



**FOR IMMEDIATE RELEASE**

**CHINA MEDIAEXPRESS HOLDINGS, INC. ANNOUNCES  
RECORD SECOND QUARTER FINANCIAL RESULTS**

**Second Quarter Revenue and Net Income Increased by 180% and 244%, Respectively**

**Fujian, China – August 13, 2010 – China MediaExpress Holdings, Inc. (NASDAQ GS: CCME)** (“CME” or “Company”), China’s largest television advertising operator on inter-city and airport express buses, today announced financial results for the three and six month period ended June 30, 2010.

**Second Quarter 2010 vs. Second Quarter 2009**

- Revenue increased by 180% to \$53.5 million as compared to \$19.1 million;
- Gross margin for the current second quarter was 79% as compared to 62%
- Income from operations increased by 245% to \$38.3 million as compared to \$11.1 million; and
- Net income increased by 244% to \$28.5 million or \$0.80 per diluted share as compared to \$8.3 million or \$0.40 per diluted share.

**First Half 2010 vs. First Half 2009**

- Revenue increased by 159% to \$98.0 million as compared to \$37.9 million;
- Gross margin for the current first half period was 70% as compared to 62%;
- Income from operations increased by 189% to \$62.5 million as compared to \$21.6 million;
- Net income increased by 196% to \$46.6 million or \$1.07 per diluted share as compared to \$15.7 million or \$0.75 per diluted share; and
- As of June 30, 2010, the Company had more than \$139 million in cash.

Zheng Cheng, CME’s Founder and CEO, commented, “We are very pleased with the record first half results and continuous growth of our business. Our revenue and net income for the first half of 2010 grew by 159% and 196% respectively when compared to the same period of 2009, but more importantly has already surpassed revenue and net income reported for 2009 as a whole. The increase was attributable to several factors including: total amount of advertising time sold; higher average CPM rates; and expansion of our advertising base and geographic coverage. Furthermore, since the third quarter of last year we started to generate additional revenue from the embedded advertisement displayed during the broadcast of the entertainment content and in addition to the revenues generated by the airport express buses, a business which we entered in early 2010. In the beginning of the year, we made the important decision to implement premium advertising rates for airport express buses compared to inter-city bus advertising rates. As a result of these premium advertising rates, we were able to generate \$20.1 million of additional revenue for the first half of 2010 (out of which \$7 million were generated in the first quarter), as compared to the same period of 2009, when this business was non-existing. Our network today covers the airports of Beijing, Fuzhou, Guangzhou and Qingdao.”

Mr. Cheng continued, “From January 2010 to now, we have grown our network by approximately 3,000 express buses to more than 23,200 express buses and we have long-term contracts in place, ranging from three to eight years with 61 bus operators.”

Mr. Cheng noted, “Our clientele continues to grow and includes prestigious clients such as Hitachi, China Telecom, Toyota, Siemens, China Pacific Life Insurance (all of which have purchased advertising time from CME for more than three years), Coca Cola, Pepsi, Wahaha, Siemens, Hitachi, China Telecom, China Mobile, China Post, Toyota, Bank of China and China Pacific Life Insurance. In 2010, our clientele was expanded to include prestigious names such as Wrigley, Bank of Communication and Callreta D.”

Mr. Cheng added, “We have worked hard to effectively implement several growth strategies such as the expansion of our revenue sources through the establishment of the embedded and airport express bus advertising, which have substantially increased our margins. As we have mentioned in the past, we are working on several additional outdoor media opportunities such as the establishing of stationary advertising media at inter-city express bus terminals to complement our core business and are offering new services to advertisers and passengers.”

Jacky Lam, CME’s Chief Financial Officer stated, “As of June 30, 2010, our cash balance continued to grow and we had more than \$139 million in cash as compared to \$114 million as of March 31, 2010 and \$57.2 million as of December 31, 2009. Cash generated from operating activities in the first half of 2010 was \$38.2 million, out of which \$25.3 million was generated in the second quarter. Based on our existing cash resources and the anticipated cash flows from operating activities, we believe that we have sufficient to meet both our short-term and long-term liquidity needs, capital expenditure requirements to achieve our expansion plans, including internal growth initiatives as well as potential acquisitions.”

#### **Reaffirms 2010 Net Income Guidance**

The Company reaffirms its recently revised 2010 net income guidance which is expected to be in the range of \$82 million to \$85 million (on a non-GAAP basis, exclusive of non-cash charges for (i) share based compensation in connection with the granting of options under the Company’s share incentive plan expected to be adopted later in 2010 and (ii) deemed dividends on outstanding convertible preferred shares). Again, these projections exclude the impact of any possible acquisitions, additional of new buses and new investments in other media projects in 2010.

Mr. Cheng concluded, “We are very proud of our achievements. We have a dedicated management team which continues to work diligently to take advantage of several opportunities to increase our market share and further strengthen our position as China’s largest television advertising operator on inter-city and airport express buses. China’s quick economic recovery in 2009, the rapid growth of advertising spending in China (which increased by 13.5% to \$74 billion in 2009), and the better-than-expected outdoor advertising market trends, have paved the way for the ads market to reach new heights in 2010.”

#### **Conference Call**

CME’s Founder & CEO, Zheng Cheng and CFO, Jacky Lam will host a conference call today at 10:00 AM EDT to discuss these results as well as recent corporate developments.

The dial-in numbers are:

(877) 241-7870 (US & Canada)

(281) 312-0045 (International)

Please call in 10 minutes before the conference call is scheduled to begin and ask for the China MediaExpress conference call. After opening remarks, there will be a question and answer period. The conference call will also be broadcast live over the Internet. To listen to the live call, please go to [www.ccme.tv](http://www.ccme.tv) or

<http://investor.shareholder.com/media/eventdetail.cfm?eventid=83289&CompanyID=ABEA-3WTP6Z&e=1&mediaKey=761A92FA0816E8EB83B4B0EA40CA8AAC>.

Please go to the website at least 15 minutes early to register, and download and install any necessary audio software. If you are unable to listen live, the conference call will be archived and can be accessed for approximately 90 days at CME's website. We suggest listeners use Microsoft Explorer as their browser.

CME, through contractual arrangements with Fujian Fenzhong, an entity majority owned by CME'S former majority shareholder, operates the largest television advertising network on inter-city and airport express buses in China. While CME has no direct equity ownership in Fujian Fenzhong, through the contractual agreements CME receives the economic benefits of Fujian Fenzhong's operations. Fujian Fenzhong generates revenue by selling advertisements on its network of television displays installed on over 23,200 express buses originating in sixteen of China's most prosperous regions, including the four municipalities of Beijing, Shanghai, Tianjin and Chongqing and twelve economically prosperous regions, namely Guangdong, Jiangsu, Jiangxi, Fujian, Sichuan, Hebei, Anhui, Hubei, Shandong, Shanxi, Inner Mongolia and Zhejiang which generate over half of China's GDP.

CME is included in the Russell Global Index. For more information visit: [www.ccme.tv](http://www.ccme.tv).

### **Forward-Looking Statements**

This press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include, but are not limited to statements regarding expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about:

- The Company's goals and strategies;
- The Company's future prospects and market acceptance of its advertising network;
- The Company's future business development, financial condition and results of operations;
- Projected changes in revenue, costs, expense items, profits, earnings, and other estimated financial information;
- The Company's ability to manage the growth of its existing advertising network on inter-city express buses and expansion to prospective advertising network on high speed railways;
- Trends and competition in the out-of-home advertising media market in China;
- Changes in general economic and business conditions in China; and
- Chinese laws, regulation and policies, including those applicable to the advertising industry.

### **Use of Non-GAAP Financial Measures**

In addition to CME's consolidated financial results under GAAP, the Company also provides non-GAAP financial measures, including non-GAAP net income and earnings per share, excluding non-cash deemed dividend on convertible preferred shares. The Company believes that the non-GAAP financial measures provide investors with another method of assessing CME's operating results in a manner that is focused on the performance of its ongoing operations. Readers are cautioned not to view non-GAAP results on a stand-alone

basis or as a substitute for results under GAAP, or as being comparable to results reported or forecasted by other companies. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing the performance of CME's liquidity and when planning and forecasting future periods.

The reconciliation from GAAP income attributable to holders of common shares to non-GAAP income attributable to holders of common shares is as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
GAAP Income attributable to holders of common shares	\$ 28,504	\$ 8,281	\$ 37,404	\$ 15,736
Reconciling items:				
Deemed dividend on convertible preferred shares	-	-	9,242	-
Non GAAP Income attributable to holders of common shares	28,504	8,281	46,646	15,736
Weighted average number of shares:				
Basic	33,290,387	20,915,000	32,288,383	20,915,000
Diluted	35,830,505	20,915,000	34,875,216	20,915,000
Non GAAP Earnings per share:				
Basic	\$ 0.86	\$ 0.40	\$ 1.44	\$ 0.75
Diluted	\$ 0.80	\$ 0.40	\$ 1.34	\$ 0.75

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**CHINA MEDIAEXPRESS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands of US dollars, except for number of shares and per share data)  
(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue, net	\$ 53,511	\$ 19,092	\$ 98,036	\$ 37,861
Cost of revenue	(11,398)	(7,229)	(29,329)	(14,362)
Gross profit	<u>42,113</u>	<u>11,863</u>	<u>68,707</u>	<u>23,499</u>
Selling expenses	(2,134)	(261)	(3,890)	(526)
Administrative expenses	(1,681)	(517)	(2,278)	(1,353)
Total operating expenses	<u>(3,815)</u>	<u>(778)</u>	<u>(6,168)</u>	<u>(1,879)</u>
Income from operations	<u>38,298</u>	<u>11,085</u>	<u>62,539</u>	<u>21,620</u>
Interest income	84	21	145	43
Income before income tax expense	<u>38,382</u>	<u>11,106</u>	<u>62,684</u>	<u>21,663</u>
Income tax expense	(9,878)	(2,825)	(16,038)	(5,927)
Net income	<u>\$ 28,504</u>	<u>\$ 8,281</u>	<u>\$ 46,646</u>	<u>\$ 15,736</u>
Deemed dividend on convertible preferred shares	-	-	(9,242)	-
Income attributable to holders of common shares	<u>\$ 28,504</u>	<u>\$ 8,281</u>	<u>\$ 37,404</u>	<u>\$ 15,736</u>
Earnings per share:				
Basic	<u>\$ 0.86</u>	<u>\$ 0.40</u>	<u>\$ 1.16</u>	<u>\$ 0.75</u>
Diluted	<u>\$ 0.80</u>	<u>\$ 0.40</u>	<u>\$ 1.07</u>	<u>\$ 0.75</u>
Weighted average number of shares used in calculating:				
Basic	33,290,387	20,915,000	32,288,383	20,915,000
Diluted	35,830,505	20,915,000	34,875,216	20,915,000

**CHINA MEDIAEXPRESS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands of US dollars except number of shares)  
(Unaudited)

	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 139,321	\$ 57,151
Accounts receivable	20,664	12,569
Prepaid expenses and other current assets	3,372	251
<b>Total current assets</b>	<b>\$ 163,357</b>	<b>\$ 69,971</b>
<b>Non-current assets:</b>		
Property and equipment, net	\$ 12,018	\$ 11,065
Long term prepayment	10,093	-
Deferred tax assets	3,187	1,943
<b>Total non-current assets</b>	<b>\$ 25,298</b>	<b>13,008</b>
<b>TOTAL ASSETS</b>	<b>\$ 188,655</b>	<b>\$ 82,979</b>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,839	\$ 2,179
Amounts due to related parties	3,382	13,315
Payables for acquisitions of equipment	2,250	2,071
Income tax payable	9,980	5,765
Accrued expenses and other current liabilities	6,505	4,144
Accrued concession fees - current	2,357	1,134
<b>Total current liabilities</b>	<b>\$ 27,313</b>	<b>\$ 28,608</b>
<b>Non-current liability:</b>		
Accrued concession fees – non-current	10,392	6,639
<b>Total non-current liability</b>	<b>\$ 10,392</b>	<b>\$ 6,639</b>
<b>Total liabilities</b>	<b>\$ 37,705</b>	<b>\$ 35,247</b>
 <b>Commitment</b>		
<b>Shareholders' equity</b>		
Common shares (\$0.001 par value: 40,000,000 shares authorized; 33,290,452 and 24,859,368 shares issued and outstanding as of June 30, 2010 and December 31, 2009 , respectively)	\$ 33	\$ 24
Preferred Shares (\$0.001 par value: 1,000,000 shares authorized; 1,000,000 and 0 shares issued and outstanding as of June 30, 2010 and December 31, 2009 , respectively)	22,095	-
Additional paid-in capital	62,781	1,960
Subscription receivable from shareholders	-	(3,350)
Accumulated other comprehensive income	1,775	1,346
Statutory reserve	8,834	8,834
Retained earnings	55,432	38,918
<b>Total shareholders' equity</b>	<b>\$ 150,950</b>	<b>\$ 47,732</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 188,655</b>	<b>\$ 82,979</b>

CHINA MEDIAEXPRESS HOLDING INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Amounts in thousands of US dollars)

	<u>Six months ended June 30,</u>	
	2010	2009
<b>Cash flows from operating activities:</b>		
Net income	\$ 46,646	\$ 15,736
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	1,909	1,543
Amortization of long term prepayment	762	-
Deferred tax	(1,228)	(175)
Changes in operating assets and liabilities:		
Accounts receivable	(8,666)	(1,347)
Prepaid expenses and other current assets	(14,212)	23
Accounts payable	759	235
Amounts due to related parties	-	545
Income tax payable	4,158	354
Accrued expenses and other current liabilities	2,753	77
Accrued concession fees	5,329	666
Accrued severance payment	-	35
<b>Net cash from operating activities</b>	<b>\$ 38,210</b>	<b>\$ 17,692</b>
<b>Cash flows used in investing activities:</b>		
Acquisitions of property and equipment, net of related payables	\$ (2,520)	\$ (635)
<b>Cash flows from (used in) financing activities:</b>		
Dividend paid to shareholders	\$ -	\$ (17,555)
Exercise of warrants	47,616	-
Issuance of preferred shares and warrants	30,000	-
Payment of additional consideration in relation to the Share Exchange	(20,890)	-
Repayment of promissory note in connection with Share Exchange	(10,000)	-
Transaction cost paid for issuance of preferred shares and warrants	(583)	-
<b>Net cash from (used in) financing activities</b>	<b>\$ 46,143</b>	<b>\$ (17,555)</b>
<b>Effect of foreign currency translation adjustments on cash</b>	<b>\$ 337</b>	<b>\$ (62)</b>
<b>Net increase (decrease) in cash</b>	<b>\$ 82,170</b>	<b>\$ (560)</b>
<b>Cash at the beginning of the period</b>	<b>57,151</b>	<b>29,997</b>
<b>Cash at the end of the period</b>	<b>\$ 139,321</b>	<b>\$ 29,437</b>