

To the Shareholders of ChinaEdu Corporation:

ChinaEdu had an exciting year in 2007, which came to a close with our successful initial public offering and listing on the NASDAQ global market on December 14, 2007. We delivered a strong financial performance, as you can see in the following table, which compares our total revenue and gross profit for the years ended December 31, 2005, 2006 and 2007. We believe our solid top-line growth and the improvement of our gross margin reflect the scalability of our online education-focused business model.

Dollars in millions

For the Fiscal Period Ending	12 months Dec-31-2005	12 months Dec-31-2006	12 months Dec-31-2007
Currency	USD	USD	USD
Total Revenue	\$15.658	\$28.052	\$36.274
<i>Growth Over Prior Year</i>	<i>25.24%</i>	<i>68.98%</i>	<i>24.10%</i>
Gross Profit	9.073	17.502	23.118
<i>Margin %</i>	<i>57.95%</i>	<i>62.39%</i>	<i>63.64%</i>

China is the most populous nation in the world with a student population that is also the world's largest. This presents ChinaEdu with a myriad of opportunities to continue building our strong position in our core Online Degree Program business, as well as our other service lines.

Over the past nine years, we have built a reputable brand name in our industry, based on our track record of delivering innovative services. We have maintained a consistent focus on the fast-growing online degree market in China, and we recently announced that as of late July, ChinaEdu has signed eight new agreements with leading universities, bringing our total number of university partnerships to 20.

The eight new agreements are contracts through which ChinaEdu will assist with recruitment services through its self-owned and franchised learning center network for initial periods of five years or less. These differ from the 12 contracts previously in place, which cover comprehensive Online Degree program support, including academic program development, technology services, enrollment marketing, student support services and finance operations for a period between 8 and 50 years in length.

2007 Performance

Total net revenue was up 24.1% to RMB265.0 million for the full year 2007 compared with RMB213.5 million in 2006. Revenue from our Online Degree programs increased by 29% to RMB202.2 million in 2007. The Online Degree programs produced the majority of our revenue accounting for 76.3% of total sales. The number of students participating in our Online Degree programs also grew significantly in 2007, with a total of 192,000 students enrolled at the end of 2007, up from 141,000 at the end of 2006, representing an increase of 36.2%.

As you know, our services are divided into two primary categories: Online Degree and Non-Online Degree programs (or Site-Based Delivery). In addition to the Online Degree programs, our Online Degree category also includes our 101 Online School. The 101 Online School has developed a strong reputation over the past 10 years in the field of online tutoring and test preparation services. In 2006, the 101 Online School was ranked by Sina.com as one of the 10 best online education institutions in China, based on Internet voting and evaluations by industry experts and media professionals. The 101 Online School continued to grow in 2007, contributing 6.8% of our total net revenue for the year 2007. In response to the strong demand for after-school tutoring services, we have continued to enhance our product offering and service quality. With these concerted and ongoing efforts, we believe the 101 Online School has significant potential to further strengthen its position in the online tutoring services sector.

Non-Online Degree services, which consist of our international curriculum programs and our primary and secondary schools, recorded revenue of RMB44.8 million in 2007, an increase of 14.0% from RMB39.3 million in 2006.

Within the Non-Online services, net revenue from our international curriculum programs was RMB31.4 million, representing a 10.6% increase from RMB28.4 million in 2006. Although we were able to increase our revenue in this category, net revenue from our FEC program has been below expectations, and management has adjusted its profitability forecast for this portion of our business accordingly. Performance of our international curriculum services was impacted primarily by two factors: lower student enrollment and lower per student fees in our FEC English program for the academic year started in September 2007, as compared to the academic year started September 2006. This is mainly attributable to intensified competition among service providers, which increased the bargaining power of the schools with the service providers, including ChinaEdu. That said, we are still confident in the long-term potential of these international programs in the Chinese education market.

Meanwhile, private primary and secondary school operations saw net revenue

increase 22.8% to RMB13.4 million in 2007 from RMB10.9 million in 2006.

Recent Developments

Our management believes that our Online Degree services are our key growth driver, and we have made several strides in building this segment of our business in 2008. In addition to the eight new agreements previously mentioned, in March of this year the Company entered into an exclusive 20-year joint venture agreement with Beijing Forestry University to provide exclusive online education services.

Another important strategic milestone for us in 2007 was the provisional approval from the Ministry of Education (MOE) to operate 10 learning centers in multiple cities and provinces. We pride ourselves in becoming one of only three entities allowed to operate a learning center network in China. During the first half of this year, we put our learning center network development plan in motion, opening 10 new centers, located in Beijing, Shanghai, Jiangsu province and Zhejiang province. All of these centers have been fully operational since late March 2008.

Learning centers provide us a valuable vertical integration opportunity and enable us to operate with a more hands-on approach to student recruiting, marketing, and retention, as well as improving service quality. We believe these improvements will ultimately help attract both new university partners and students. Ownership in learning centers will also increase profitability, as the average learning center captures a material portion of tuition dollars. To fully leverage the potential of these learning centers, we are also building a network of franchised learning centers. Our learning centers work hand-in-hand with our core Online Degree Program to form a more complete service offering.

Also in March of this year, we entered into an agreement to acquire the remaining 20% equity interest in the 101 Online School, giving us 100% ownership, and enabling us to capitalize on the growth potential of the online tutoring business. Following the acquisition, we have taken an active role in fine-tuning the school's sales and marketing strategy, realigning the sales force and customer service operations while continuing to enhance website functionality. Although these changes will take some time and resources, we believe the 101 Online School will become a stronger player in its field, and will be a long-term growth driver for us as a complementary service to our core Online Degree Programs.

Finally, you are likely aware that the construction of the new Jingzhou School campus, one of our three private schools, was delayed as a result of the snowstorm in February that impacted the Southern part of China. As a result, the recruitment plan was delayed, and we are currently reviewing our options to create the most feasible construction plan possible. At the same time, phase one of the construction for the

Anqing school has been completed.

Growth Strategy

There are three key principles behind our strategy for growth and creating shareholder value. First, presence and experience operating in this country has taught us that we need to focus on the organic growth of the Company's existing business lines. Second, we must fully leverage the strategic opportunities provided by our learning center network. Third, we need to continue expanding the number of strategic partnerships with various leading universities in China.

In each of our service lines, we believe we have identified specific opportunities and formulated focused strategies to achieve sustainable growth.

Online Degree Programs

Our growth strategy for our Online Degree Program is comprised of three main elements. First, we aim to further enhance our leadership position in the market by securing new university partners. With our strong track record in delivering comprehensive, high-quality services to our partners, we believe we will continue to execute exclusive long-term partnerships with top-tier universities.

Second, we will work actively to continue to increase student enrollment with existing partner universities. We believe the strong name recognition and reputation of our university partners among prospective students will help us achieve this goal.

Third, we will continue to expand our learning center network in the form of both wholly-owned centers and franchised learning centers.

We are awaiting approval from the Ministry of Education (MOE) for three of our university partners to begin operating our Online Degree Programs, and we believe that they will gain approval in the near future. While we await MOE approval, we have dedicated project teams that are working to prepare for the launch of these programs, which will allow for a swift rollout once approval is granted.

Online Tutoring

Our Online Tutoring business can be further developed through several strategic initiatives, such as launching targeted marketing campaigns, introducing new products, enhancing website functionality, and improving post-sales services. We are focused on implementing these initiatives, and believe they will help build our position in this segment.

International Curriculum Programs

Our plan for the International Curriculum programs focuses on two key initiatives. First, we intend to attract enrollment and increase our market penetration through recruitment at our learning centers. Second, we aim to explore strategic relationships with overseas curriculum providers to create additional learning opportunities for our students.

Private Primary and Secondary Schools

The growth strategy for our private schools centers on expanding capacity and grade levels at existing schools and increasing overall enrollment. We recognize that we have fallen behind expectations temporarily due to the snowstorms in February, but we believe that this business still holds tremendous growth potential as demand for these institutions continues to be very strong.

Looking Ahead

The foundation of our business has been built upon five pillars:

- our scalable online business model;
- our market leading position in the online degree program segment;
- our proven track record of delivering high-quality services;
- the high-growth online education market; and
- our ability to identify and capture growth opportunities, such as the expansion of our learning center network, signing additional university partnerships and potential growth through opportunistic mergers and acquisitions.

Combined, we believe these strengths will help drive growth as we work to cement ChinaEdu's position as a leading online education company in China. We have the experience and know-how to leverage our strengths to create opportunities in 2008 and beyond.

In closing, I would like to take this opportunity to thank our shareholders for their

continued support. As I have stated, we are committed to creating value for our shareholders, and we look forward to keeping you apprised of our progress during the remainder of the year.

Sincerely,

Julia Huang
Chief Executive Officer

September 3, 2008