

CHINAEDU REPORTS FOURTH QUARTER AND FISCAL YEAR 2012 RESULTS

Fourth Quarter Net Revenue Exceeds Company Guidance, Increasing 12.4 Percent Year-Over-Year Full Year 2012 Net Revenue Increases 12.0 Percent Year-Over-Year

BEIJING, CHINA – March 27, 2013 – ChinaEdu Corporation (NASDAQ: CEDU) (“ChinaEdu” or the “Company”), a leading online educational services provider in China, today announced its unaudited financial results for the fourth quarter and fiscal year ended December 31, 2012.¹

Fourth Quarter 2012 Highlights

- Total net revenue for the fourth quarter of 2012 was \$21.8 million, a 12.4 percent increase from \$19.4 million in the corresponding period in 2011. Total net revenue exceeded Company guidance for the quarter.
- Net revenue from online degree programs was \$17.7 million, an increase of 13.9 percent from \$15.5 million in the corresponding period of 2011.
- Net income attributable to ChinaEdu was \$2.4 million, an increase of 552.8 percent from \$0.4 million in the corresponding period of 2011.
- Adjusted net income attributable to ChinaEdu² was \$2.9 million, an increase of 257.9 percent from \$0.8 million in the corresponding period of 2011.
- Net income attributable to ChinaEdu per diluted ADS³ was \$0.144, an increase of 542.9 percent from \$0.022 in the corresponding period of 2011.
- Adjusted net income attributable to ChinaEdu per diluted ADS⁴ was \$0.173, an increase of 248.4 percent from \$0.050 in the corresponding period of 2011.
- The number of revenue students⁵ enrolled in online degree programs during the Fall 2012 semester increased 5.1 percent year-over-year to approximately 207,000 students.

Full Year 2012 Highlights

- Total net revenue for 2012 was \$78.4 million, a 12.0 percent increase from \$70.0 million in 2011.
- Net revenue from online degree programs was \$63.1 million, an increase of 13.3 percent from \$55.7 million in 2011.
- Net income attributable to ChinaEdu was \$6.1 million, an increase of 125.7 percent from \$2.7 million in the corresponding period of 2011.

¹The reporting currency of the Company is RMB, but for the convenience of the reader, the amounts for the three months and the years ended on December 31, 2012 and 2011 are presented in U.S. dollars. Unless otherwise stated, all translations from RMB to U.S. dollars were made at the rate of RMB6.2301 to \$1.00, the noon buying rate in effect on December 31, 2012 in the H.10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or U.S. dollar amounts referred could be converted into U.S. dollars or RMB, as the case may be, at any particular rate or at all. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this earnings release. An explanation of the Company’s non-GAAP financial measures is included in the section entitled “Non-GAAP Financial Measures” below, and the related reconciliations to GAAP financial measures are presented in the accompanying financial statements.

²“Adjusted net income attributable to ChinaEdu” is a non-GAAP measure defined as net income attributable to ChinaEdu excluding share-based compensation net of non-controlling interests’ portion, amortization of intangible assets and land use rights, and intangible assets impairment.

³“ADS” is American Depositary Share. Each ADS represents three ordinary shares.

⁴“Adjusted net income attributable to ChinaEdu per diluted ADS” is a non-GAAP measure which is computed using adjusted net income attributable to ChinaEdu over the number of ADSs used in net income attributable to ChinaEdu per diluted ADS calculation.

⁵“Revenue students” refers to students of university online degree programs who have paid tuitions. The numbers for the three months ended December 31, 2012 and 2011 are revenue students in fall 2012 and fall 2011, respectively. The numbers for the years ended December 31, 2012 and 2011 are total revenue students in spring 2012 and fall 2012, in spring 2011 and fall 2011 respectively.

- Adjusted net income attributable to ChinaEdu was \$9.0 million, an increase of 102.4 percent from \$4.4 million in 2011.
- Net income attributable to ChinaEdu per diluted ADS was \$0.362, an increase of 126.0 percent from \$0.161 in 2011.
- Adjusted net income attributable to ChinaEdu per diluted ADS was \$0.535, an increase of 103.0 percent from \$0.263 in 2011.
- The number of revenue students in online degree programs during 2012 increased roughly 12.4 percent over 2011 to approximately 400,000 students.

Julia Huang, executive chairman of ChinaEdu commented, “2012 was another successful year for ChinaEdu. Remaining focused on growth in our online degree programs, we expanded enrollment during the year to 400,000 revenue students. There were exciting developments in other areas of our business in 2012 as well. Particularly, several non-degree continued education programs for teachers were launched in 2012 and our recently expanded K-12 online interactive tutoring and Q&A programs have already gained traction and are showing encouraging results. Furthermore, enrollments at our private schools grew beyond expectations during the year as our brand name continues to draw in talented students.” She continued, “As we look to 2013, we will continue to grow our core business and explore opportunities that leverage our online-learning enabling capabilities. We remain committed to technological innovation in education and will continue to develop next generation technology platforms and interactive and mobile learning applications. Online learning has become more acceptable to users and mobile devices have become more readily available. We plan to penetrate the market further, applying our technological advantage across all areas of our business platform.”

Mr. Simon Mei, chief financial officer commented, “Recognizing our success in 2012 and the opportunities that lay ahead, the Company recently decided to make a major reinvestment in our business by negotiating a repurchase of shares. The repurchase program was completed at the end of February 2013. The Company repurchased 19,695,552 ordinary shares or the equivalent 6,565,184 ADSs. This is equal to 36.9% of the total issued ordinary shares of 53,428,219 prior to the transaction. The completion of the stock repurchase reflects the board of directors’ and management’s continued commitment to enhancing stockholder value, as well as confidence for the company’s future business perspectives. Other factors being equal, the stock repurchase will increase the Company’s earnings per share.”

Financial Results for the Fourth Quarter Ended December 31, 2012

Net Revenue

Total net revenue for the fourth quarter of 2012 was \$21.8 million, a 12.4 percent increase from \$19.4 million in the corresponding period in 2011.

Net revenue from online degree programs for the fourth quarter of 2012 was \$17.7 million, a 13.9 percent increase over \$15.5 million in the corresponding period in 2011. The increase in net revenue from online degree programs was primarily related to continued expansion and optimization of the Company’s learning centers network, as well as organic growth in revenue students enrolled in online degree programs. Enrollment for the 2012 Fall semester online degree programs was approximately 207,000 revenue students, a 5.1 percent increase from approximately 197,000 revenue students enrolled in the Fall semester in 2011.

As of December 31, 2012, ChinaEdu’s learning centers network was providing recruiting services for 22 universities

with 118 operational learning centers, of which 57 were proprietary centers⁶ and 61 were contracted centers⁷. This compares to 105 operational learning centers as of December 31, 2011, of which 61 were proprietary and 44 were contracted centers.

Net revenue from non-degree programs, including online tutoring programs, private primary and secondary schools and international and elite curriculum programs in the fourth quarter of 2012 was \$4.1 million, a 6.4 percent increase from \$3.8 million in the fourth quarter of 2011. Of that, approximately \$0.4 million was attributable to increased enrollment at our private school in the city of Anqing.

Cost of Revenue

Total cost of revenue for the fourth quarter of 2012 was \$9.8 million, an increase of 13.3 percent, from \$8.7 million in the corresponding period of 2011.

Cost of revenue for online degree programs in the fourth quarter of 2012 was \$6.8 million, an increase of 16.2 percent compared to \$5.8 million in the corresponding period of 2011. The increase in cost of revenue is mainly attributable to increased staff related costs.

Cost of revenue for non-degree programs in the fourth quarter of 2012 was \$3.0 million, an increase of 7.4 percent from \$2.8 million in the fourth quarter of 2011. The increase is attributable to increases in staff related costs and service fees for the private school in Anqing as well as the online tutoring program.

Gross Profit and Gross Margin

Gross profit for the fourth quarter of 2012 was \$11.9 million, compared to \$10.7 million in the corresponding period of 2011. Gross margin decreased slightly to 54.8 percent, compared to 55.1 percent for the corresponding period in 2011.

Gross margin for online degree programs decreased slightly to 61.6 percent, from 62.3 percent in the fourth quarter of 2011. The decrease was primarily due to an overall increase in the percentage of total net revenue contributed by the Company's learning centers network. The learning centers network's sales and service based model results in a higher cost of sales, whereas the joint venture model is more operationally driven. In general, more revenue generated from learning centers results in lower gross margin for our overall online degree programs.

Gross margin for online tutoring programs decreased to 37.7 percent, from 55.7 percent in fourth quarter of 2011, mainly due to the increased service fees associated with the expansion of the Company's interactive course offerings.

Gross margin for private schools in the fourth quarter of 2012 decreased to 20.4 percent, compared to 24.8 percent in the corresponding period in 2011. The decrease of gross margin was primarily due to increased labor costs at our private school in Anqing.

Operating Expenses

Total operating expenses were \$7.6 million in the fourth quarter of 2012, a decrease of 3.6 percent, from \$7.9

⁶Proprietary centers refer to self-owned learning centers operated either under the Company's own brand name or the brand name of a university pursuant to a licensing arrangement with that university.

⁷Contracted centers refer to agreement with third party learning centers pursuant to which the Company only provides assistance applying for approval from provincial level education authorities as well as securing additional university online degree programs. In return, the Company receives a percentage of the tuition earned by these third party learning centers.

million in the corresponding period in 2011. As a percentage of net revenue, total operating expenses decreased to 34.8 percent, compared to 40.6 percent in the corresponding period in 2011. The decrease in total operating expense was the result of the following:

- General and administrative expenses for the fourth quarter of 2012 were \$3.7 million, a decrease of 4.8 percent from \$3.9 million in the corresponding period in 2011. As a percentage of net revenue, general and administrative expenses decreased to 16.9 percent from 20.0 percent in the same period in 2011.
- Selling and marketing expenses were \$2.3 million in the fourth quarter of 2012, a decrease of 6.8 percent compared to \$2.5 million in the corresponding period in 2011. As a percentage of net revenue, selling and marketing expenses decreased to 10.6 percent from 12.7 percent in the same period in 2011. The decrease in selling and marketing expenses was primarily due to a reduction in barter transactions related to online tutoring programs.
- Research and development expenses for the fourth quarter of 2012 were \$1.6 million, an increase of 4.6 percent compared to \$1.5 million in the corresponding period in 2011. As a percentage of net revenue, the research and development expense was 7.3 percent in the fourth quarter of 2012, decreasing from 7.9 percent in the same period of 2011. The slight increase in research and development expenses was primarily attributable to increased staff costs.

Income from Operations

Income from operations in the fourth quarter of 2012 was \$4.3 million, an increase of 54.5 percent compared to \$2.8 million in the corresponding period of 2011. Operating margin increased to 19.9 percent in the fourth quarter of 2012, compared to 14.5 percent in the corresponding period of 2011.

Adjusted income from operations, a non-GAAP measure defined as income from operations excluding share-based compensation, amortization of intangible assets, land use rights and intangible assets impairment, was \$4.9 million for the fourth quarter of 2012, an increase of 48.6 percent compared to \$3.3 million in the corresponding period of 2011.

Adjusted operating margin, a non-GAAP measure defined as the ratio of adjusted income from operations (non-GAAP) over net revenue, for the fourth quarter of 2012 increased to 22.3 percent, compared to 16.9 percent for the corresponding period of 2011.

Interest and Investment Income

Interest and investment income for the fourth quarter of 2012 remained stable at \$0.5 million, compared to the corresponding quarter of 2011.

Income Tax Expense

In the fourth quarter of 2012, income tax expense was \$0.9 million and the effective income tax rate was 17.5 percent.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests remained stable at \$1.8 million in the fourth quarter of 2012, compared to \$1.7 million in the corresponding period in 2011.

Net Income Attributable to ChinaEdu

Net income attributable to ChinaEdu, which is net income, excluding net income attributable to non-controlling interests, was \$2.4 million in the fourth quarter of 2012, representing a significant increase of 552.8 percent from \$0.4 million in the corresponding period of 2011. The increase was primarily due to an increase in gross profit across online degree programs, as well as effective expenses control.

Net income attributable to ChinaEdu per basic and diluted ADS was \$0.154 and \$0.144, respectively, for the fourth quarter of 2012, compared to \$0.024 and \$0.022, respectively, for the corresponding period in 2011.

Adjusted net income attributable to ChinaEdu (non-GAAP) was \$2.9 million in the fourth quarter of 2012, compared to \$0.8 million in the corresponding period of 2011. Adjusted net margin, a non-GAAP measure defined as the ratio of adjusted net income attributable to ChinaEdu (non-GAAP) over net revenue, was 13.5 percent in the fourth quarter of 2012, compared to 4.2 percent in the corresponding period of 2011.

Adjusted net income attributable to ChinaEdu per basic and diluted ADS (non-GAAP) was \$0.185 and \$0.173 respectively, for the fourth quarter of 2012, compared to \$0.051 and \$0.050, respectively, for the corresponding period of 2011.

Deferred Revenue

As of December 31, 2012, deferred revenue was \$23.2 million, consisting of current deferred revenue in the amount of \$21.5 million and non-current deferred revenue in the amount of \$1.7 million.

In general, Fall semester tuition for online degree programs is received during the fourth quarter but is recognized both in the fourth quarter of the current year and the first quarter of the following year.

Private school revenue is received in September, but amortized over 6 or 12 months while online tutoring program revenue can be received at program enrollment and is mostly amortized within 12 months.

Cash and Cash Equivalents and Term Deposits

As of December 31, 2012, the Company reported cash and cash equivalents and term deposits of \$76.7 million, which primarily consisted of cash and cash equivalents, and term deposits with original maturity terms of greater than three months but less than one year.

Amounts Due from Related Parties

Amounts due from related parties, which represents cash owed to the Company by collaborative alliance partners, were \$48.5 million as of December 31, 2012 compared to \$38.2 million as of December 31, 2011.

Fiscal Year 2012 Results

Net Revenue

Total net revenue in 2012 was \$78.4 million, an increase of 12.0 percent from \$70.0 million in 2011.

Net revenue from online degree programs in 2012 was \$63.1 million, a 13.3 percent increase from \$55.7 million in 2011. This increase was primarily attributable to strong enrollment growth in online degree programs in 2012, particularly through our learning centers network. In aggregate, the number of revenue students enrolled in online

degree programs was approximately 400,000 in 2012, a 12.4 percent increase from approximately 356,000 revenue students enrolled in online degree programs in 2011.

Net revenue from non-degree programs in 2012 was \$15.2million, compared to \$14.2 million in 2011. The 7.0 percent increase was primarily attributable to increased student enrollments and increased tuition fees at our Anqing private school.

Cost of Revenue

Total cost of revenue in 2012 was \$32.4million, an increase of 8.9 percent from \$29.8million in 2011.

Cost of revenue for online degree programs in 2012 was \$22.1 million, an increase of 10.8 percent compared to \$19.9 million in 2011. The increase in cost of revenue was primarily due to an increase in staff costs resulting from headcount increases across the Company, as well as an increase in courseware costs related to new training courses and the growth of student body. Additionally, the learning centers network's sales and service based model results in a higher cost of sales. The more revenue generated from learning centers, the higher the cost of revenue incurred.

Cost of revenue for non-degree programs in 2012 was \$10.3 million, an increase of 5.0 percent compared to \$9.8 million in 2011. The increase was primarily attributable to increased staff and transportation costs at the Anqing School, as well as an increase in service costs and leasing costs related to our online tutoring business.

Gross Profit

Gross profit for 2012 was \$45.9 million, an increase of 14.4 percent compared with \$40.2 million in 2011.

Gross margin in 2012 was 58.6 percent, compared with gross margin of 57.4 percent in 2011. The increase was primarily due to an increase in net revenue coupled with stringent cost controls over the year.

Operating Expenses

Total operating expenses in 2012 were \$31.3 million, a 4.1 percent increase from \$30.1 million in 2011. The increase was primarily attributable to the following:

- General and administrative expenses in 2012 were \$16.1 million, a 6.7 percent increase from \$15.1 million in 2011. The increase was mainly the result of an early termination of a lease agreement, an increase in stock related expenses due to the granting of restricted shares for staff, as well as an increase in conference attendance and travel costs.
- Selling and marketing expenses in 2012 were \$7.8 million, an 8.3 percent decrease from \$8.5 million in 2011. The decrease in selling and marketing expenses was primarily attributable to a significant decrease in marketing activities surrounding international and elite curriculum programs.
- Research and development expenses in 2012 were \$6.5 million, flat with 2011.
- The Company incurred an intangible asset impairment charge in relation to the BCIT (British Columbia Institute of Technology) and FEC (Friendly Experimental Class) programs in the international and elite curriculum division in the third quarter of 2012, resulting in an aggregate non-cash charge of \$0.9 million (RMB5.9 million).
- Share-based compensation in 2012, which was allocated to the related cost of revenue and operating expense line items, was \$1.3 million, increased 27.4 percent from \$1.0 million in 2011.

Income from Operations

Income from operations was \$14.6 million in 2012, an increase of 44.9 percent from \$10.1 million in 2011. Operating margin was 18.7 percent in 2012, compared to 14.4 percent in 2011.

Adjusted income from operations (non-GAAP) in 2012 was \$17.6 million, an increase of 48.1 percent compared to \$11.9 million in 2011. Adjusted operating margin (non-GAAP) was 22.5 percent in 2012, compared to 17.0 percent in 2011.

Interest Income and Investment Income

Interest income and investment income increased 52.1 percent to \$2.4 million in 2012, compared to \$1.6 million in 2011. Interest income increased \$0.7 million while investment income increased \$0.1 million in 2012.

Income Tax Expense

Income tax expense in 2012 was \$4.2 million, compared with \$2.7 million in 2011. The 2012 effective tax rate was 24.1 percent, compared with 23.2 percent of 2011.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests was \$7.3 million in 2012, an increase of 14.1 percent compared to \$6.4 million in 2011. The increase was primarily due to the non-controlling interest impact related to the increase in net income from online degree programs.

Net Income attributable to ChinaEdu

Net income attributable to ChinaEdu was \$6.1 million in 2012, representing an increase of 125.7 percent from \$2.7 million in 2011. Net margin was 7.8 percent in 2012, compared to 3.9 percent in 2011.

Adjusted net margin was 11.5 percent in 2012, compared to 6.4 percent in 2011.

First Quarter 2013 Guidance

ChinaEdu management expects total net revenue in the first quarter of 2013 to range from RMB116 million to RMB120 million or \$18.6 million to \$19.3 million, representing a 1.8 percent to 5.3 percent increase from RMB114 million or \$18.3 million compared to the corresponding period in 2012.

Conference Call

ChinaEdu's management will hold an earnings conference call at 8:00 a.m. U.S. Eastern Time on March 28, 2013 (8:00 p.m. Beijing/Hong Kong Time on March 28, 2013).

Dial-in details for the earnings conference call are as follows:

| | |
|--------------------------|-------------------|
| International: | +65 67239382 |
| Hong Kong: | +852 25214709 |
| United States: | +1 (718) 354-1231 |
| Toll-free China, Mobile: | 4006208038 |
| Toll-free China: | 8008190121 |
| Toll-free United States: | 1 (866) 519-4004 |
| Conference ID: | 21948711 |
| Conference Password: | ChinaEdu |

A live and archived webcast of the conference call will be available on the investor relations page of ChinaEdu's website at <http://ir.chinaedu.net> and a replay of the conference call may be accessed by phone until April 5, 2013.

Dial-in numbers for the replay are as follows:

| | |
|-------------------------|-------------------|
| Toll Free United States | +1 (855) 452-5696 |
| International | +61 2 8199 0299 |
| Conference ID: | 21948711 |
| Conference Password: | ChinaEdu |

Non-GAAP Financial Measures

To supplement the unaudited condensed consolidated financial information presented in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”), the Company uses non-GAAP measures of income from operations and net income attributable to ChinaEdu, which are adjusted from results based on GAAP to exclude certain non-cash items of share-based compensation, amortization of intangible assets and land use rights and intangible assets impairment. Adjusted operating margin is defined as the ratio of adjusted operating income from operation over net revenue. Adjusted net income attributable to ChinaEdu per basic and diluted ADS are non-GAAP measures which are computed using adjusted net income attributable to ChinaEdu over the number of ADSs used in net income attributable to ChinaEdu per basic and diluted ADS calculation.

These non-GAAP financial measures are provided to enhance the investors’ overall understanding of the Company’s current and past financial performance in on-going core operations as well as prospects for the future. These measures should be considered in addition to results prepared and presented in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Management considers the non-GAAP information as important measures internally and therefore deems it important to provide all of this information to investors.

About ChinaEdu

ChinaEdu Corporation is an educational services provider in China, incorporated as an exempted limited liability company in the Cayman Islands. Established in 1999, the Company’s primary business is to provide comprehensive services to the online degree programs of leading Chinese universities. These services include academic program development, technology services, enrollment marketing, student support services and finance operations. The Company’s other lines of businesses include the operation of private primary and secondary schools, online interactive tutoring services and providing marketing, support for international and elite curriculum programs and online learning community for adult students.

The Company believes it is the largest service provider to online degree programs in China in terms of the number of higher education institutions that are served and the number of student enrollments supported. The Company currently has entered into collaborative alliances with 12 universities, ranging from 10 to 50 years in length. The Company has also entered into technology agreements with 6 universities. Besides, ChinaEdu performs recruiting services for 22 universities through nationwide learning center network.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including certain plans, expectations, goals, and projections, which are subject to numerous assumptions, risks, and uncertainties. Forward-looking statements involve known and unknown risks, uncertainties

and contingencies, many of which are beyond our control which may cause actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. The Company's actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including those described under the heading "Risk Factors" in the Company's Annual Report on Form 20-F for the year ended December 31, 2011, and in documents subsequently filed by the Company from time to time with the Securities and Exchange Commission. Unless required by law, the Company undertakes no obligation to (and expressly disclaim any such obligation to) update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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ChinaEdu Corporation
Unaudited Condensed Consolidated Balance Sheets

| (in thousands, unaudited) | December | December | December |
|--|------------------|------------------|----------------|
| | 31,2011 | 31,2012 | 31,2012 |
| | RMB | RMB | US\$ |
| Current assets: | | | |
| Cash and cash equivalents | 273,746 | 385,922 | 61,945 |
| Term deposits | 98,163 | 92,028 | 14,772 |
| Short-term investments | 34,648 | 23,575 | 3,784 |
| Accounts receivable, net | 31,478 | 34,917 | 5,605 |
| Prepaid expenses and other current assets | 22,725 | 23,455 | 3,763 |
| Amounts due from related parties-current | 238,016 | 260,184 | 41,762 |
| Deferred tax assets-current | 5,697 | 9,571 | 1,536 |
| Total current assets | 704,473 | 829,652 | 133,167 |
| Property and equipment, net | 239,210 | 238,563 | 38,292 |
| Amounts due from related party-non-current | - | 41,979 | 6,739 |
| Land use rights | 26,657 | 26,049 | 4,181 |
| Deposits paid for acquisition of property and equipment | 17,902 | 3,873 | 622 |
| Deferred tax assets-non-current | 8,217 | 2,085 | 335 |
| Long-term investments | - | 801 | 129 |
| Rental deposits | 2,213 | 1,497 | 240 |
| Acquired intangible assets, net | 63,638 | 54,499 | 8,748 |
| Goodwill | 43,255 | 43,255 | 6,943 |
| Total assets | 1,105,565 | 1,242,253 | 199,396 |
| Liabilities and equity | | | |
| Current liabilities: | | | |
| Accounts payable (including accounts payable of the consolidated VIE without recourse to the Group of 1,975 and 2,007 as of December 31, 2011 and December 31, 2012, respectively) | 2,239 | 2,401 | 385 |
| Deferred revenues-current (including deferred revenues of the consolidated VIE without recourse to the Group of 20,525 and 23,518 as of December 31, 2011 and December 31, 2012, respectively) | 125,332 | 134,175 | 21,537 |
| Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIE without recourse to the Group of 18,644 and 22,113 as of December 31, 2011 and December 31, 2012, respectively) | 91,980 | 113,558 | 18,228 |
| Amounts due to related parties-current (including amounts due to related parties of the consolidated VIE without recourse to the Group of 1,953 and 1,926 as of December 31, 2011 and December 31, 2012, respectively) | 13,146 | 35,507 | 5,699 |
| Income taxes payable (including income taxes payable of the consolidated VIE without recourse to the Group of 8,893 and 10,004 as of December 31, 2011 and December 31, 2012, respectively) | 51,448 | 49,294 | 7,912 |
| Other taxes payable (including other taxes payable of the consolidated VIE without recourse to the Group of 3,047 and 4,442 as of December 31, 2011 and December 31, 2012, respectively) | 21,970 | 27,294 | 4,381 |
| Total current liabilities | 306,115 | 362,229 | 58,142 |
| Deferred revenues-non-current (including deferred revenues of the consolidated VIE without recourse to the Group of 33 and 29 as of December 31, 2011 and December 31, 2012, respectively) | 12,059 | 10,654 | 1,710 |
| Deferred tax liabilities-non-current (including deferred tax liabilities of the consolidated VIE without recourse to the Group of 1,017 and 978 as of December 31, 2011 and December 31, 2012, respectively) | 9,243 | 13,473 | 2,163 |
| Unrecognized tax benefit (including unrecognized tax benefit of the consolidated VIE without recourse to the Group of 2,364 and 3,555 as of December 31, 2011 and December 31, 2012, respectively) | 6,089 | 8,795 | 1,412 |
| Total liabilities | 333,506 | 395,151 | 63,427 |
| ChinaEdu shareholders' equity | 604,806 | 650,191 | 104,363 |
| Noncontrolling interests | 167,253 | 196,911 | 31,606 |
| Total equity | 772,059 | 847,102 | 135,969 |
| Total liabilities and equity | 1,105,565 | 1,242,253 | 199,396 |

ChinaEdu Corporation
Unaudited Condensed Consolidated Statements of Operations

| (in thousands, except for percentage, share, and per share information) | Three Months Ended | | | Twelve Months Ended | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31,2011 | December 31,2012 | December 31,2012 | December 31,2011 | December 31,2012 | December 31,2012 |
| | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Gross Revenue * | 123,127 | 135,889 | 21,812 | 453,116 | 504,052 | 80,904 |
| Business Tax | 2,569 | 347 | 55 | 17,257 | 15,730 | 2,525 |
| Net Revenue: | | | | | | |
| Online degree programs | 96,760 | 110,230 | 17,693 | 347,107 | 393,343 | 63,135 |
| Online tutoring programs | 6,057 | 6,843 | 1,099 | 25,755 | 25,266 | 4,055 |
| Private primary and secondary schools | 14,088 | 16,275 | 2,613 | 49,653 | 59,937 | 9,620 |
| International and elite curriculum programs | 3,653 | 2,194 | 352 | 13,344 | 9,776 | 1,569 |
| Total net revenue | 120,558 | 135,542 | 21,757 | 435,859 | 488,322 | 78,379 |
| Cost of revenue: | | | | | | |
| Online degree programs | 36,433 | 42,353 | 6,798 | 124,242 | 137,689 | 22,101 |
| Online tutoring programs | 2,683 | 4,262 | 684 | 9,107 | 11,861 | 1,904 |
| Private primary and secondary schools | 10,589 | 12,962 | 2,081 | 36,127 | 42,713 | 6,856 |
| International and elite curriculum programs | 4,393 | 1,741 | 279 | 16,128 | 9,846 | 1,580 |
| Total cost of revenue | 54,098 | 61,318 | 9,842 | 185,604 | 202,109 | 32,441 |
| Gross profit: | | | | | | |
| Online degree programs | 60,327 | 67,877 | 10,895 | 222,865 | 255,654 | 41,034 |
| Online tutoring programs | 3,374 | 2,581 | 415 | 16,648 | 13,405 | 2,151 |
| Private primary and secondary schools | 3,499 | 3,313 | 532 | 13,526 | 17,224 | 2,764 |
| International and elite curriculum programs | (740) | 453 | 73 | (2,784) | (70) | (11) |
| Total gross profit | 66,460 | 74,224 | 11,915 | 250,255 | 286,213 | 45,938 |
| Online degree programs | 62.3% | 61.6% | 61.6% | 64.2% | 65.0% | 65.0% |
| Online tutoring programs | 55.7% | 37.7% | 37.7% | 64.6% | 53.1% | 53.1% |
| Private primary and secondary schools | 24.8% | 20.4% | 20.4% | 27.2% | 28.7% | 28.7% |
| International and elite curriculum programs | (20.3%) | 20.6% | 20.6% | (20.9%) | (0.7%) | (0.7%) |
| Gross margin | 55.1% | 54.8% | 54.8% | 57.4% | 58.6% | 58.6% |
| Operating expenses: | | | | | | |
| General and administrative | 24,121 | 22,961 | 3,685 | 93,950 | 100,204 | 16,084 |
| Selling and marketing | 15,362 | 14,313 | 2,297 | 52,777 | 48,407 | 7,770 |
| Research and development | 9,487 | 9,927 | 1,593 | 40,589 | 40,512 | 6,503 |
| Intangible assets impairment | - | - | - | - | 5,901 | 947 |
| Total operating expenses | 48,970 | 47,201 | 7,575 | 187,316 | 195,024 | 31,304 |
| Income from operations | 17,490 | 27,023 | 4,340 | 62,939 | 91,189 | 14,634 |
| Operating margin | 14.5% | 19.9% | 19.9% | 14.4% | 18.7% | 18.7% |
| Interest income | 2,641 | 3,330 | 536 | 8,843 | 13,253 | 2,127 |
| Gain on disposal of assets | - | 894 | 143 | - | 2,197 | 353 |
| Investment income | 166 | - | - | 832 | 1,460 | 234 |
| Other income | 284 | 459 | 74 | 1,003 | 1,376 | 221 |
| Income before income tax and equity method investments | 20,581 | 31,706 | 5,093 | 73,617 | 109,475 | 17,569 |
| Income tax expense | (7,691) | (5,603) | (899) | (17,044) | (26,427) | (4,242) |
| Net income before income from equity method investments | 12,890 | 26,103 | 4,194 | 56,573 | 83,048 | 13,327 |
| Income from equity method investments, net of taxes | - | 261 | 42 | - | 261 | 42 |
| Net income | 12,890 | 26,364 | 4,236 | 56,573 | 83,309 | 13,369 |
| Net income attributable to the noncontrolling interests | (10,557) | (11,134) | (1,787) | (39,752) | (45,338) | (7,277) |
| Net income attributable to ChinaEdu | 2,333 | 15,230 | 2,449 | 16,821 | 37,971 | 6,092 |
| Net margin | 1.9% | 11.2% | 11.2% | 3.9% | 7.8% | 7.8% |
| Net income attributable to ChinaEdu per ADS: | | | | | | |
| Basic | 0.15 | 0.96 | 0.154 | 1.06 | 2.40 | 0.385 |
| Diluted | 0.14 | 0.90 | 0.144 | 1.00 | 2.26 | 0.362 |
| Weighted average aggregate number of ADSs outstanding: | | | | | | |
| Basic | 15,756,432 | 15,880,826 | 15,880,826 | 15,817,977 | 15,841,125 | 15,841,125 |
| Diluted | 16,569,830 | 17,001,590 | 17,001,590 | 16,889,743 | 16,829,078 | 16,829,078 |
| * Gross revenue is detailed as follows: | | | | | | |
| Online degree programs | 98,978 | 110,363 | 17,714 | 362,888 | 407,869 | 65,466 |
| Online tutoring programs | 6,177 | 7,025 | 1,128 | 26,381 | 25,874 | 4,153 |
| Private primary and secondary schools | 14,106 | 16,289 | 2,615 | 49,726 | 60,066 | 9,641 |
| International and elite curriculum programs | 3,866 | 2,212 | 355 | 14,121 | 10,243 | 1,644 |

ChinaEdu Corporation
Unaudited Condensed Consolidated Statements of Comprehensive Income

| (in thousands, unaudited) | Three Months Ended | | | Twelve Months Ended | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31,2011 | December 31,2012 | December 31,2012 | December 31,2011 | December 31,2012 | December 31,2012 |
| | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Net income | 12,890 | 26,364 | 4,236 | 56,573 | 83,309 | 13,369 |
| Other comprehensive income, net of taxes | | | | | | |
| Foreign currency translation adjustments | 1,143 | (94) | (15) | (751) | (87) | (14) |
| Change in fair value of available for sale investments | (539) | 290 | 47 | 187 | 1,247 | 200 |
| Comprehensive income | 13,494 | 26,560 | 4,268 | 56,009 | 84,469 | 13,555 |
| Less: comprehensive income attributable to the noncontrolling interests | 11,627 | 12,694 | 2,038 | 46,020 | 47,836 | 7,678 |
| Comprehensive income attributable to Chinaedu | 1,867 | 13,866 | 2,230 | 9,989 | 36,633 | 5,877 |

ChinaEdu Corporation
Unaudited Condensed Consolidated Statements of Cash Flow

| (in thousands, unaudited) | Three Months Ended | | | Twelve Months Ended | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31,2011 | December 31,2012 | December 31,2012 | December 31,2011 | December 31,2012 | December 31,2012 |
| | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Operating activities: | | | | | | |
| Net income | 12,890 | 26,364 | 4,236 | 56,573 | 83,309 | 13,369 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | |
| Share-based compensation | 1,660 | 2,262 | 363 | 6,483 | 8,258 | 1,326 |
| Depreciation and amortization of property and equipment | 6,637 | 6,414 | 1,030 | 23,900 | 25,377 | 4,073 |
| Amortization of land use rights | 152 | 152 | 24 | 608 | 608 | 98 |
| Amortization of acquired intangible assets | 1,078 | 847 | 136 | 4,171 | 3,903 | 626 |
| Accounts receivable writeoff | - | - | - | - | 340 | 55 |
| Intangible assets impairment | - | - | - | - | 5,901 | 947 |
| Investment income | (166) | - | - | 201 | (1,460) | (234) |
| Gain on disposal of assets | - | (894) | (143) | - | (2,197) | (353) |
| Income from equity method investments | - | 219 | 35 | - | 219 | 35 |
| Loss from disposal of property and equipment | 81 | 197 | 32 | 234 | 1,611 | 259 |
| Changes in assets and liabilities | | | | | | |
| Accounts receivable | (8,033) | 4,072 | 654 | 3,613 | (3,779) | (607) |
| Inventory | - | - | - | 358 | - | - |
| Prepaid expenses and other current assets | 4,436 | 2,565 | 411 | 7,458 | 532 | 86 |
| Amounts due to related parties | (8,708) | (44,974) | (7,221) | 8,646 | (64,325) | (10,324) |
| Rental deposits | 409 | (17) | (3) | (1,277) | 716 | 115 |
| Accounts payable | (8,449) | (7,627) | (1,224) | (2,013) | 162 | 26 |
| Deferred revenues | 81,115 | 81,946 | 13,153 | 21,858 | 7,438 | 1,195 |
| Accrued expenses and other current liabilities | (9,464) | (5,958) | (956) | 8,700 | 20,851 | 3,348 |
| Amounts due to related parties | (10,136) | 14,847 | 2,381 | (19,717) | 22,468 | 3,606 |
| Income tax payable | 9,319 | 965 | 155 | 6,836 | (2,154) | (346) |
| Other taxes payable | 3,480 | 3,167 | 508 | 1,462 | 5,324 | 855 |
| Deferred income taxes | (2,894) | 615 | 99 | (6,034) | 6,488 | 1,041 |
| Unrecognized tax benefit | 667 | 844 | 135 | 2,398 | 2,706 | 434 |
| Net cash provided by operating activities | 74,074 | 86,006 | 13,805 | 124,458 | 122,296 | 19,630 |
| Investing activities: | | | | | | |
| Purchase of property and equipment | (2,702) | (3,538) | (568) | (20,788) | (12,407) | (1,991) |
| Proceeds from disposal of assets | - | 1,335 | 214 | - | 5,430 | 872 |
| Deposits paid for acquisition of property and equipment | (3,873) | - | - | (18,863) | - | - |
| (Purchase) maturity of term deposits | (11,000) | 107,000 | 17,175 | 22,337 | 6,135 | 985 |
| Purchase of investments | (2,556) | - | - | (19,556) | (13,591) | (2,182) |
| Proceeds from the sale of short term investments | 4,119 | - | - | 16,306 | 26,187 | 4,203 |
| Purchase of exclusive partnership with universities | - | - | - | (1,960) | (980) | (157) |
| Proceeds from disposal of property and equipment | 20 | - | - | 275 | - | - |
| Net cash (used in) provided by investing activities | (15,992) | 104,797 | 16,821 | (22,249) | 10,774 | 1,730 |
| Financing activities: | | | | | | |
| Deferred payment of purchase of property and equipment | (1,479) | - | - | (1,479) | - | - |
| Cash dividends paid to noncontrolling shareholders | (49) | - | - | (13,510) | (21,441) | (3,442) |
| Capital contributions by noncontrolling shareholders | - | - | - | 2,960 | - | - |
| Proceeds from exercise of share options | 20 | 1,330 | 213 | 598 | 5,068 | 813 |
| Prepayment for shares repurchase | (38) | - | - | (168) | - | - |
| Repurchase and cancellation of ordinary shares | (688) | (1,846) | (296) | (7,437) | (4,574) | (734) |
| Repayment of loan from related party | (14,500) | - | - | - | - | - |
| Loan from related party | 10,000 | - | - | - | - | - |
| Net cash used in financing activities | (6,734) | (516) | (83) | (19,036) | (20,947) | (3,363) |
| Effect of foreign exchange rate changes | (23) | 57 | 10 | 80 | 53 | 9 |
| CASH AND CASH EQUIVALENTS, beginning of period | 222,421 | 195,578 | 31,392 | 190,493 | 273,746 | 43,939 |
| CASH AND CASH EQUIVALENTS, end of period | 273,746 | 385,922 | 61,945 | 273,746 | 385,922 | 61,945 |
| Net increase in cash and cash equivalents | 51,325 | 190,344 | 30,553 | 83,253 | 112,176 | 18,006 |

ChinaEdu Corporation

Unaudited reconciliations from income from operations to adjusted income from operations (non-GAAP) and adjusted operating margin (non-GAAP)

| (in thousands, unaudited) | Three Months Ended | | | Twelve Months Ended | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31,2011 | December 31,2012 | December 31,2012 | December 31,2011 | December 31,2012 | December 31,2012 |
| | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Net revenue | 120,558 | 135,542 | 21,757 | 435,859 | 488,322 | 78,379 |
| Income from operations | 17,490 | 27,023 | 4,340 | 62,939 | 91,189 | 14,634 |
| Adjustments: | | | | | | |
| Share-based compensation | 1,660 | 2,262 | 363 | 6,483 | 8,258 | 1,326 |
| Amortization of intangible assets and land use rights | 1,230 | 999 | 160 | 4,779 | 4,511 | 724 |
| Intangible assets impairment | - | - | - | - | 5,901 | 947 |
| Adjusted income from operations (non-GAAP) | 20,380 | 30,284 | 4,863 | 74,201 | 109,859 | 17,631 |
| Adjusted operating margin (non-GAAP) | 16.9% | 22.3% | 22.3% | 17.0% | 22.5% | 22.5% |

ChinaEdu Corporation

Unaudited reconciliations from net income attributable to ChinaEdu to adjusted net income attributable to ChinaEdu (non-GAAP), adjusted net margin (non-GAAP) and adjusted net income per ADS (non-GAAP)

| (in thousands, unaudited) | Three Months Ended | | | Twelve Months Ended | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31,2011 | December 31,2012 | December 31,2012 | December 31,2011 | December 31,2012 | December 31,2012 |
| | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Net revenue | 120,558 | 135,542 | 21,757 | 435,859 | 488,322 | 78,379 |
| Net income attributable to ChinaEdu | 2,333 | 15,230 | 2,449 | 16,821 | 37,971 | 6,092 |
| Adjustments: | | | | | | |
| Share-based compensation | 1,660 | 2,262 | 363 | 6,483 | 8,258 | 1,326 |
| Share-based compensation attributable to the noncontrolling interest | (110) | (193) | (31) | (376) | (562) | (90) |
| Amortization of intangible assets and land use rights | 1,230 | 999 | 160 | 4,779 | 4,511 | 724 |
| Intangible assets impairment | - | - | - | - | 5,901 | 947 |
| Adjusted net income attributable to ChinaEdu (non-GAAP) | 5,113 | 18,298 | 2,941 | 27,707 | 56,079 | 8,999 |
| Adjusted net margin (non-GAAP) | 4.2% | 13.5% | 13.5% | 6.4% | 11.5% | 11.5% |
| Adjusted net income attributable to ChinaEdu per ADS (non-GAAP): | | | | | | |
| Basic | 0.32 | 1.15 | 0.185 | 1.75 | 3.54 | 0.568 |
| Diluted | 0.31 | 1.08 | 0.173 | 1.64 | 3.33 | 0.535 |
| Weighted average aggregate number of ADSs outstanding: | | | | | | |
| Basic | 15,756,432 | 15,880,826 | 15,880,826 | 15,817,977 | 15,841,125 | 15,841,125 |
| Diluted | 16,569,830 | 17,001,590 | 17,001,590 | 16,889,743 | 16,829,078 | 16,829,078 |