-to-head advertisers accounted for a decline in orders, and the sales side needed to develop small and medium-sized advertisers' resources. KPI, compared with big advertisers, is more concerned about price policy and delivery strategy. The small and medium-sized advertisers' sales expenses are lower in cost performance, resulting in a significant increase in expense items.

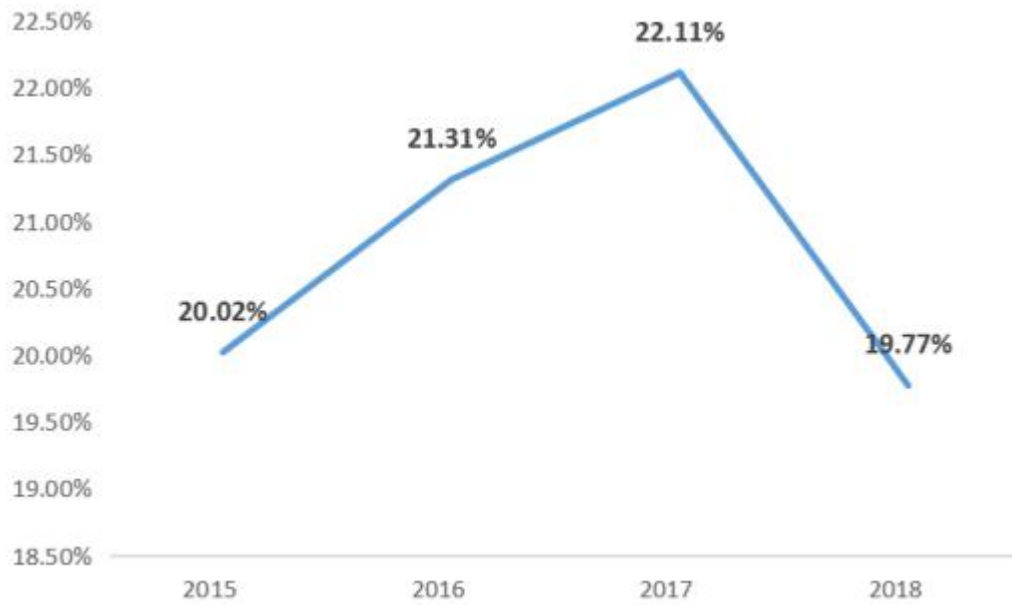
Chart 6: Focus Media's Advertiser Source Structure from 2015 to 2018

The unit of all the expenses and costs are all the same: (100 million yuan)

The Industry of advertiser	2018			2017			2016			2015			2014	
	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)	YoY (%)	Revenue	Proportion (%)
Internet	28.84	19.82%	5.03%	27.46	22.85%	4.01%	26.40	25.85%	27.07%	20.77	24.08%	-11.27%	24.03	32.06%
Consumer Goods	34.12	23.45%	43.78%	23.73	19.76%	13.90%	20.84	20.40%	-2.29%	21.33	24.72%	70.02%	12.22	16.30%
Automobile	21.73	14.93%	26.04%	17.24	14.35%	23.57%	13.95	13.66%	-0.14%	13.97	16.19%	-5.50%	14.78	19.72%
Communications	21.69	14.91%	43.26%	15.14	12.60%	16.98%	12.94	12.67%	69.09%	7.65	8.87%	65.78%	3.67	4.89%
Miscellaneous	9.29	6.38%	-10.93%	10.43	8.68%	15.45%	9.03	8.84%	102.53%	4.15	4.81%	19.07%	3.96	5.28%
Real Estate	10.40	7.15%	0.00%	10.40	8.61%	23.23%	8.40	8.22%	13.55%	4.71	5.46%	45.38%	5.26	7.02%
Entertainment and Leisure	10.23	7.03%	17.86%	8.68	7.22%	65.94%	5.23	5.12%	-13.97%	6.08	7.04%	-6.49%	4.43	5.92%
Business and Service	9.21	6.33%	29.35%	7.12	5.93%	33.10%	5.35	5.24%	18.56%	7.62	8.83%	15.15%	6.62	8.83%

Source: Company Announcement

Chart 7: Focus Media's sales share of TOP5 advertisers from 2015 to 2018



Source: Company Announcement

Chart 8: Changes in sales expenses of the company from 2014 to 2018

Source: Company Announcement



Chart 9: Company's sales fee structure for 2015-2018

The unit of all the amounts are all the same: (100 million yuan)

Projects	2018			2017			2016			2015		
	Amount	Proportion (%)	YoY (%)	Amount	Proportion (%)	YoY (%)	Amount	Proportion (%)	YoY (%)	Amount	Proportion (%)	YoY (%)
Sales Expenses	19.46	83.48%	18.51%	16.42	82.22%	1.23%	16.22	83.44%	13.67%	14.27	82.53%	0.42%
Employees' Salaries	2.90	12.44%	1.05%	2.87	14.37%	9.54%	2.62	13.48%	27.18%	2.06	11.91%	-55.79%
Business Promotion Expenses	0.70	3.00%	29.63%	0.54	2.70%	20.00%	0.45	2.31%	-47.06%	0.85	4.92%	-
Other Expenses	0.25	1.07%	78.57%	0.14	0.70%	-6.67%	0.15	0.77%	36.36%	0.11	0.64%	-21.43%
Total	23.31	100.00%	16.73%	19.97	100.00%	2.73%	19.44	100.00%	12.43%	17.29	100.00%	-9.05%

Source: Company Announcement

Chart 10: The company's main business cost structure for 2015-2018

The unit of all the amounts are all the same: (100 million yuan)

Business	2018			2017			2016			2015	
	Amount	Proportion of operating costs (%)	YoY (%)	Amount	Proportion of operating costs (%)	YoY (%)	Amount	Proportion of operating costs (%)	YoY (%)	Amount	Proportion of operating costs (%)
Media lease costs	35.38	71.97%	43.47%	24.66	75.27%	8.45%	22.74	75.33%	21.21%	18.76	73.87%
Employees' Salaries	6.03	12.27%	40.56%	4.29	13.08%	7.02%	4.01	13.27%	11.76%	3.58	14.12%
Equipment depreciation costs	2.07	4.21%	73.95%	1.19	3.64%	1.86%	1.17	3.88%	-6.28%	1.25	4.93%
Other operating costs	5.68	11.55%	116.79%	2.62	8.00%	15.55%	2.27	7.52%	26.17%	1.80	7.08%
Total	49.16	100.00%	50.02%	32.77	100.00%	8.53%	30.19	100.00%	18.87%	25.40	100.00%

Source: Company Announcement

3. The company will increase the development of incremental point resources during the year. It is expected that the whole year will be based on “stock optimization”.

The coverage and penetration rate of the company's media resources continued to increase, and the expansion of building media was more significant.

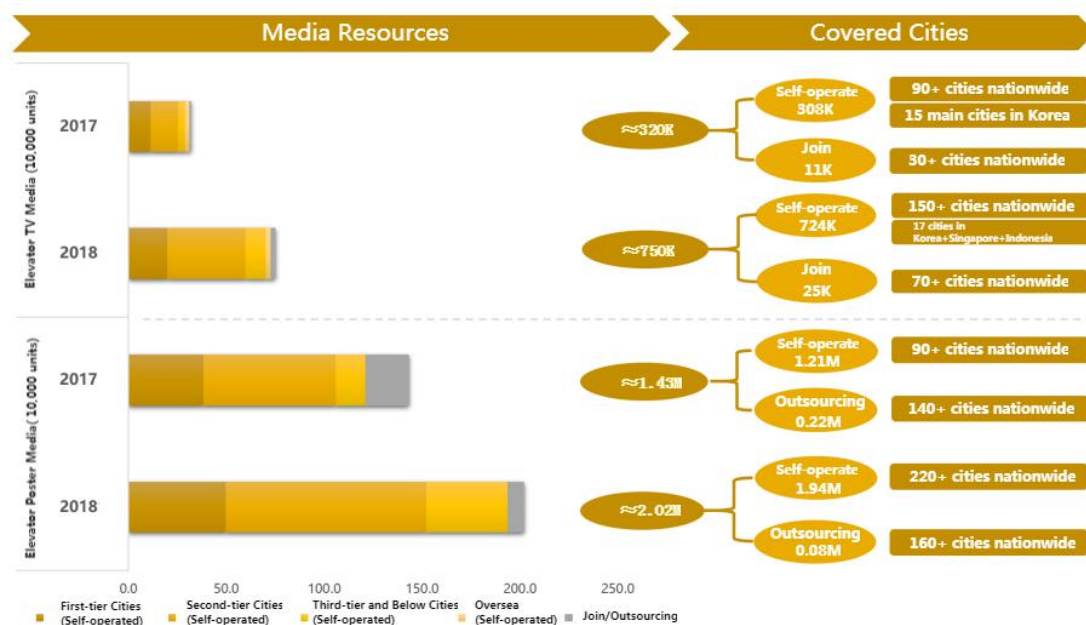
By the end of 2018, the company has covered the media network of living circles in more than 300 cities across the country. The domestic self-operated elevator TV media is about 701,000 units (excluding 23,000 elevator TVs from overseas subsidiaries. According to grassroots research in early January, it is expected With 360,000 horizontal screen TVs and 341,000 vertical screens, it covers about 150 cities across the country (about 93 cities in 2018) and 17 major cities in Korea, Singapore and Indonesia (15 cities in Korea in 2018). Joined 25,000 elevator TV media, covering 74 cities and regions across the country (about 30 cities in 2018); about 1.38 million self-operated elevator poster media, covering about 220 cities across the country (about 117 cities in 2018), outsourcing Cooperative elevator poster media 85,000, covering 165 cities (about 145 cities in 2018); cinema media signed more than 1900 theaters (about 1,750 in 2018), 37 cooperative lines (no change), more than 12,700 screens It covers the audience of about 308 cities (about 300 cities in 2018).

Chart 11: Focus Media domestic point coverage for 2015 - 2018 (excluding overseas)

Point Resource	2016A	2017H1	2017A	2018Q1	2018A	YoY
Number of contracted theaters	1300	1610	1750	1750	1900	8.57%
Number of screens (blocks)	8580	10600	11700	11800	12700	8.55%
Self-operated elevator TV media (10,000 units)	22.5	22.5	30.4	31.3	70.1	130.59%
Of which: horizontal screen TV (10,000 units)	22.5	22.5	30.4	31.3	36.0	18.42%
Of which: vertical screen integrated machine (10,000 units)	0.0	0.0	0.0	0.0	34.1	-
Join the elevator TV media (10,000 units)	1.1	1.1	1.1	1.1	2.5	127.27%
Self-operated elevator poster media (10,000)	115.8	114.5	121.1	128.6	193.8	60.03%
Outsourcing cooperation elevator poster media (10,000)	32.8	5.2	22.4	22.4	8.5	-62.05%

Source: Company Announcement

Chart 12: Concentration of domestic coverage of Focus Media from 2017 to 2018



Source: Company Announcement

Chart 13: Concentration of domestic coverage of Focus Media from 2017 to 2018

Media Type	Domestic Coverage City	Number of domestic self-operated media resources (10,000 units)		YoY (10,000 units)	Change Ratio (%)
		At the end of 2018	At the end of 2017		
Elevator TV Media	First-tier cities	19.6	11.3	8.3	73.45%
	Second-tier cities	40.2	13.9	26.3	189.21%
	Third-tier and below cities	10.3	3.6	6.7	186.11%
Elevator Poster Media	First-tier cities	49.7	38.3	11.4	29.77%
	Second-tier cities	102.3	67.6	34.7	51.33%
	Third-tier and below cities	41.8	15.1	26.7	176.82%

(by city level)

Source: Company Announcement

From the staff configuration to see the business dynamics: in the upstream media resources, the New Media coming into the game led to "enclosure competition." In the downstream sales side, "spreading and unsalable sales" caused rare reinforcement.

As of the end of 2018, the company's overall staff size was 12,736 (+51.35%YoY), which was consistently in the range of 8400-8600 in previous years. From the perspective of specific staffing, the sales staff is 2,274 people (+13.25%YoY), accounting for 13.25%, and the per capita annual revenue contribution is 639.90 million yuan (+6.96%YoY); in 15-17 years, it is maintained at 2,000 people. Left and right, the ratio is constant at around 24%. The rare expansion of sales personnel indicates that the company's point-of-sale distribution pressure has increased sharply. The internal optimization of sales personnel in the past has been unable to meet the problem of "expanding the screen and slow sales".

In this annual report disclosure, the company has combined the past administrative staff, media developers and media operators into "administrators", with a total of 10016 people. According to the changes in personnel allocation in 15-17 years, we assume that among the administrative staff, the administrative staff and media operators of the traditional caliber are similar to the financial staff of the back office, but they are lower than the growth rate of the technical staff, which is set at 15%. It is estimated that in the 18 years, the media developers will reach 3,913 (+451.90%YoY), indicating that in the stage of "burning money", the company defends the location advantage and scale advantage of the resource market of the ladder advertising market, and increases the personnel input point. The reverse cycle expansion of bit resources (the total number of points expanded from 1.6 million in 1Q18 to 2.755 million in 1Q19).

Chart 14: Staffing structure of Focus Media for 2015-2018

Staff composition category	The number of professional composition								YoY (%)
	2015	Proportion (%)	2016	Proportion (%)	2017	Proportion (%)	2018	Proportion (%)	
Production staffs	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-
Sales staffs	2,042	23.84%	2,030	24.11%	2,008	23.86%	2,274	17.85%	13.25%
Technical staffs	143	1.67%	160	1.90%	184	2.19%	216	1.70%	17.39%
Financial staffs	204	2.38%	205	2.43%	207	2.46%	230	1.81%	11.11%
Administrative staffs	575	6.71%	599	7.11%	565	6.71%	650	5.10%	15.00% (Hypothesis)
Media developers	625	7.30%	642	7.62%	709	8.43%	3913	30.72%	451.90%
Media operators	4978	58.11%	4784	56.82%	4742	56.35%	5453	42.82%	15.00% (Hypothesis)
Total	8,567	100.00%	8,420	100.00%	8,415	100.00%	12,736	100.00%	51.35%

Source: Company Announcement

4. Investment Advice

We propose to look at the potential stability potential of gross profit margin and net interest rate from the perspective of gamut and mediation from Focus Media and Trendy Media, and to look at current investment opportunities from a long-term perspective.

5. Risk Warning

Investing in the stock still has the following risks: the risk of new competitors' market perturbation, the risk of continued decline in advertiser budget spending, the risk of government subsidies for sustainability, the risk of restrictions on the release of restricted shares, and the risk of diversion of New Media businesses.