



To Our Shareholders and Friends:

During the week of Chinese New Year, CCME's stock was the subject of an attack by short sellers that caused volatile swings in its stock price. Management and CCME's Board of Directors are keenly aware of their responsibility to protect our investors from these reckless and baseless attacks and, accordingly, the Company's board has authorized the engagement of outside counsel and other consultants to advise it with regard to appropriate countermeasures.

To allay the concerns of those shareholders who have read the blog posts of the short sellers and wondered if there is any basis to their statements, management has provided below a preliminary review of the factual inaccuracies and misleading innuendo employed by these bloggers for their self-benefit.

The "Research Reports"

On January 31, 2011, Citron Research published a report entitled "The China Reverse Merger stock that is 'Too Good to be True.'" On February 1, 2011, Bronte Capital issued "China MediaExpress the Wall Street Drama Continues." On February 3, 2011, Muddy Waters said that it was "initiating research" with a strong sell recommendation. Each of these reports makes certain allegations about China MediaExpress's reported financial statements and operating data, although none of the authors of these "reports" even attempted to speak with management of CCME or, to our knowledge, performed any meaningful due diligence on the Company or sought to develop a rigorous financial model of its business in the manner any Wall Street research analyst would. We have every reason to believe that each of these "researchers" is actually a short seller, and each stands to make money – at the expense of our stockholders – when they succeed in driving down the price of our stock. This conflict of interest gives rise to understandable doubts about their motivation and intentions and, of course, the objectivity and legitimacy of their "reports."

The manner in which the short sellers seem to have timed and coordinated their

efforts plays into their ultimate strategy. By using the anonymity of the internet and publicizing as many unfounded allegations as they can craft, they can make it look as if there is a ground swell of criticism against the Company when in reality all the claims emerge from a small group of self-interested parties. Their ultimate plan is not a complicated one. As long as they can drive down the stock price when the U.S. markets are open (even if there is a holiday in China) and then cover their short position cheaply and quickly, they have accomplished their goal. It does not take long for them to make a profit at the expense of the company and other shareholders, particularly, if allegations are made while businesses in China are closed.

The Company will actively resist the efforts of these short sellers. First and foremost, **THE COMPANY CATEGORICALLY DENIES THE ALLEGATIONS MADE IN THESE PUBLICATIONS.** We address below the most significant claims made in these materials – all of which contain large factual errors. To the extent it is necessary, we will provide a more comprehensive response at the appropriate time.

We also note that the attacks are continuing and we fully expect to continue to have to take appropriate countermeasures.

Important Examples of the Bloggers’ Factual Inaccuracies and Misleading Tactics

ALLEGATION: The Company is a fraud and reported revenue is exaggerated by tens of millions of dollars.

FACT: The Company is strong and doing well. Its revenues and cash position have been audited by reputable and well-known auditors who have confirmed both.

ALLEGATION: The media kit obtained from CCME’s sales personnel indicates that CCME has less than half of the buses under contract compared to CCME representations.

FACT: As of today, the Company currently has 27,200 buses under contract, and in addition to our regular monthly independent audit and verification by CTR Market Research – which we perform for the benefit of our agents and customers -- we will engage a professional third party to verify that fact. Although Muddy Waters claims to base its attack on our own advertising kit, and has appended to its “report” some spread sheets that Muddy Waters claims to come from our kit, that simply is not the case. The spread sheets on which Muddy Waters purports to rely (a) do not look like ours, (b) are not in the same format as ours, (c) appear to have been authored by

an individual unknown to us (based on a review of the pdf document's properties section, the name of the author does not appear to be a name of any of our Chinese staff), and most importantly (d) do not have the same information as the spread sheets that are included in our advertising kit. We obviously do not know where Muddy Waters sourced this information, but what we do know is that, contrary to what Muddy Waters said in its "report," the information is not the same as our advertising kit.

The spread sheets linked to the Muddy Waters "report" clearly have significant discrepancies from the Company's actual advertising kit, as the following charts indicate:

Muddy Waters' spreadsheet:

Bus Route Information from CCME Media Kit (current as of January 2011)

序号	始发点	到达点	车号	序号	始发点	到达点	车号
1	福州	泉州	闽AY6509	201	福州	杭州	浙AY75075
2	福州	泉州	闽AY6539	202	福州	下白石	闽AY6256
3	福州	泉州	闽AY6500	203	福州	宁化	闽AY2862
4	福州	泉州	闽AY6510	204	福州	宁化	闽AY2626
5	福州	泉州	闽AY6536	205	福州	将乐	闽AY7336
6	福州	泉州	闽AY1205	206	福州	将乐	闽AY2888
7	福州	泉州	闽AY5515	207	福州	将乐	闽AY3241
8	福州	泉州	闽AY5576	208	福州	将乐	闽GY5067
9	福州	泉州	闽AY5030	209	福州	将乐	闽AY7737
10	福州	泉州	闽CY0083	210	福州	建宁	闽AY6535
11	福州	泉州	闽CY0085	211	福州	建宁	闽AY5068
12	福州	泉州	闽CY0086	212	福州	建宁	闽AY3094

Spread sheet from the Company's official advertising kit (showing some of the same buses, with screen counts and entirely different sequencing):

序号	车号	液晶数
197	闽AY7738	2
198	闽AY7751	2
199	闽AY7752	2
200	闽AY5068	2
201	闽AY3094	2

Moreover, the numbers reported by Muddy Waters are entirely different from those appearing in our advertising kit. We have tried to figure out how and why Muddy Waters could have gotten it so wrong, but of course we do not know what they did. We have some theories, but the reality is that it is wrong, dramatically so.

ALLEGATION: Fewer than half of the buses in CCME's network actually show CCME content.

FACT: This claim relies entirely on anecdotal evidence. Under our contracts, bus operators are not allowed to remove our players and display content not provided by our company. Our media players operate on a hard-drive based system that is locked. We have tailor-made our media players (with a patent) so that it is nearly impossible to play content other than that which we supply. The content on the media players can only be updated by CCME operators and is typically updated on our contracted buses twice a month. Drivers are not able to switch off the LCD screens during the trip. In fact, the system automatically loads and plays the content when the bus engine starts and automatically shuts down when the bus engine is turned off.

ALLEGATION: CTR research reports are inaccurate and manipulated by CCME's management.

FACT: CTR is an independent and very reputable research provider. Among other things, CTR used a questionnaire survey to gather basic data from bus companies and the AV Center under the Ministry of Communication. Through the questionnaire, CTR is able to quantify the number of contracted vehicles, LCD screens and monthly sum of passengers. It also obtained statistical data of advertising in inter-city buses, LCD screens, hard disk playback mode, and monthly sum of passengers in the whole of China. All of this data is provided by third parties – the bus operators and the AV Center under the Ministry of Communication – not the Company.

ALLEGATION: CCME's relationship with its largest bus operator does not exist and CCME has misstated the number of buses it contracts with Beijing A-er-sha Passenger Transaction Co. Ltd ("Alsa") and Beijing Xiang Long A-er-sha Passenger Transportation Co. Ltd. ("Xiang Long Alsa").

FACT: The largest operator in CTR's 2008 report, Shanghai Bus Industrial Group Co., Ltd., contracted with us in 2008 (and now) for 1,892 buses. We obviously cannot comment on why Muddy Waters would report otherwise, other than as mentioned above regarding the unknown nature of their 'official advertiser kit,' but the contract does, in fact, exist and they are listed in our current advertiser kit.

From the Muddy Waters report:

Bus Companies Discussed in CTR Report	CTR Report - Number of Buses	Advertiser Kit - Number of Buses	Difference
Shanghai Ba-Shi (Group) Industrial Co. Ltd	1,892	Company Not Listed	1,892

From our official advertiser kit (only the first three buses out of the 1,892 total are shown in the excerpt):

上海巴士实业 (集团) 股份有限公司 (车:1892 液晶:4622)

序号	车号	液晶数
1	沪A65072	2
2	沪A65075	2
3	沪A83822	2

Muddy Waters alleges that it contacted representatives of Alsa and Xiang Long Alsa to find out that they only have 20 buses and 60 buses, respectively. Muddy Waters provides screen shots of these two companies' websites to support this allegation. Because of the scale of CCME's operations, we often enter into a contract with a bus operator on behalf of itself and other bus operators. Of course Alsa or Xiang Long Alsa would not misrepresent to the public that they operate more buses than they do, but neither would they include all the details of their subcontracting arrangements regarding advertising matters in their corporate website. This fact also explains Muddy Waters' exaggerated concern over the number of operators we do business with – it is simply the case that at as of December 31, 2010 we had signed agreements with only 70 bus operators but that those operators had subcontracting arrangements with many others comprising the CCME network. The extraordinary deficiencies in Muddy Waters' "proof" and "analysis" – including presenting information for the wrong customer, failing to investigate and report publicly available information, and failing to make follow-up inquiries with CCME – naturally casts doubt both on their capabilities and/or their objectivity.

ALLEGATION: Apple does not have a deal with CCME's Switow platform.

FACT: We signed a contract with Apple's authorized distributor, Eading Group, in December 2010. We encourage you, when in China, to buy an iPad from them.

ALLEGATION: CCME's Target Audience is Mainly a "SubGreyhound Demographic"

FACT: Our target audience consists of members of households with above-average income in China. CTR's independent research shows that the average household

income of our audience is about RMB 4,500-6,000 per month. This demographic is attractive to the advertisers with whom we have contracted. Some of the global companies that advertise on our platform are Lenovo, China Mobile, Siemens, Toyota and Pepsi.

ALLEGATION: Our “competitors” and certain media buyers do not know CCME.

FACT: The companies listed in the Muddy Waters report are not in the same industry group as CCME. FMCN focuses on the commercial real estate, retail, outdoor billboard, and Internet advertising platforms in China. AMCN is in the airport and airplane segment. VISN and Bus Online are in the intra-city bus segment. We are the media market leader in intercity and airport express buses in China, and there are no comparable competitors, either in size or experience.

ALLEGATION: The 2009 SAIC revenue does not match with our SEC reported financial results.

FACT: CCME’s SAIC reports were prepared in accordance with pertinent SAIC rules and policies. Our consolidated financial results reported in the Company's audited financial statements are prepared in accordance with US GAAP.

ALLEGATION: CCME has misled investors regarding government approval of its operations by calling it an “exclusive license from the Ministry of Transport.”

FACT: The bloggers are playing disingenuous word games. However you want to translate the name of the approval, the Company has lucrative agreements throughout China that are providing strong revenues for the Company and its shareholders. This allegation is an example of how far the bloggers will go to try to create the illusion that there is something wrong with the Company. CCME has been issued a “tongzhi” by the Transportation Television Audio Visual Center, a department under the Ministry of Transport, which has binding effect on the bus operators. We have made a copy of this approval available on our corporate website, which includes the relevant TTAVC Seal (red stamp). What the bloggers don’t say – and can’t say – is that this approval is not lucrative, important, or enforceable or even that this approval does not give the Company the exclusive right to access and advertise to the passengers on these buses. The proof of the pudding is in the eating. The Company has benefited greatly from the “tongzhi” from the TTAVC with operators in cities throughout China.

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As noted above, our ability to respond completely to these bloggers is limited due to the Chinese New Year holidays –a fact that we believe was pivotal to the timing of the release of these “reports.” Although we hope that the investing public will recognize the bloggers’ attacks for what they are, to the extent that a further and more comprehensive response is useful, we will provide further information to the investing public after the Chinese New Year to respond to these defamatory allegations.

Thank you all. I particularly hope that the those shareholders who have remained loyal to CCME and share the vision I have to responsibly leverage our “tongzhi” and designation as the exclusive inter-city bus TV media by China's Ministry of Transport and thereby grow our revenue and profitability will accept my sincere and humble thanks for their trust and support. I am also heartened by the fact that many people have, unbidden, posted responses to these scurrilous attacks and have strongly supported the Company. They have done this on their own, and I thank them for their support. For the stock market speculators interested in enriching themselves through manipulation, information arbitrage and a “zero sum” gain, all at the expense of our investors, I am certain that their actions will ultimately catch up with them.

Zheng Cheng
Chairman, CEO and President
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