China MediaExpress Holdings, Inc.
Form 10-Q
November 16, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

þ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2009.

or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________.

Commission File Number 001-33746

CHINA MEDIAEXPRESS HOLDING, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	20-8951489 (I.R.S. Employer Identification No.)

Room 2805, Central Plaza, Wanchai Hong Kong
(Address of Principal Executive Offices including zip code)

+852 2827 6100
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every, Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes þ No o

Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company

Large Accelerated Filer o	Accelerated Filer o	Non-Accelerated Filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act).
Yes o No þ

As of November 13, 2009, 23,917,413 shares of the issuer's common stock, par value $0.001, were outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHINA MEDIAEXPRESS HOLDINGS, INC. (f/k/a TM Entertainment and Media, Inc.)
(A CORPORATION IN THE DEVELOPMENT STAGE)
Condensed Balance Sheets

	September 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash	$ 3,093	$ 159,689
Cash held in trust available for taxes	-	15,770
Prepaid expenses	5,898	89,776
Total current assets	8,991	265,235
Cash held in trust - restricted	81,078,273	81,119,299
Total assets	$ 81,087,264	$ 81,384,534
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable, Initial Stockholder	$ 235,000	$ -
Accounts payable and accrued liabilities (including related parties of $115,777 and $46,350 respectively)	1,302,010	414,563
Total current liabilities	1,537,010	414,563
Deferred underwriting fee	3,281,600	3,281,600
Total liabilities	4,818,610	3,696,163
Commitments and contingencies		
Common stock, subject to possible conversion of 3,075,475 shares	24,285,542	24,285,542
Interest income attributable to common stock, subject to possible conversion (net of taxes of $0 and $4,731 respectively)	29,832	42,136
Stockholders' equity:		
Preferred stock — 1,000,000 shares authorized, $.001 par value, none issued and outstanding	—	—
Common stock — 40,000,000 authorized, $.001 par value, 12,505,000 issued and outstanding (which includes 3,075,475 shares subject to possible conversion)	12,505	12,505
Additional paid-in capital	53,575,335	53,575,335
(Deficit) accumulated during the development stage	(1,634,560)	(227,147)
Total stockholders' equity	51,953,280	53,360,693
Total liabilities and stockholders' equity	$ 81,087,264	$ 81,384,534

The accompanying notes are an integral part of the condensed financial statements.

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CHINA MEDIAEXPRESS HOLDINGS, INC. (f/k/a TM Entertainment and Media, Inc.)
(A CORPORATION IN THE DEVELOPMENT STAGE)
Condensed Statements of Operations (unaudited)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Period from May 1, 2007 (inception) to September 30, 2009
Formation and operating expenses	$ (542,003)	$ (340,071)	$ (1,567,710)	$ (1,860,768)	$ (3,857,091)
Interest expense	(5,875)	—	(9,075)	—	(11,740)
Interest income	9,368	421,588	157,068	1,227,687	2,264,103
(Loss) income before Taxes	(538,510)	81,517	(1,419,717)	(633,081)	(1,604,728)
Income taxes	—	—	—	—	—
Net (loss) income	(538,510)	81,517	(1,419,717)	(633,081)	(1,604,728)
Less: interest attributable to common stock subject to possible conversion (net of taxes of $0, $0, $0, $0 and $0 respectively)	16,915	—	12,304	—	(29,832)
Net (loss) income attributable to common stock not subject to possible conversion	$ (521,595)	$ 81,517	$ (1,407,413)	$ (633,081)	$ (1,634,560)
Net(loss) income per share:					
Basic	$ (0.04)	$ 0.01	$ (0.11)	$ (0.05)	
Diluted	$ (0.04)	$ 0.01	$ (0.11)	$ (0.05)	
Weighted average shares outstanding:					
Basic	12,505,000	12,505,000	12,505,000	12,505,000	
Diluted - Pro-forma	12,505,000	12,505,000	12,505,000	12,505,000	
Weighted average shares outstanding subject to possible conversion	3,075,475	3,075,475	3,075,475	3,075,475	

Net (loss) income per share attributable to common stock not subject to possible conversion:				
Basic	$ (0.06)	$ 0.01	$ (0.15)	$ (0.07)
Diluted - Pro-forma	$ (0.06)	$ 0.01	$ (0.15)	$ (0.07)

The accompanying notes are an integral part of the condensed financial statements.

CHINA MEDIAEXPRESS HOLDINGS, INC. (f/k/a TM Entertainment and Media, Inc.)
(A CORPORATION IN THE DEVELOPMENT STAGE)
Condensed Statement of Stockholders' Equity

	For the Period from May 1, 2007 (inception) to September 30, 2009				
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	(Deficit) Retained Earnings Accumulated During Development Stage	Stockholders' Equity
Issuance of common stock to initial stockholders on May 1, 2007 at $.011 per share	2,250,000	$ 2,250	$ 22,750		$ 25,000
Sale of Private Placement Warrants			2,100,000		2,100,000
Sale of 10,255,000 units through public offering (net of underwriter's discount and offering expenses)					
Including 3,075,475 shares subject to possible conversion	10,255,000	10,255	75,738,027		75,748,282
Proceeds from sale of underwriters' purchase option			100		100
Proceeds subject to possible conversion			(24,285,542)		(24,285,542)
Net Income				$ 190,096	190,096
Balance at December 31, 2007	12,505,000	12,505	53,575,335	190,096	53,777,936
Accretion of trust fund relating to common stock subject to possible conversion (net of taxes of $4,731)				(42,136)	(42,136)
Net loss for the year ended December 31, 2008				(375,107)	(375,107)
Balance at December 31, 2008	12,505,000	12,505	53,575,335	(227,147)	53,360,693
Accretion of trust fund relating to common stock subject to possible conversion (net of taxes of $0)				12,304	12,304
Net loss for the nine months ended September 30, 2009				(1,419,717)	(1,419,717)
Balance at September 30, 2009 (unaudited)	12,505,000	$ 12,505	$ 53,575,335	$ (1,634,560)	$ 51,953,280

The accompanying notes are an integral part of the condensed financial statements.

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CHINA MEDIAEXPRESS HOLDINGS, INC. (f/k/a TM Entertainment and Media, Inc.)
(A CORPORATION IN THE DEVELOPMENT STAGE)
Condensed Statement of Cash Flows
(unaudited)

	For the Nine Months Ended September 30 , 2009	For the Nine Months Ended September 30, 2008	For the Period from May 1, 2007 (inception) to September 30, 2009
Cash flows from operating activities:			
Net (loss)	$ (1,419,717)	$ (633,081)	$ (1,604,728)
Decrease (increase) in prepaid expenses	83,878	77,069	(5,898)
Increase in accounts payable and accrued liabilities	887,447	538,894	1,302,010
Net cash used in operating activities	(448,392)	(17,118)	(308,616)
Cash flows from investing activities:			
Cash placed in Trust	41,026	—	(81,078,273)
Net cash used in investing activities	41,026	—	(81,078,273)
Cash flows from financing activities:			
Proceeds from sale of shares of common stock to Initial Stockholders	—	—	25,000
Proceeds from sale of units to public	—	—	82,040,000
Proceeds from private placement of warrants	—	—	2,100,000
Proceeds from note payable to Initial Stockholder	235,000	—	335,000
Repayment of note payable to Initial Stockholder	—	—	(100,000)
Proceeds from sale of underwriters' purchase option	—	—	100
Payment of deferred offering costs	—	—	(3,010,118)
Net cash provided by financing activities	235,000	—	81,389,982
Net (decrease) increase in cash	(172,366)	(17,118)	3,093
Cash at beginning of period	175,459	465,373	—
Cash at end of period	$ 3,093	$ 448,255	$ 3,093
Supplemental disclosure of non cash financing activities			
Accrual of deferred underwriting fee	$ —	$ —	$ 3,281,600

The accompanying notes are an integral part of the condensed financial statements

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CHINA MEDIAEXPRESS HOLDINGS, INC. (f/k/a TM Entertainment and Media, Inc.)
(A CORPORATION IN THE DEVELOPMENT STAGE)
Notes to Condensed Financial Statements (unaudited)

1. Organization and Business Operations/Going Concern Considerations

China MediaExpress Holdings, Inc. (f/k/a TM Entertainment and Media, Inc.) (the "Company") was incorporated in Delaware on May 1, 2007 for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the entertainment, media, digital and communications industry.

At September 30, 2009, the Company had not yet commenced any operations. All activity through September 30, 2009 relates to the Company's formation and the public offering (the "Offering") described below, and activities relating to identifying and evaluating prospective acquisition candidates and is subject to the risks associated with activities of development stage companies. The Company has selected December 31 as its fiscal year-end.

On October 15, 2009, pursuant to the terms of a Share Exchange Agreement, dated as of May 1, 2009, as amended on September 30, 2009 ("Share Exchange Agreement"), China MediaExpress Holdings, Inc. (f/k/a TM Entertainment and Media, Inc.) ("TM") acquired all of the issued and outstanding capital stock of Hong Kong Mandefu Holding Limited ("CME") and as a result, CME became a direct wholly-owned subsidiary of TM (the "Transaction"). The acquisition has been treated as a recapitalization of CME and a reverse merger. All filings subsequent to the September 30, 2009 Quarterly Report on Form 10-Q will include those of CME.

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 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.

Pursuant to the Share Exchange Agreement, TM purchased 100% of the outstanding equity of CME and issued 20.915 million newly issued shares of common stock and paid $10.0 million in three year, no interest promissory notes. In addition, the former shareholders of CME may earn up to an additional 15.0 million shares of common stock subject to the achievement of the following net income targets for 2009, 2010 and 2011:

Year	Net Income (RMB)	Net Income (US$)(1)	Shares
2009	287.0 million	$42.0 million	1.0 million
2010	570.0 million	$83.5 million	7.0 million
2011(2)	889.0 million	$130.2 million	7.0 million

In connection with the approval of the Transaction at the October 15, 2009 Special Meeting of Stockholders of TM, the stockholders of TM also approved (i) an amendment to TM's Amended and Restated Certificate of Incorporation to remove the prohibition on the consummation of a Business Combination (as defined therein) if holders of an aggregate of 30% or more in interest of the shares of TM's common stock issued in its initial public offering ("IPO Shares") exercise their conversion rights, (ii) to amend TM's Amended and Restated Certificate of Incorporation to remove the requirement that only holders of the IPO Shares who vote against the Transaction (as defined below) may convert their IPO Shares into cash; (iii) to amend TM's Amended and Restated Certificate of Incorporation to change TM's corporate name to "China MediaExpress Holdings, Inc.," delete certain provisions that related to TM as a blank check company and create perpetual existence; (iv) to amend TM's Amended and Restated Certificate of Incorporation to increase the number of shares authorized for issuance; and (v) to elect six persons to CME's board of directors to serve for the respective term of office of the class to which the nominee is elected and until their successors are duly elected and qualified. Proxies relating to such Special Meeting of Stockholders were solicited pursuant to TM's Definitive Proxy Statement on Schedule 14A dated October 2, 2009 (the "TM Definitive Proxy").

The registration statement for the Company (described in Note 4) was declared effective October 17, 2007. The Company consummated the Offering on October 23, 2007, and received net proceeds of $77,848,282, including $2,100,000 of proceeds from the private placement (the "Private Placement") sale of 2,100,000 insider warrants to the officers and directors of the Company, and their affiliates. The insider warrants purchased by these individuals and their affiliates are identical to the warrants underlying the Units sold in the Offering (see Note 4), except that the insider warrants will be exercisable on a cashless basis and will not be redeemable by the Company so long as they are still held by the purchasers or their affiliates. The purchasers of the insider warrants have agreed that they will not sell or transfer the insider warrants (except in certain cases) until 60 days after the consummation of the Company's business combination. The sale of the warrants to management will not result in the recognition of any stock-based compensation expense because they were sold above fair market value.

Going concern consideration – As indicated in the accompanying financial statements, at September 30, 2009 the Company had unrestricted cash of $3,093, and a note payable of $235,000 and $1,302,010 of accounts payable and accrued liabilities. Additionally, the Company has incurred and expects to incur additional significant costs in pursuit of its acquisition plans which is in excess of its unrestricted cash available at September 30, 2009

Through September 30, 2009 the Company withdrew $1,500,000 of interest from the trust for operating expenses (excluding $654,982 of interest earned and used to pay taxes). Since inception to September 30, 2009 the Company has incurred $3,202,109 of operating and interest expenses (excluding taxes of $654,982) of which $1,302,010 was payable as of September 30, 2009. The Company had cash available at September 30, 2009 of $3,093 for operating expenses. Therefore, at September 30, 2009, the Company has incurred liabilities which exceed cash available. The Company expects to incur additional significant costs in pursuit of its acquisition plans. The Company is seeking to obtain deferrals of payables from its vendors, including its professional advisors except for its independent accountants. In the event the Company is unsuccessful in obtaining these deferrals, it may seek additional financing, including loans from its Initial Stockholders. On May 4, 2009, Thoedore S. Green, the Chairman, Co-CEO and interim CFO of the Company, loaned the Company $200,000, and on July 1, 2009 an additional $35,000. These factors, among others, raise substantial doubt about the Company's ability to continue operations as a going concern. The accompanying financial statements do not include any adjustments that may result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Basis of Reporting

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United Sates (“GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items which are considered necessary for a fair presentation of the financial position of China MediaExpress Holdings, Inc. (f/k/a TM Entertainment and Media, Inc.) (the “Company”) and the results of operations and cash flow for the periods presented). The results of operations for the period ended September 30, 2009 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the period ended December 31, 2008 included in the Annual Report of the Company on Form 10-K filed with the SEC on March 31, 2009. The Condensed Balance Sheet at December 31, 2008 is derived from the December 31, 2008 audited financial statements.

Cash and cash equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased, to be cash equivalents.

Concentration of Credit Risk

The Company maintains cash in a bank deposit account which, at times, exceeds federally insured (FDIC) limits. The Company has not experienced any losses on this account. The Company’s Money Market account was guaranteed by the U.S. Department of Treasury through September 18, 2009.

Net (Loss) Income Per Share

Basic and diluted net (loss) income per share is computed by dividing net (loss) income applicable to common stockholders by the weighted average number of common shares outstanding for the period.

Pro forma diluted EPS includes the determinants of basic and diluted EPS plus to the extent dilutive, the incremental number of shares of common stock to settle outstanding common stock purchase warrants, as calculated using the treasury stock method. The 12,355,000 warrants outstanding for the period ended September 30, 2009 and 2008 were not included in the computation of pro-forma dilutive loss per share because the net effect would have been anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The fair values of the Company's financial instruments reflect the estimates of amounts that would be received from selling an asset in an orderly transaction between market participants at the measurement date. The fair value estimates presented in this report are based on information available to the Company as of September 30, 2009 and December 31, 2008.

In accordance with Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157") (codified in FASB ASC Topic 820), the Company applies a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels are the following:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of cash and investments held in the trust account were estimated using Level 1 inputs and approximates the fair value because of their nature and respective duration.

Consideration of Subsequent Events

The Company evaluated all events and transactions occurring after September 30, 2009 through November 13, 2009, the date these condensed financial statements were issued, to identify subsequent events which may need to be recognized or non-recognizable events which would need to be disclosed. No recognizable events were identified. See Note 12 for non-recognizable events identified for disclosure.

Recently Adopted Accounting Pronouncements

Noncontrolling Interest in Consolidated Financial Statements – In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements ("SFAS 160") (codified in Financial Accounting Standards ("FASB") Accounting Standards Codification ("ASC") Topic 810. SFAS 160 re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of minority interests as a component of equity. Under SFAS 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings. The effective date for SFAS 160 is for annual periods beginning on or after December 15, 2008. Early adoption and retroactive application of SFAS 160 to fiscal years preceding the effective date are not permitted. The Company will evaluate the impact of SFAS 160 on the financial statements should it complete a business acquisition within its required timeframe (prior to October 24, 2009).

Business Combinations – In December 2007, FASB issued SFAS No. 141R, Business Combinations (“FASB 141R”). FASB 141R replaces FASB Statement No. 141 Business Combinations but retains the fundamental requirements in FASB 141. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. FASB 141R also requires that an acquirer recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. In addition, this statement requires that the acquirer in a business combination achieved in stages to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values. FASB 141R is applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply the standard before that date. FASB 141R will be applied prospectively for acquisitions beginning in 2009 or thereafter.

On April 1, 2009, the FASB issued FASB Staff Position (FSP) FAS 141(R) -1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies. This FSP provides additional guidance and disclosure requirements regarding the recognition and measurement of contingent assets acquired and contingent liabilities assumed in a business combination where the fair value of the contingent assets and liabilities cannot be determined as of the acquisition date. This FSP is effective for acquisitions occurring after January 1, 2009. The adoption of this FSP did not have any impact on the Company, and its future impact will be dependent upon the specific terms of future business combinations, if any.

On April 9, 2009, the FASB simultaneously issued the following three FSPs:

· FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly which is codified in FASB ASC Topics 820-10-35-51 and 820-10-50-2, provides additional guidance to companies for determining fair values of financial instruments for which there is no active market or quoted prices may represent distressed transactions. The guidance includes a reaffirmation of the need to use judgment in certain circumstances.

· FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments which is codified in FASB ASC Topic 825-10-50 , requires companies to provide additional fair value information for certain financial instruments in interim financial statements, similar to what is currently required to be disclosed on an annual basis.

· FSP FAS 115-2, FAS 124-2, and EITF 99-20-2, Recognition and Presentation of Other-Than-Temporary Impairments which is codified in FASB ASC Topic 320-10, amends the existing guidance regarding impairments for investments in debt securities. Specifically, it changes how companies determine if an impairment is considered to be other-than-temporary and the related accounting. This standard also provides for increased disclosures.

These FSPs apply to both interim and annual periods and will be effective for the Company beginning April 1, 2009. The Company has evaluated these standards and believe they will have no impact on its financial condition and results of operations.

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (“SFAS 165”) codified in FASB ASC Topic 855-10-05. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The Company adopted SFAS 165 and it had no impact on the financial statements except for disclosure of consideration of subsequent events.

3. Recent Accounting Pronouncements, Not Effective

In June 2009, the FASB issued SFAS No. 166 “Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140” (“SFAS 166”) codified as FASB ASC Topic 860. SFAS 166 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor’s continuing involvement, if any, in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 166 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 167 “Amendments to FASB Interpretation No. 46(R)” (“SFAS 167”) codified as FASB ASC Topic 810-10. SFAS 167 improves financial reporting by enterprises involved with variable interest entities and to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), “Consolidation of Variable Interest Entities”, as a result of the elimination of the qualifying special-purpose entity concept in SFAS 166 and (2) constituent concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise’s involvement in a variable interest entity. SFAS 167 is effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 167 will have on its financial statements.

On July 1, 2009, the Company adopted Accounting Standards Update (“ASU”) No. 2009-01, “Topic 105 - Generally Accepted Accounting Principles - amendments based on Statement of Financial Accounting Standards No. 168 , “The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles” (“ASU No. 2009-01”). ASU No. 2009-01 re-defines authoritative US GAAP for nongovernmental entities to be only comprised of the FASB Accounting Standards Codification™ (“Codification”) and, for SEC registrants, guidance issued by the SEC. The Codification is a reorganization and compilation of all then-existing authoritative US GAAP for nongovernmental entities, except for guidance issued by the SEC. The Codification is amended to effect non-SEC changes to authoritative US GAAP. Adoption of ASU No. 2009-01 only changed the referencing convention of US GAAP in Notes to the Consolidated Financial Statements.

4. Initial Public Offering

On October 17, 2007 the Company sold 10,255,000 Units in the Offering at a price of $8.00 per Unit, including 1,255,000 Units of their over-allotment option. Each Unit consists of one share of the Company’s common stock and one redeemable common stock purchase Warrant. Each Warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of $5.50 commencing on the later of the completion of a Business Combination and one year from the effective date of the Offering (October 17, 2007) and expiring four years from the effective date of the Offering. The Company may redeem the Warrants, at a price of $.01 per Warrant upon 30 days’ notice, while the Warrants are exercisable only in the event that the last sale price of the common stock is at least $11.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. In accordance with the warrant agreement relating to the Warrants sold and issued in the Offering, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant will not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised, unredeemed and worthless.

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The Company sold to Pali Capital, Inc. (“Pali”), as representatives of the underwriters, for $100, an option to purchase up to a total of 700,000 Units at $10.00 per Unit. The Units issuable upon the exercise of this option are identical to those sold in the Offering. This option is exercisable at $10.00 per Unit, and may be exercised on a cashless basis, commencing on the later of the consummation of a Business Combination and one year from the date of the effectiveness of the Offering and expiring five years from the date of the effectiveness of the Offering. The estimated fair value of this option is approximately $2,207,000, $3.15 per Unit, using a Black-Scholes option-pricing model. The fair value of the option granted is estimated as of the date of the grant using the following assumptions: (1) expected volatility of 45.2%, (2) risk-free discount rate of 4.95%, (3) expected life of five years and (4) dividend rate of zero. The volatility is based on the average five year daily volatility of the 20 smallest (by market capitalization) media companies in the Russell 2000 Index. Although an expected life of five years was used in the calculation, if the Company does not consummate a Business Combination within the prescribed time period and automatically dissolves and subsequently liquidates the trust account, the option will become worthless.

5. Related Party Transactions

The Company may occupy office space provided by the Initial Stockholders, or an affiliate of one of the Initial Stockholders, or a third party. The Initial Stockholders agreed that, until the Company consummates a Business Combination, it will make such office space, as well as certain office and secretarial services, available to the Company, as may be required by the Company from time to time. The Company has agreed that it will pay up to $7,500 per month for such services commencing on the effective date of the Offering. However, such Initial Stockholders have elected to receive $6,400 per month instead. For the nine months ended September 30, 2009, the Company has incurred $57,600 of expense relating to this agreement, which is included in formation and operating expenses in the accompanying Statements of Operations, which was payable as of September 30, 2009. For the period from May 1, 2007 (inception) through September 30, 2009 the Company has incurred $150,297 of expense relating to this agreement, which is included in formation and operating expenses in the accompanying Statement of Operations, of which $102,400 was payable as of September 30, 2009.

Pursuant to letter agreements, which the Initial Stockholders have entered into with the Company and the underwriters, the Initial Stockholders waived their right to receive distributions with respect to their initial shares upon the Company's liquidation.

The Company's officers and directors purchased a total of 2,100,000 Warrants ("Insider Warrants") at $1.00 per Warrant (for an aggregate purchase price of $2,100,000) concurrently with the consummation of the Offering pursuant to a private placement agreement with the Company. All of the proceeds received from these initial purchases were placed in the Trust Account. The Insider Warrants are identical to the Warrants underlying the Units included in the Offering except that the Insider Warrants may not be called for redemption and the Insider Warrants are exercisable on a "cashless basis," at the holder's option, so long as such securities are held by such purchaser or his affiliates. Furthermore, the purchasers have agreed that the Insider Warrants will not be sold or transferred by them, except for estate planning purposes, until after the Company has completed a Business Combination. The sale of the warrants to management did not result in the recognition of any stock-based compensation expense because they were sold above fair market value. The holder of these Insider Warrants will not have any right to any liquidation distributions with respect to shares underlying these warrants if the Company fails to consummate a Business Combination, in which event these warrants will expire worthless.

The Initial Stockholders and the holders of the Insider Warrants (or underlying securities) will be entitled to registration rights with respect to their initial shares or Insider Warrants (or underlying securities) pursuant to an agreement signed on the date of the Offering. The holders of the majority of these securities may elect to exercise these registration rights with respect to such securities at any time after the Company consummates a Business Combination. The holders have certain "piggy-back registration rights" with respect to registration statements filed after the Company's consummation of a Business Combination. The Insider Warrants may be exercisable for unregistered shares of common stock even if no registration relating to the common stock issuable upon exercise of the warrants is effective and current.

6. Note Payable

On May 4, 2009, Theodore S. Green, the Chairman and Co-CEO and interim CFO and initial stockholder of the Company, loaned the Company $200,000 (the “Loan”) as evidenced by a promissory note issued by the Company (the “Note”). On July 1, 2009, Mr. Green loaned the Company an additional $35,000. Mr. Green may lend the Company up to an additional $65,000 in his discretion (see Note 10). The principal balance of the Note outstanding plus accrued interest was repaid on October 16, 2009. The principal balance of the Note bears interest at a rate of 10% per year, compounded semiannually. The proceeds of the loans were used to fund certain expenses incurred in connection with the proposed transaction with CME and the balance for working capital.

7. Commitments and contingencies

The Company paid the underwriters in the Offering an underwriting discount of 7% of the gross proceeds of the Offering. However, the underwriters have agreed that 4% of the gross proceeds will be held in the Trust Account and will not be payable unless and until the Company completes a Business Combination.

8. Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statements and tax basis of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to effect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Significant components of the Company’s deferred tax assets are as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Deferred tax benefit	$ 1,710,000	$ 1,020,000
Less: valuation allowance	(1,710,000)	(1,020,000)
Total	$ -	$ -

The Company is considered in the development stage for income tax reporting purposes. Federal income tax regulations require that the Company defer certain expenses for tax purposes. Therefore, the Company has recorded a deferred income tax asset of $1,710,000 for deferred expenses. The Company believes that it is not more likely than not that it will be able to realize this deferred tax asset in the future and, therefore, it has provided a valuation allowance against this deferred tax asset.

The effective tax rate differs from the statutory rate of 34% due to state and local taxes and deferred start up costs, an increase in the valuation allowance and permanent differences relating to tax free interest income.

The Company has adopted the provisions of the Financial Accounting Standards Board (“FASB”) Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109. FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with SFAS No. 109, Accounting for Income Taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Accordingly, the Company reports a liability for unrecognized tax benefits resulting from the uncertain tax positions taken or expected to be taken in a tax return and recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense. The Company intends to classify any future expense for income tax related interest and penalties as component of tax expense. The adoption of FIN 48 had no impact on the Company’s financial position.

9. Common Stock Subject to Possible Redemption

As of September 30, 2009 the Company was prohibited from proceeding with a Business Combination if Public Stockholders owning 30% or more of the shares sold in the Offering vote against the Business Combination and exercise their redemption rights. Accordingly, the Company was only permitted to complete a Business Combination only if stockholders owning less than 29.99% of the shares sold in this Offering exercise their redemption rights. If this occurred, the Company would be required to redeem for cash up to 29.99% of the 10,255,000 shares of common stock sold in the Offering, or 3,075,475 shares of common stock, at an initial per-share redemption price of $7.90 (plus a portion of the interest earned on the trust account, but net of (i) taxes payable on interest earned and (ii) up to $1,500,000 of interest income released to the Company to fund its working capital), which includes $0.32 per share of deferred underwriting discount and commissions.

The actual per-share redemption price will be equal to:

- the initial amount in the trust account which includes the amount attributable to deferred underwriting discounts and commissions and including all accrued interest (less taxes payable and up to $1,500,000 of interest income released to the Company to fund its working capital), as of two business days prior to the proposed consummation of the Business Combination, divided by

- the number of shares of common stock sold in the Offering.

The dissenting stockholders will receive their proportionate share of the deferred underwriting discounts and commissions and the underwriters will be paid the full amount of the deferred underwriting fees at the time of the consummation of the initial business combination. The Company will be responsible for such payments to both the converting stockholders and underwriters.

As discussed in Note 1, certain restrictions on exercising conversion rights were removed. Holders of 9,602,587 shares exercised their conversion rights and $ 75,920,089 were returned.

10. Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

The agreement with the underwriters prohibits the Company, prior to a Business Combination, from issuing preferred stock which participates in the proceeds of the Trust Account or which votes as a class with the Common Stock on a Business Combination.

11. Acquisition

On May 1, 2009, the Company and the shareholders of privately-held Hong Kong Mandefu Holdings Limited (d/b/a China MediaExpress) ("CME") entered into a definitive share exchange agreement whereby the Company will acquire 100% of the outstanding equity of CME, subject to approval of the Company' stockholders. Upon the closing of the transaction, which is anticipated in the fourth quarter of 2009, the Company will change its name to China MediaExpress Holdings, Inc.

Under the terms of the transaction as amended on September 30, 2009, the CME's shareholders will receive 20,915,000 newly issued shares of the Company's common stock and $10.0 million in notes payable upon the closing of the transaction. CME shareholders may earn up to an additional 15.0 million shares of the Company's common stock, subject to the achievement of the following net income targets for 2009 - 2011:

Year	Net Income (RMB)	Net Income (US$)1	Shares
2009	287.0 million	$42.0 million	1.0 million
2010	570.0 million	$83.5 million	7.0 million
2011	889.0 million	$130.2 million	7.0 million

(1) Based on exchange rate of 6.83 RMB/USD.

In addition, CME shareholders are entitled to receive up to $20.9 million of the cash proceeds from the exercise of the Company's publicly held common stock purchase warrants.

CME generates revenue by selling advertisements on its network of television displays installed on express buses originating in nine of China's regions, including the five municipalities of Beijing, Shanghai, Guangzhou, Tianjin and Chongqing and eight provinces, namely Guangdong, Jiangsu, Fujian, Sichuan, Hubei, Anhui, Hebei and Shandong.

The transaction will be accounted for as a reverse acquisition in which CME is the accounting acquirer, equivalent to a recapitalization. The net monetary assets of the Company will be recorded as of the closing date of the transaction at their respective historical costs, which is considered to be the equivalent of fair value. No goodwill or intangible assets will be recorded as a result of the transaction. The Company has filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC") with respect to the proposed transaction. Upon the approval by the SEC, the proxy statement was sent to stockholders in connection with a meeting to approve of the proposed transaction.

12. Subsequent Events

On October 15, 2009 at a Special Meeting of stockholders of the Company the following were approved:

- Amended and Restated Certificate of Incorporation to remove the prohibition on the consummation of a Business Combination if holders of an aggregate of 30% or more in interest of the shares of our common stock issued in our initial public offering ("IPO Shares") exercise their conversion rights;

- Amended and Restated Certificate of Incorporation to remove the requirement that only holders of the IPO Shares who vote against the Transaction (as defined below) may convert their IPO Shares into cash;

- Approved the purchase by TM of CME pursuant to the Share Exchange Agreement and the transactions contemplated thereby;

- Approved the issuance of shares of TM Common Stock pursuant to the Share Exchange Agreement to the Sellers (whereby the number of shares of TM Common Stock that will be issued to the Sellers is 20.915 million and up to an additional 15.0 million shares if certain net income targets are met;

- Amended and Restated Certificate of Incorporation to change TM's corporate name to "China MediaExpress Holdings, Inc.," increase the number of shares authorized for issuance, delete certain provisions that relate to us as a blank check company and create perpetual existence;

- Amended and Restated Certificate of Incorporation to increase the number of shares authorized for issuance;

- Elected six persons to TM's board of directors to serve for the respective term of office of the class to which the nominee is elected and until their successors are duly elected and qualified.

Following the closing of the Transaction, Pali Capital waived its deferred underwriting fee of $3,281,600. The Trustee liquidated the Trust Fund paying all shareholders that requested to exercise their conversion rights and the balance of the Trust was paid to the Company. The Company paid all transaction expenses and other outstanding liabilities including the Note Payable to Mr. Green of $235,000 plus accrued interest.

On November 6, 2009 the Company repurchased and retired a total of 1.9 million of its publicly-traded warrants in a private transaction, for an aggregate purchase price of $950,000 ($0.50 per warrant). The repurchase of these warrants, which represent approximately 19% of all of CME's publicly-traded warrants, was made pursuant to a warrant repurchase agreement dated October 12, 2009, which was amended on November 1, 2009. All of the terms of the remaining publicly-traded warrants remain the same.

ITEM 2.MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed financial statements and footnotes thereto contained in this report.

Forward Looking Statements

This quarterly report on Form 10-Q, and the information incorporated by reference in it, include “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”). The forward-looking statements include, but are not limited to statements regarding the Company’s 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,” “pro
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:

- Ability to complete a combination with one or more target businesses;
- Success in retaining or recruiting, or changes required in, our management or directors following a business combination;
- Potential inability to obtain additional financing to complete a business combination;
- Limited pool of prospective target businesses;
- Potential change in control if we acquire one of more target businesses for stock;
- Public securities’ limited liquidity and trading;
- The delisting of our securities from the American Stock Exchange or an inability to have our securities listed on the American Stock Exchange following a business combination;
- Use of proceeds not in trust or available to us from interest income on the trust account of the Company (“Trust Account”) balance; or
- Financial performance.

The forward-looking statements contained or incorporated by reference in this quarterly report on Form 10-Q are based on our current expectation and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statements. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2008. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report as to "we," "us" or "our Company" refer to China MediaExpress Holdings, Inc. (f/k/a TM Entertainment and Media, Inc.) References to "public stockholders" refer to holders of shares of common stock, $0.001 par value ("Common Stock"), sold as part of the units in our initial public offering, including any of our stockholders existing prior to our initial public offering to the extent that they purchased or acquired such shares.

Overview

We were formed under the laws of the State of Delaware on May 1, 2007 to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the entertainment, media and communication industries. We intend to utilize cash derived from the proceeds of our initial public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination.

On October 17, 2007, our initial public offering of 9,000,000 units at $8.00 per unit was declared effective and we sold an additional aggregate 1,255,000 units pursuant to the underwriters' over-allotment option of the initial public offering. Simultaneously with the consummation of our initial public offering we sold an aggregate of 2,100,000 insider warrants to certain initial shareholders including Theodore S. Green, Malcolm Bird, Jonathan F. Miller and the John W. Hyde Living Trust, at a price of $1.00 per warrant, for an aggregate price of $2,100,000. The total gross proceeds from the initial public offering, excluding the warrants sold on a private placement basis but including the over-allotment, amounted to $82,040,000. After the payment of offering expenses, inclusive of the deferred underwriting fees, the net proceeds to us amounted to $75,748,282.Each unit consists of one share of the Company's common stock, $0.001 par value, and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from us one share of common stock at an exercise price of $5.50 commencing the later of the completion of an initial business combination or one year from the effective date of the initial public offering (October 17, 2008) and expiring four years from the effective date of the initial public offering (October 17, 2011). Accordingly, the warrants are currently exercisable by their terms. However, there is not currently an effective registration statement with respect to the exercise of such warrants and accordingly the warrants could not be exercised.

In connection with our initial public offering, we issued an option, for $100, to the representatives of the underwriters in our initial public offering, to purchase 700,000 units. This option is exercisable at $10.00 per unit, and may be exercised on a cashless basis, commencing on the later of the consummation of a business combination and one year from the date of our initial public offering and expiring five years from the date of our initial public offering. The option and the 700,000 units, the 700,000 shares of common stock and the 700,000 warrants underlying such units, and the 700,000 shares of common stock underlying such warrants, have been deemed compensation by the NASD and are therefore subject to a 180-day lock-up pursuant to Rule 2710(g)(1) of the NASD Conduct Rules. The underwriters will not sell, transfer, assign, pledge, or hypothecate this option or the securities underlying this option, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of this option or the underlying securities for a period of 360 days from the effective date of our initial public offering.

We estimate that the value of the representative's unit purchase option is approximately $2,207,000 using a Black-Scholes option pricing model. The fair value of the representative's unit purchase option is estimated as of the date of the grant using the following assumptions: (1) expected volatility of 45.2%, (2) risk-free discount rate of 4.95%, (3) contractual life of five years and (4) dividend rate of zero. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of our initial public offering except to any underwriter and selected dealers participating in the offering and their bona fide officers or partners. Although the purchase option and its underlying securities have been registered under the registration statement of which our initial public offering forms a part, the option grants to holders demand and "piggy back" rights for periods of five and seven years, respectively, from the date of our initial public offering with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. We will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of common stock at a price below its exercise price.

Since our initial public offering, we have been actively searching for a suitable business combination candidate. We have met with service professionals and other intermediaries to discuss our company, the background of our management and our combination preferences. In the course of these discussions, we have also spent time explaining the capital structure of the initial public offering, the combination approval process and the timeline within which we must either enter into a letter of intent or definitive agreement for a business combination, or return the proceeds of the initial public offering held in the trust account to investors.

We are not presently engaged in, and will not engage in, any substantive commercial business until we consummate an initial transaction. We intend to utilize cash derived from the proceeds of our initial public offering, the private placement, our capital stock, debt or a combination of cash, capital stock and debt, in effecting an initial transaction. The issuance of additional shares of our capital stock:

- may significantly reduce the equity interest of our current stockholders;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded to our common stock;
- may cause a change in control if a substantial number of our shares of common stock or preferred stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely also result in the resignation or removal of one or more of our present officers and directors; and
- could enhance or adversely affect prevailing market prices for our securities.

Similarly, if we issued debt securities, it could result in:

- default and foreclosure on our assets, if our operating revenues after an initial transaction were insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness, even if we have made all principal and interest payments when due, if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and
- our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

We anticipate that we would only consummate such a financing simultaneously with the consummation of a business combination, although nothing would preclude us from raising more capital in anticipation of a possible business combination.

We may use all or substantially all of the proceeds held in trust other than the deferred portion of the underwriter's fee to acquire one or more target businesses. We may not use all of the proceeds held in the trust account in connection with a business combination, either because the consideration for the business combination is less than the proceeds in trust or because we finance a portion of the consideration with capital stock or debt securities that we can issue. In that event, the proceeds held in the trust account as well as any other net proceeds not expended will be used to finance the operations of the target business or businesses. The operating businesses that we acquire in such business combination must have, individually or collectively, a fair market value equal to at least 80% of our net assets (all of our assets, including the funds held in the trust account, less our liabilities) at the time of such acquisition. If we consummate multiple business combinations that collectively have a fair market value of 80% of our net assets, then we would require that such transactions are consummated simultaneously.

If we are unable to find a suitable target business by October 17, 2009, we will be forced to liquidate. If we are forced to liquidate, the per share liquidation amount may be less than the initial per unit offering price because of the underwriting commissions and expenses related to our initial public offering and because of the value of the warrants in the per unit offering price. Additionally, if third parties make claims against us, the initial public offering proceeds held in the trust account could be subject to those claims, resulting in a further reduction to the per share liquidation price. Under Delaware law, our stockholders who have received distributions from us may be held liable for claims by third parties to the extent such claims have not been paid by us. Furthermore, our warrants will expire worthless if we liquidate before the completion of a business combination.

On May 1, 2009, the Company and privately-held Hong Kong Mandefu Holdings Limited (d/b/a China MediaExpress) ("CME") entered into a definitive share exchange agreement whereby the Company will acquire 100% of the outstanding equity of CME, subject to approval of shareholder of the Company. Upon the closing of the transaction, the Company changed its name to China MediaExpress Holdings, Inc.

CME generates revenue by selling advertisements on its network of television displays installed on express buses originating in nine of China's regions, including the five municipalities of Beijing, Shanghai, Guangzhou, Tianjin and Chongqing and eight provinces, namely Guangdong, Jiangsu, Fujian, Sichuan, Hubei, Anhui, Hebei and Shandong.

On October 15, 2009, pursuant to the terms of a Share Exchange Agreement, dated as of May 1, 2009, as amended on September 30, 2009 ("Share Exchange Agreement"), China MediaExpress Holdings, Inc. (f/k/a TM Entertainment and Media, Inc.) ("TM") acquired all of the issued and outstanding capital stock of Hong Kong Mandefu Holding Limited ("CME") and as a result, CME became a direct wholly-owned subsidiary of TM (the "Transaction"). The acquisition has been treated as a recapitalization of CME and a reverse merger. All filings subsequent to the September 30, 2009 Quarterly Report on Form 10-Q will include those of CME.

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 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.

Pursuant to the Share Exchange Agreement, TM purchased 100% of the outstanding equity of CME and issued 20.915 million newly issued shares of common stock and paid $10.0 million in three year, no interest promissory notes. In addition, the former shareholders of CME may earn up to an additional 15.0 million shares of common stock subject to the achievement of the following net income targets for 2009, 2010 and 2011:

Year	Net Income (RMB)	Net Income (US$)(1)	Shares
2009	287.0 million	$42.0 million	1.0 million
2010	570.0 million	$83.5 million	7.0 million
2011	889.0 million	$130.2 million	7.0 million

In addition, CME shareholders are entitled to receive up to $20.9 million of the cash proceeds from the exercise of the Company's publicly held common stock purchase warrants.

In connection with the approval of the Transaction at the October 15, 2009 Special Meeting of Stockholders of TM, the stockholders of TM also approved (i) an amendment to TM's Amended and Restated Certificate of Incorporation to remove the prohibition on the consummation of a Business Combination (as defined therein) if holders of an aggregate of 30% or more in interest of the shares of TM's common stock issued in its initial public offering ("IPO Shares") exercise their conversion rights, (ii) to amend TM's Amended and Restated Certificate of Incorporation to remove the requirement that only holders of the IPO Shares who vote against the Transaction (as defined below) may convert their IPO Shares into cash; (iii) to amend TM's Amended and Restated Certificate of Incorporation to change TM's corporate name to "China MediaExpress Holdings, Inc.," delete certain provisions that related to TM as a blank check company and create perpetual existence; (iv) to amend TM's Amended and Restated Certificate of Incorporation to increase the number of shares authorized for issuance; and (v) to elect six persons to CME's board of directors to serve for the respective term of office of the class to which the nominee is elected and until their successors are duly elected and qualified. Proxies relating to such Special Meeting of Stockholders were solicited pursuant to TM's Definitive Proxy Statement on Schedule 14A dated October 2, 2009.

Liquidity and Capital Resources

$80,978,800 of the net proceeds of our initial public offering, over-allotment exercise, private sale of warrants, and a portion of the underwriters' discounts and expense allowance were deposited in trust, with the remaining net proceeds being placed in our operating account. Since inception, we used the interest income earned on the trust proceeds of $1,500,000 to identify, evaluate and negotiate with prospective acquisition candidates as well as cover our ongoing operating expenses until a transaction is approved by our shareholders or the trust funds are returned to them.

We will use substantially all of the net proceeds of the initial public offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust fund as well as any other net proceeds not expended will be used to finance the operations of the target business. We may need to raise additional funds through a private or public offering of debt or equity securities if such funds are required to consummate a business combination that is presented to us. We would only consummate such a financing simultaneously with the consummation of a business combination. There can be no assurance, however, that adequate financing will be available at all or upon terms and conditions acceptable to us. At September 30, 2009, we had cash outside of the trust fund of $3,093 and other current assets of $5,898 and total liabilities of $4,818,610 (including $3,281,600 of deferred underwriting fees). Therefore, at September 30, 2009, the Company has incurred liabilities, which exceed cash available. The Company is seeking to obtain deferrals of payables from its vendors, including its professional advisors, except its independent accountants.

On May 4, Theodore S. Green, the Chairman and Co-CEO and interim CFO of the Company, loaned the Company $200,000 (the "Loan") as evidenced by a promissory note issued by the Company (the "Note"). On July 1, 2009 Mr. Green loaned the Company an additional $35,000. Mr. Green may lend the Company up to an additional $65,000 in his discretion. The principal balance of the Note outstanding is payable on the earlier of (i) October 17, 2009 and (ii) the date on which the Company consummates a business combination as contemplated by its prospectus for its initial public offering. The principal balance of the Note bears interest at a rate of 10% per year, compounded semiannually. The proceeds of the loans were used to fund certain expenses incurred in connection with the proposed transaction with CME and the balance for working capital.

Upon the failure of the Company to repay the Note within 1 business day of when it is due, Mr. Green may declare the entire amount due under the Note (including interest) due and payable. Upon the filing of a voluntary bankruptcy by the Company or an involuntary bankruptcy which is not dismissed within 60 days, the entire amount due under the Note will automatically become due and payable.

In connection with the Loan, Mr. Green and Mr. Malcolm Bird, a director and Co-CEO of the Company, have entered into an agreement pursuant to which Mr. Bird has agreed to reimburse Mr. Green for 7/18ths of the amount of the Loan and corresponding interest thereon in the event the Company does not consummate a business combination by October 17, 2009 and is dissolve.

The $3,281,600 of the funds attributable to the deferred underwriting discount and commissions in connection with the offering and private placement will be released to the underwriters upon completion of a business combination as such term is defined in our prospectus filed on Form 424B4 on October 18, 2007 with the Securities and Exchange Commission.

Commencing on October 17, 2007 we began incurring a fee of $6,400 per month for certain administrative services. In addition, in 2007, one of our initial stockholders loaned to us an aggregate of $100,000 for payment of offering expenses on our behalf. This loan plus interest was repaid on December 12, 2007 from the proceeds of the initial public offering that were allocated to pay offering expenses.

Going Concern

Going concern consideration – As indicated in the accompanying financial statements, at September 30, 2009, the Company had unrestricted cash of $3,093 and a note payable of $235,000 and $1,302,010 in accounts payable and accrued liabilities. Additionally, the Company has incurred and expects to incur additional significant costs in pursuit of its acquisition plans. The Company's Chairman of the Board and Co-Chief Executive Officer, and the Company's Co-Chief Executive Officer have agreed that they will be liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. However, there can be no assurance that they will be able to satisfy those obligations. Furthermore, they will not have any personal liability as to any claimed amounts owed to a third party who executed a waiver.

As of September 30, 2009 the Company withdrew $1,500,000 of interest from the trust for operating expenses (excluding $654,982 of interest earned and used to pay taxes). Since inception to September 30, 2009 the Company has incurred $3,202,109 of operating and interest expenses (excluding taxes of $654,982) of which $1,302,010 was payable as of September 30, 2009. The Company had cash available at September 30, 2009 of $3,093 for operating expenses. Therefore, at September 30, 2009, the Company has incurred liabilities which exceed cash available. The Company expects to incur additional significant costs in pursuit of its acquisition plans. The Company is seeking to obtain deferrals of payables from its vendors, including its professional advisors except for its independent accountants. As noted above on May 4, 2009, Theodore S. Green, the Chairman and Co-CEO and interim CFO of the Company, loaned the Company $200,000, and on July 1, 2009, an additional $35,000. These factors, among others, raise substantial doubt about the Company's ability to continue operations as a going concern. The accompanying financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Results of Operations

We have neither engaged in any operations nor generated any revenues to date, other than in connection with our initial public offering. Our entire activity since inception has been to prepare for and consummate our initial public offering and to identify and investigate targets for a potential business combination. We will not generate any operating revenues until we are successful consummating a business combination. We will generate non-operating income in the form of interest income on cash and cash equivalents from the funds held in our trust account which we invested mainly in a New York Tax Free Money Market.

Net loss for the three month period ended September 30, 2009 was $(538,510), excluding ($16,915) reduction of interest income net of taxes, attributable to stockholders subject to possible conversion, consisting of interest income of $9,368 earned predominantly on the trust account, offset by a $65,770 provision for New York State, New York City, and Delaware Franchise and Capital Taxes and $482,109 of general and administrative expenses (primarily attributable to $180,921 of due diligence and acquisition related expenses, $23,000 of legal and accounting expenses, $25,036 of insurance expense, $19,200 of fees for a monthly administrative services agreement, $5,875 of interest expense, and approximately $4,500 of travel and business expenses).

Net loss for the nine month period ended September 30, 2009 was $(1,419,717) excluding ($12,304) reduction of interest income net of taxes, attributable to stockholders subject to possible conversion, consisting of interest income of $157,068 earned predominantly on the trust account, offset by a $198,431 provision for New York State, New York City, and Delaware Franchise and Capital Taxes and $1,378,354 of general and administrative expenses (primarily attributable to $729,000 of due diligence and acquisition related expenses, $193,900 of legal and accounting expenses, $80,611 of insurance expense, $57,600 of fees for a monthly administrative services agreement, $9,075 of interest expense and approximately $19,300 of travel and business expenses).

For the period from May 1, 2007 (inception) to September 30, 2009, we had a net loss of $(1,604,728), excluding $29,832 of interest income net of taxes, attributable to stockholders subject to possible conversion, consisting of $2,264,103 of interest income earned predominantly on the trust account, less $3,868,831 of formation and operating expenses. The main components of the formation and operating expenses include approximately $1,761,000 of due diligence and acquisition related expenses, $660,170 of New York State, New York City and Delaware Capital and Franchise Taxes, $126,500 of travel and business expense, and $551,900 of legal and accounting fees.

Interest income in for the nine month period ended September 30, 2009, and fiscal 2008 and 2007 was primarily earned on the net proceeds from our initial public offering which was placed in a trust account.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet financing arrangements and have not established any special purpose entities. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations, purchase obligations or other long-term liabilities.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we re-evaluate all of our estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions as additional information becomes available in future periods.

Management has discussed the development and selection of critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed our disclosure relating to critical accounting estimates in this Quarterly Report on Form 10-Q. We believe the following sets forth the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Recently Adopted Accounting Pronouncements

Noncontrolling Interest in Consolidated Financial Statements – In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements (“SFAS 160”) (codified in Financial Accounting Standards (“FASB”) Accounting Standards Codification (“ASC”) Topic 810. SFAS 160 re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of minority interests as a component of equity. Under SFAS 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings. The effective date for SFAS 160 is for annual periods beginning on or after December 15, 2008. Early adoption and retroactive application of SFAS 160 to fiscal years preceding the effective date are not permitted. The Company will evaluate the impact of SFAS 160 on the financial statements should it complete a business acquisition within its required timeframe (prior to October 24, 2009).

Business Combinations – In December 2007, FASB issued SFAS No. 141R, Business Combinations (“FASB 141R”). FASB 141R replaces FASB Statement No. 141 Business Combinations but retains the fundamental requirements in FASB 141. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. FASB 141R also requires that an acquirer recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. In addition, this statement requires that the acquirer in a business combination achieved in stages to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values. FASB 141R is applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply the standard before that date. FASB 141R will be applied prospectively for acquisitions beginning in 2009 or thereafter.

On April 1, 2009, the FASB issued FASB Staff Position (FSP) FAS 141(R) -1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies. This FSP provides additional guidance and disclosure requirements regarding the recognition and measurement of contingent assets acquired and contingent liabilities assumed in a business combination where the fair value of the contingent assets and liabilities cannot be determined as of the acquisition date. This FSP is effective for acquisitions occurring after January 1, 2009. The adoption of this FSP did not have any impact on the Company, and its future impact will be dependent upon the specific terms of future business combinations, if any.

On April 9, 2009, the FASB simultaneously issued the following three FSPs:

- FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly which is codified in FASB ASC Topics 820-10-35-51 and 820-10-50-2, provides additional guidance to companies for determining fair values of financial instruments for which there is no active market or quoted prices may represent distressed transactions. The guidance includes a reaffirmation of the need to use judgment in certain circumstances.

- FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments which is codified in FASB ASC Topic 825-10-50 , requires companies to provide additional fair value information for certain financial instruments in interim financial statements, similar to what is currently required to be disclosed on an annual basis.

- FSP FAS 115-2, FAS 124-2, and EITF 99-20-2, Recognition and Presentation of Other-Than-Temporary Impairments which is codified in FASB ASC Topic 320-10, amends the existing guidance regarding impairments for investments in debt securities. Specifically, it changes how companies determine if an impairment is considered to be other-than-temporary and the related accounting. This standard also provides for increased disclosures.

These FSPs apply to both interim and annual periods and will be effective for the Company beginning April 1, 2009. The Company has evaluated these standards and believe they will have no impact on its financial condition and results of operations.

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (“SFAS 165”) codified in FASB ASC Topic 855-10-05. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The Company adopted SFAS 165 and it had no impact on the financial statements except for disclosure of consideration of subsequent events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. Our exposure to market risk is limited to interest income sensitivity with respect to the funds placed in the Trust Account. Since the funds held in our Trust Account have been invested in only high-quality commercial paper, municipal bonds, and municipal notes, including tax and revenue authorization notes, tax anticipation notes, with maturities of 397 days or less and a dollar-weighted average portfolio maturity of 90 days or less, we are subject to market risk primarily through the effect of changes in interest rates and the pricing of government securities. The effect of other changes, such as foreign exchange rates, commodity prices and/or equity prices, does not pose significant market risk to us.

ITEM 4T. CONTROLS AND PROCEDURES.

We maintain “disclosure controls and procedures,” as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation as required by Rule 13a-15(d) under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2009. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Principal Financial Officer concluded that as of September 30, 2009 our disclosure controls and procedures were effective in ensuring that material information relating to us, is made known to the Chief Executive Officer and Principal Financial Officer by others within our company during the period in which this report was being prepared.

There were no changes in our internal controls over financial reporting identified in connection with the evaluation that occurred during the quarter ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II

OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008 in response to Item 1A. to Part 1 of Form 10-K.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5: OTHER INFORMATION

Not applicable.

ITEM 6: EXHIBITS

(a) Exhibits:

31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officers and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 16, 2009

CHINA MEDIAEXPRESS HOLDINGS, INC.
(f/k/a TM Entertainment and Media, Inc.)

By: /s/ Cheng Zheng

Name: Cheng Zheng
Title: Chairman and Chief Executive Officer

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