

Industry	Advertising	Exchange / Symbol	NASDAQ GS: CCME
Shares Outstanding	36.9 million	Free Float	Approx. 14 million
Stock Price	\$16.83 (as of 1/4/2011)	Market Cap	\$620 million (as of 1/4/2011)



Business Description

Founded in 2003, China MediaExpress Holdings, Inc. (CME) is China's largest television advertising operator on inter-city and airport express buses. The Company generates revenue by selling advertisements on its network of television displays installed on over 26,400 express buses originating in eighteen of China's most prosperous regions, including the four municipalities of Beijing, Shanghai, Tianjin and Chongqing and fourteen economically prosperous regions, namely Guangdong, Jiangsu, Jiangxi, Fujian, Sichuan, Hebei, Anhui, Hubei, Shandong, Shanxi, Inner Mongolia, Zhejiang, Hunan and Henan.

Investment Highlights

- **Strong nine months 2010 results**
 - * Revenue increased by 142% to \$155.0 million as compared to \$64.0 million;
 - * Gross margin was 72.6% as compared to 64.1%;
 - * Income from operations increased by 179% to \$103.8 million as compared to \$37.2 million;
 - * Net income increased by 184% to \$77.8 million or \$1.86 per diluted share as compared to \$27.4 million or \$1.31 per diluted share; and,
 - * As of September 30, 2010, the Company had approximately \$170 million in cash.
- **Strong revenue and net income growth since its inception and continued growth is anticipated**
 - * 2009 net revenues increased 52.3% to \$95.9 million as compared to \$63.0 million in 2008.
 - * 2009 net income increased 58.2% to \$41.7 million as compared to \$26.4 million in 2008.
 - * 188% CAGR in net revenue from 2006-2009.
 - * 259% CAGR in net income from 2006-2009.
 - * 2010 net income is estimated in the range of \$100 million to \$104 million.
- **CME is the market leader for television advertising on inter-city and airport express buses in China**
 - * Advertising network of over 26,400 buses and long-term agreements with 70 bus operator partners.
 - A monthly average of approximately 80 million passengers travel on CME's network of buses.
 - * Exclusive license from the Chinese Ministry of Transport to install nationwide TV system on buses.
- **Has expanded its business to include airport express buses in its network**
 - * The Company's network of airport express covers six airports: Beijing, Fuzhou, Guangzhou, Qingdao, Changsha and Chongqing.
 - * In Q1'10, CME implemented premium advertising rates for airport express generating approximately \$35 million in revenue for the first nine months of 2010.
- **Has increased its revenue sources, providing clients with additional advertising channels**
 - * Since Q3'09 CME is generating revenue from embedded advertisements which are displayed during the broadcast of the entertainment content.

CME's Business Model

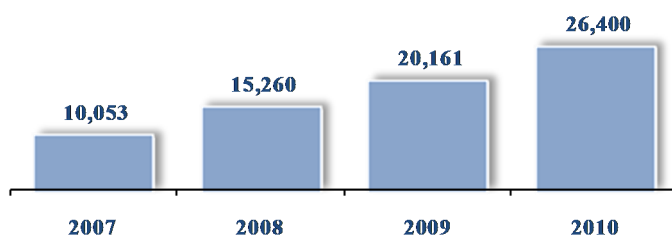
- **Long-term framework agreements with over 70 bus operator partners**
 - * Terms ranging from three to eight years
 - * Pays bus operators concession fees for the right to install displays and automated control systems inside buses and display entertainment content and advertisements
 - * Concession fees are based on the number of buses carrying its advertising and number of passengers
 - Concession fees are subject to increase 10% - 30% per year
- **Installs the equipment and control systems on the buses at its own expense**
- **Provides entertainment programs and advertising**
 - * Obtains a wide range of free content from two of China's largest television stations
 - * Produces content internally (CME has a production license)
 - * Purchases limited movies and programs
 - * Displays advertisements for ten minutes after every thirty minutes of entertainment programs

Geographic Coverage

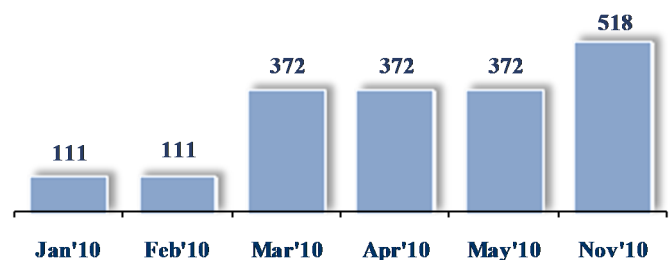
CME network includes eighteen of China's most prosperous regions which generate more than half of China's GDP



Inter-City Bus Network



Airport Express Network



Large and Growing Customer Base

- **Advertising Agency Customers:**
 - * CME does business with approximately 30 advertising agencies
- **Direct Advertising Customers:**
 - * Continues to pursue more direct advertising clients which provide better margins.
- **Large and growing customer base which includes China's leading advertising agencies as well as national and international brands**
 - * Coca Cola, Pepsi, Wahaha, Siemens, Hitachi, Haier, China Telecom, China Mobile, China Post, Procter & Gamble, Bank of China, China Constructing Bank and China Pacific Life Insurance - all advertise on the Company's advertising network.

Selected International Advertisers

HITACHI



TOYOTA

WRIGLEY'S

Coca-Cola

SIEMENS



Selected Domestic Advertisers



中国电信
CHINA TELECOM



中国移动通信
CHINA MOBILE



中国邮政

娃哈哈



太平洋保险
CPIC



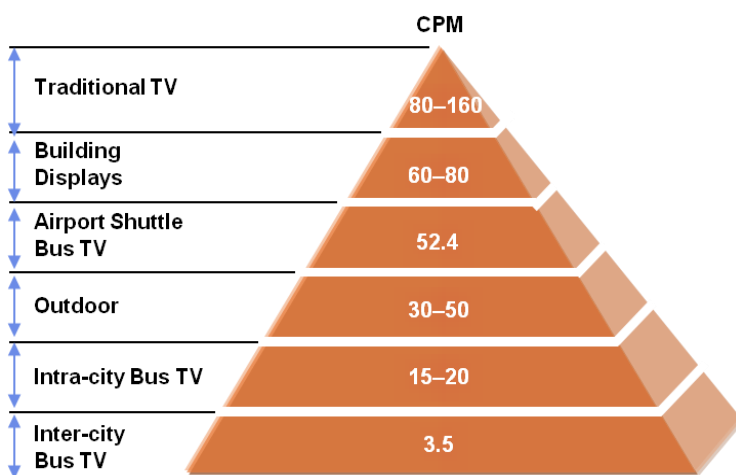
中國銀行
BANK OF CHINA



交通銀行
BANK OF COMMUNICATIONS

Media Advantages

- **High media reach and ad awareness**
 - * Media reach of inter-city bus TV advertising is 1.28 and 2.18 times higher as compared to traditional TV intra-city bus TV advertising, respectively
 - * Media reach of airport bus TV advertising is 90%
 - 90% of surveyed passengers indicated that they have watched advertisements displayed on airport bus TV
 - * Specific client - China Mobile ads: survey indicates that 82% of passengers have watched China Mobile's advertisements on CCME's airport buses
- **Low CPM**
 - * CME's CPM of 15 seconds ad time slot on inter-city buses was \$0.5 (~RMB 3.5) in first half 2010, which approximates 3% of the CPM for local TV stations



9M' 2010 Advertising Industry Breakdown

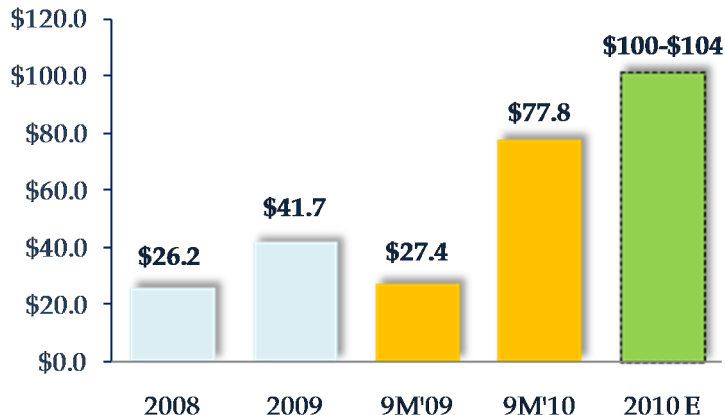
Industry	% Share
Food & Beverage	23%
Household Appliances	13%
Medical Products	11%
Network and Communication	9%
Clothing and Accessory	8%
Electronics	6%
Banking & Finance	5%
Home Supplies	5%
Health Care	4%
Tobacco & Spirit	4%
Others	12%

Financial Highlights

Revenue in \$ million



Net Income in \$ million



(\$ in million) Fiscal periods	YE08	YE09	9M'10	(\$ in million) Periods ended	YE08	YE09	YoY	9M'09	9M'10	YoY
Assets				Revenues	63.0	95.9	52%	64.0	155.0	142%
Cash and Cash Equivalents	30.0	57.2	169.9	Gross Profit	37.9	63.0	66%	41.0	112.5	174%
Accounts Receivable	6.1	12.6	20.3	Gross Margin	60%	66%		64.1%	72.6%	
Total Current Assets	36.1	70.0	194.1	Operating Expenses	(2.8)	(6.4)	129%	(3.8)	(8.7)	129%
Total Assets	49.1	83.0	221.0	Operating Income	35.1	56.6	61%	37.2	103.8	179%
Liabilities				EBITDA	37.9	59.8	58%	39.6	106.7	169%
Current Liabilities	7.8	28.6	28.3	Net Income	26.4	41.7	58%	27.4	77.8	184%
Total Liabilities	14.1	35.3	37.6	Net Margin	42%	43%		43%	50%	
Shareholders' Equity	35.0	47.7	183.3							
Total Liabilities and Shareholders' Equity	49.1	83.0	221.0							

Growth Opportunities

1. CME's five-year agreement with China's Ministry of Transport creates a barrier for other competitors
2. Significantly lower CPM than that of other advertising media provide CME with a significant advantage
3. Advertisers clients are accelerating their efforts to grow their sales beyond the first- and second-tier cities into less developed markets where CME has a strong presence and no competitors
4. China's highway system is expanding rapidly
5. China's GDP and it middle class are growing fast
6. Advertising spending per capita is much lower compare to other countries
7. China's government is taking significant steps to increase internal consumption

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