



SUCCESS THROUGH LEARNING 弘扬教育 成就人生

Positioning for Long Term Growth

4th Quarter and Full Year Results Presentation

March 19, 2009

Forward-Looking Statement

This presentation 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 final prospectus filed with the Securities and Exchange Commission on December 11, 2007, 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.

2008 Operational Highlights

Full Year Overview – Strong Top line Growth

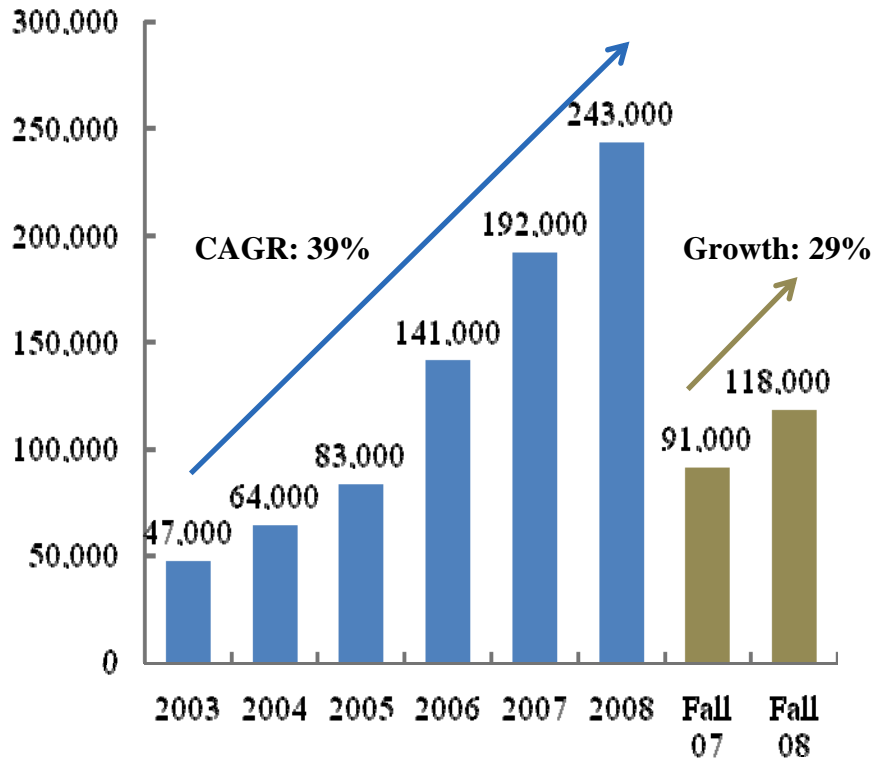
In 2008, the Company continued to focus on growing its core business given the challenging economic environment

- Total net revenue grew by approximately 20% to ¥318 mm in 2008 from ¥265mm in 2007
- Total net revenue for Online Degree business grew by 26% to ¥255mm in 2008 from ¥202mm in 2007
- Revenue students grew by 27% from 192,000 in 2007 to 243,000 in 2008
- FY Adjusted EPS (basic) was ¥0.72 (\$0.11) per share or ¥2.16 (\$0.33) per ADS
- FY Adjusted EPS (diluted) was ¥0.69 (\$0.10) per share or ¥2.07 (\$0.30) per ADS

4th Quarter Highlights – Online Degree Business

Online degree business recorded strong fall enrollment growth Y/Y

Number of Revenue Students at ChinaEdu



- Number of revenue students increased by 26% in the past year
- 4Q08 vs. 4Q07 number of revenue students increased by 29%
- We continued to expand our learning centers operation, increasing from 33 learning centers at the end of 08Q3 to 37 at the year end

2008 Operational Summary

In 2008, the Company delivered on its strategy and made important strides in our core business

■ Online degree programs:

- Revenue students increase by 26% from 192,000 in 2007 to 243,000 in 2008
- Finalized a new 20-year joint venture agreement with Beijing Forestry University to provide exclusive online education services to the University
- Various initiatives and significant investment in R&D in operational efficiency, courseware development and technology enhancement for sustainable growth
- Strategic achievement in learning center network build out
 - From 1 learning center to 47 learning centers, 16 proprietary and 31 franchised, as of today
 - In Q4, we signed service contracts with University of Electronic Science and Technology (Chengdu) and Jilin University; operating recruiting services for 14 universities in total
 - Targeting profitable in 2009, expecting significant contribution in 2010

2008 Operational Summary (Cont'd)

- 101 online tutoring:
 - Acquired remaining 20% interest in March, gaining 100% control
 - Made significant operational changes including new management personnel, sales force realignment, and promotion and advertising activities
 - Launched several new products and greatly enhanced current products
 - Successfully passed the ISO9000 certification

2008 Operational Summary (Cont'd)

■ Private schools:

- Anqing School: completed Phase I construction, new campus is hosting approximately 1200 students; Strong brand name and recognition; phase II will be completed and ready before fall 09 enrollment
- Pingdingshan school is well on track
- Construction at Jingzhou School was suspended

■ International curriculum:

- Steady performance for the existing programs in line with expectations; Growth impacted by regulation; remain as a potential growth driver
- Signed a new partner in Howe Sound Secondary School in British Columbia, Canada

2009 Initiatives

The Company is focused on strategic growth in online education with execution of a set of key initiatives

- Business development in online degree program
- Focus in operational improvements and organic growth - operational efficiency, technology and product development
- Learning centers network build out
- Online tutoring

Fourth Quarter and Full Year Financial Highlights

4th Quarter and Full Year Highlights

Fourth quarter revenue exceeds guidance; full year 2008 total net revenue recorded a healthy 20% growth from 2007

- Revenue students grew by 30% from 91,000 in 4Q07 to 118,000 in 4Q08
 - Revenue students grew by 27% from 192,000 in 2007 to 243,000 in 2008
- Total net revenue grew by 8.7% to ¥86.5mm in 4Q08 from ¥79.6mm in 4Q07
 - Excluding the effect a one-time revenue item in 4Q07 and VAT refunds in each quarter, net revenue growth grew by 18.9% from 4Q07 to 4Q08
- Total net revenue grew by 19.9% to ¥318 mm in 2008 from ¥265mm in 2007
- Net revenue from online degree programs grew by 7.9% to ¥70mm in 4Q08 from ¥65mm in 4Q07
 - Excluding the effect a one-time revenue item in 4Q07 and VAT refunds in each quarter, net revenue from online degree programs growth grew by 20.8% from 2007 to 2008
- Net revenue from online degree programs grew by 26.3% to ¥255mm in 2008 from ¥202mm in 2007

4th Quarter and Full Year Highlights (Cont'd)

Fourth quarter cost and expenses increased mainly due investment in various business areas

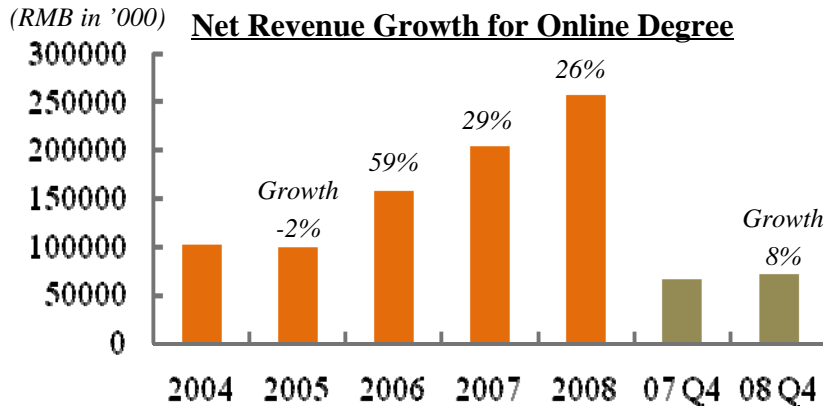
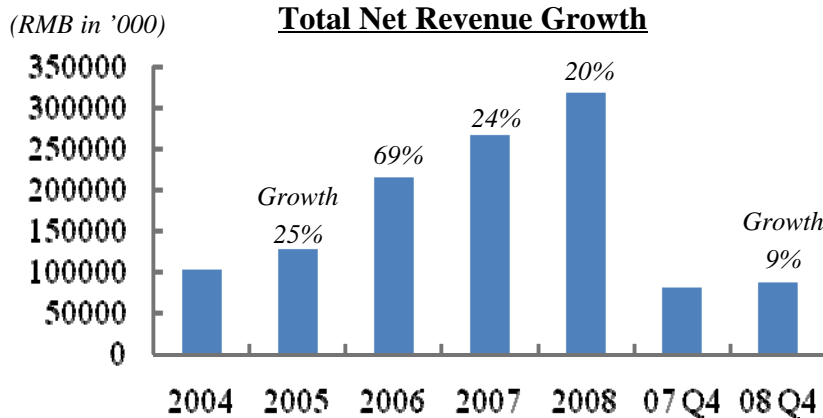
- Cost of revenue increased to ¥39mm in 4Q08 from ¥25mm in 4Q07
- Total cost of revenue for 2008 increased by 22% to ¥118mm from ¥96mm in 2007
- Adjusted EBITDA decreased to ¥11mm in 4Q08 from ¥24mm in 4Q07
- Total Adjusted EBITDA for 2008 increased by 5% to ¥85mm from ¥81mm in 2007
 - Adjusted EBITDA margin decreased to 26.8% in 2008 vs. 30.7% in 2007
- Adjusted net income decreased to ¥17mm in 4Q08 from ¥12mm in 4Q07
- Total adjusted net income for 2008 increased by 25% to ¥42mm from ¥33mm in 2007
 - Adjusted net margin increased to 13.1% in 2008 vs. 12.6% in 2007

Note: Adjustments include share-based compensation, amortization of intangibles, goodwill and intangibles impairment, one-time write-off and exchange loss. 12

Fourth Quarter and Full Year Financial Results Review

Revenue by Business Line

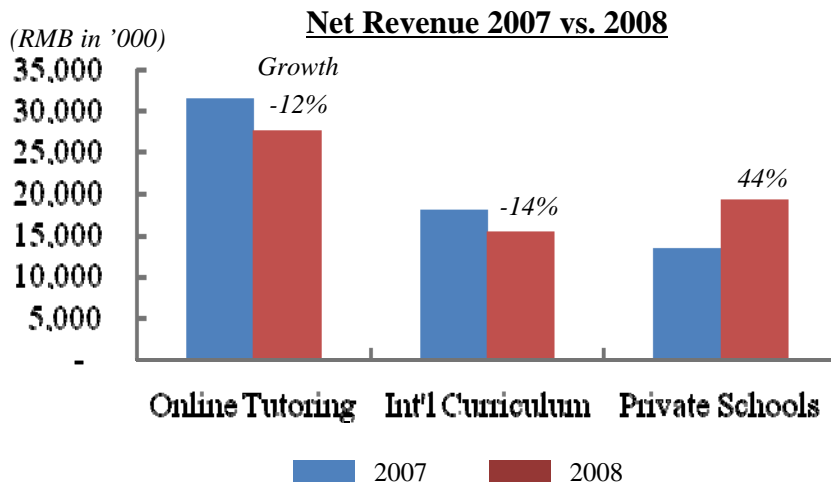
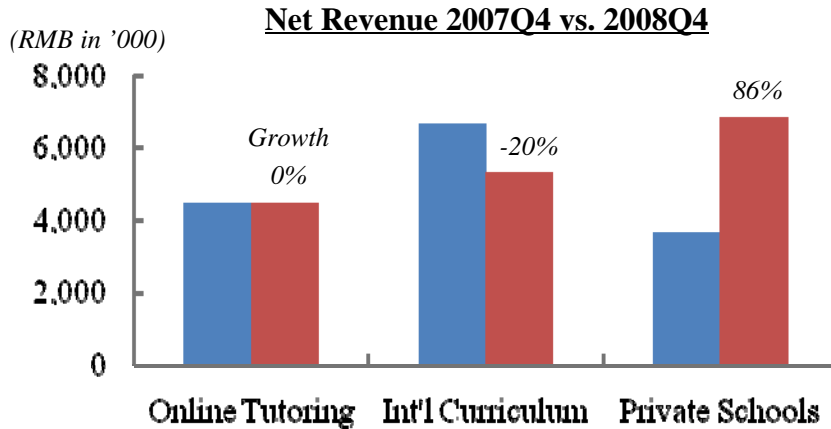
Total net revenue recorded a solid 20% revenue growth Y/Y; online degree programs recorded a strong 26% revenue growth Y/Y



- Total net revenue grew by 20% Y/Y, while online degree segment grew by 26% Y/Y, consistent with management expectation
 - However, excluding effect of one-time revenue recognized of ¥8.4mm in 4Q07, and VAT refunds, total net revenue grew by 19% from 4Q07 to 4Q08
- Online degree segment net revenue grew by 8% 4Q08 vs. 4Q07
 - However, excluding the above mentioned one-time effect, online degree segment grew by 21% from 4Q07 to 4Q08

Revenue by Business Line (Cont'd)

Other business lines net revenues are consistent with management expectation



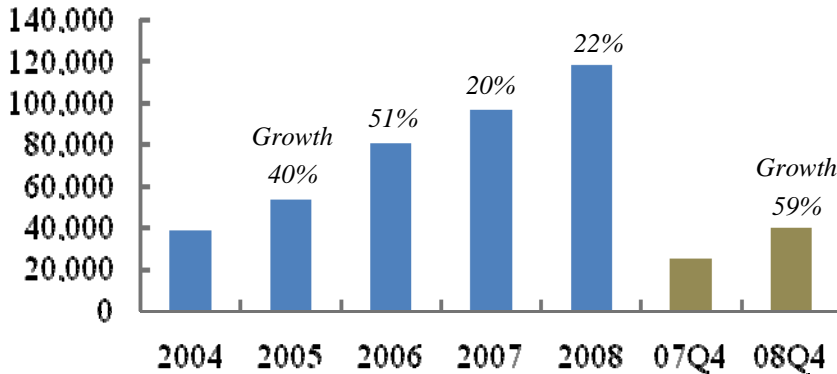
- 101 Online tutoring total net revenue decreased Y/Y
 - Management has implemented a series of measures to turn around the business
- Int'l Curriculum, particularly the FEC program experienced a decrease in net revenue
 - We signed a new partnership with Howe Sound Junior High School
- Anqing School experienced strong revenue growth upon completion of Phase I construction of the new campus
 - Phase II construction is ongoing, expected to be ready for 09 Fall enrollment
 - Pingdingshan School's net revenue increased slightly Y/Y

Cost of Revenue and Gross Margin

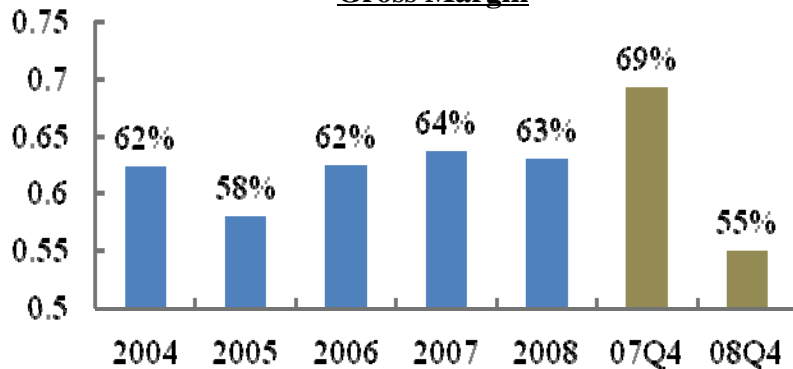
Gross margin remained relatively flat from 2007; gross margin in 4Q08 impacted by significant investments in LCs and new courseware development

(RMB in '000)

Cost of Revenue



Gross Margin



■ **Investment in the LCs network:**

- For 2008, we incurred approx. ¥3.5mm in total cost of revenue related to the LCs
- Approx. ¥2.0mm was incurred in 4Q08

■ **Investment in new courseware development:**

- In the 4th quarter, we decided to invest in developing “elite” online courses at several of our university partners
- Related cost of revenue in 4Q08 increased by ¥3.2mm compared to 4Q07

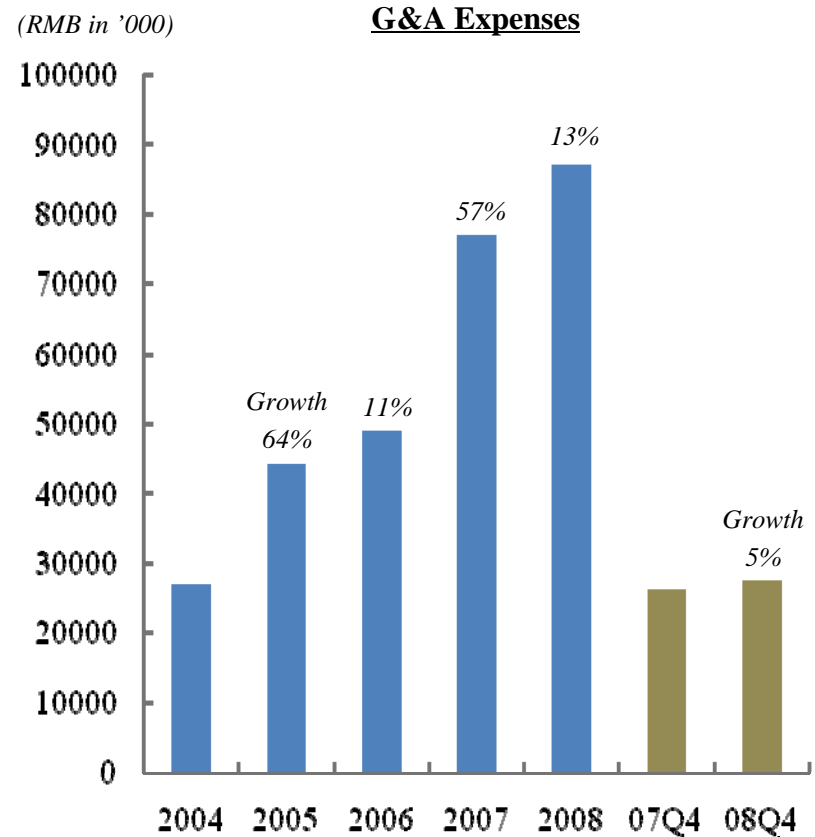
■ **Investment in non-degree online education:**

- Since the 2nd half of 2008, one of our collaborative alliance established a new subsidiary to explore non-degree education
- Total related cost of revenue for the year was ¥1.0mm

General & Admin Expenses

G&A expenses increases well within management's expectation and control

- G&A expenses increased by 13% or ¥10mm Y/Y, primarily due to ¥6mm of increased expenses associated with being a publicly listed company (auditing, legal, IR firm, SOX consultant, AA, insurance, etc.)
 - We incurred a total of ¥11.8mm in expenses related to being a listed company in 2008
- Remaining increases primarily due to increased employee bonus



Selling & Marketing Expenses

S&M expenses increased significantly primarily due to investments in the LCs network, online tutoring, and non-degree education segments

■ Investment in the LCs network:

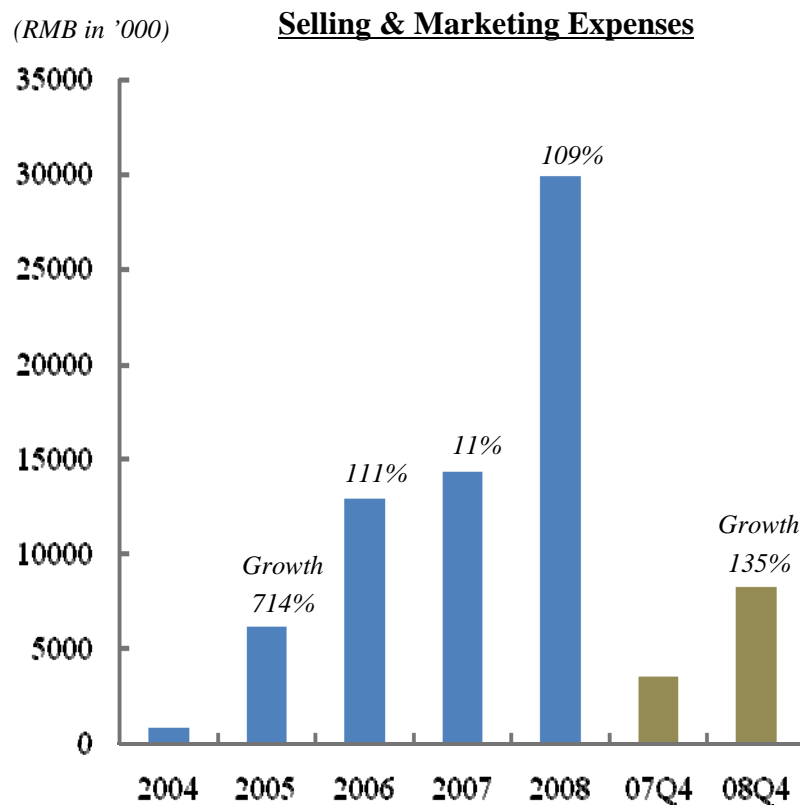
- In 2008, we incurred approx. ¥8.4mm S&M exp. related to the LCs, of which ¥1.1 was incurred in 4Q08

■ Investment in 101 online tutoring:

- In 2008, in our effort to grow the 101 business, we incurred increased S&M expenses of ¥3.6mm
- Of which 2.6mm was incurred in 4Q08

■ Investment in non-degree online education:

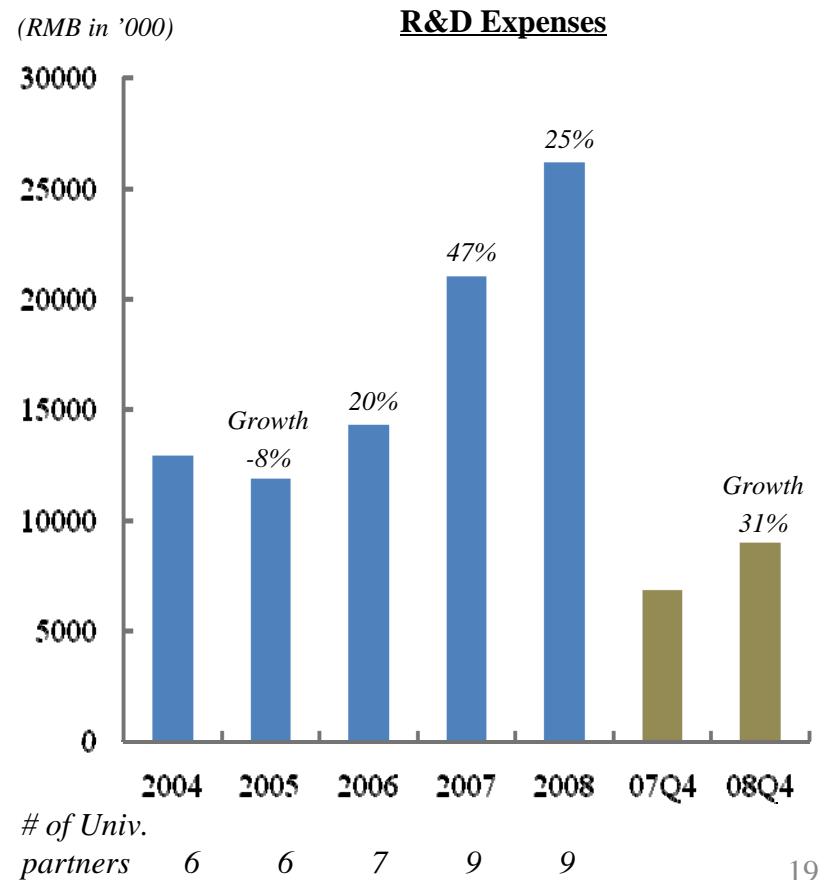
- For the newly established subsidiary for the purpose of developing non-degree offerings, we incurred a total of ¥1.1mm in S&M expenses for 2008
- Of which ¥0.8mm was incurred in 4Q08



Research & Development Expenses

R&D expenses increased due to upgrade in technology platform and hardware reconfigurations at our collaborative alliances

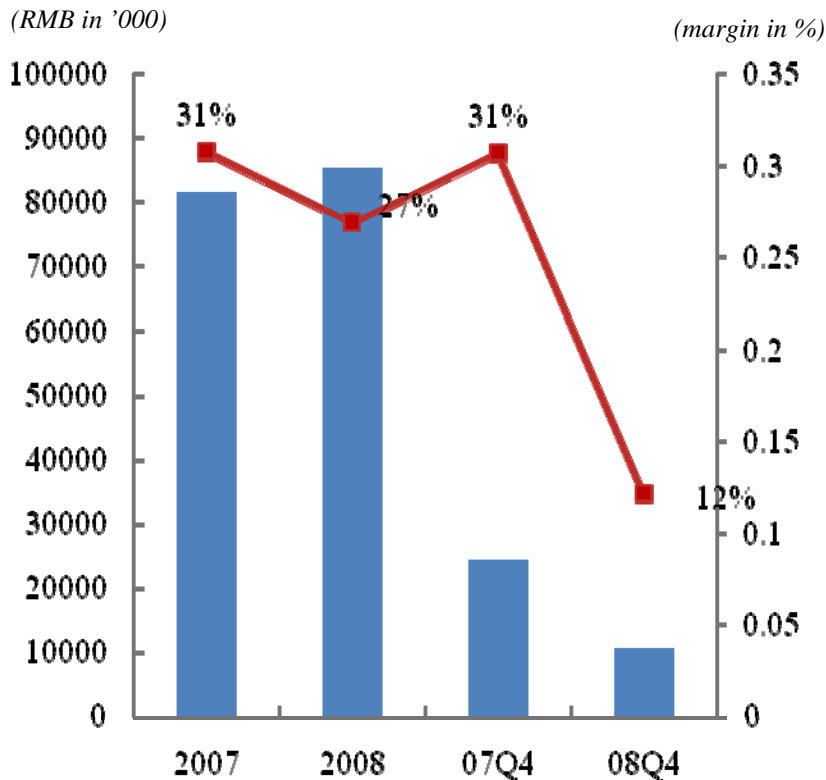
- R&D expenses increases generally track net revenue growth for the online degree programs (and increase in the number of university partners)
- Main research & development areas include:
 - Technology platform upgrade
 - Hardware reconfiguration
 - Improved ongoing service quality for university partners
 - Investment in the lifelong learning portal



Adjusted EBITDA

Adj. EBITDA was down from 2007 to 2008 due to increased cost and expenses related to our investment areas

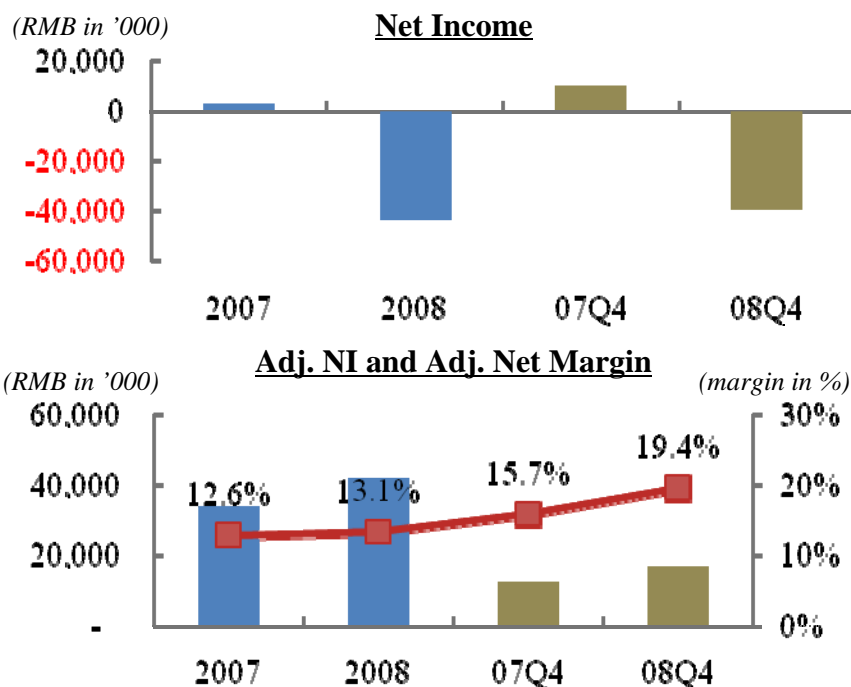
Adj. EBITDA and Adj. EBITDA Margin



- Adj. EBITDA margin down from 31% in 2007 to 27% in 2008 primarily due to investment areas as discussed previously:
 - Learning centers network
 - Courseware development
 - 101 online tutoring
 - Non-degree education opportunities
- Adj. EBITDA margin down significantly in the 4Q08 compared to 4Q07 due to majority of cost and expenses incurred in the 4th quarter as opposed to earlier in the year

Net Income and Adj. Net Income

GAAP net income was significantly impacted by non-cash goodwill and intangibles impairment loss; Adj. EPS increased significantly due to tax benefit



- Net income in 4Q08 were negatively impacted by goodwill and intangibles impairment:
 - ¥21mm of goodwill impairment was related to int'l curriculum program
 - ¥29mm of intangibles impairment was related to int'l curriculum program
 - ¥2mm of goodwill impairment was related to Jingzhou school's suspended construction

- Adj. net income increased in 2008 vs. 2007:
 - Significant tax benefit was recorded in 4th quarter of 2008 due to qualification of "new and high tech enterprises" under the new tax law

Dil. Adj. EPS (\$)	\$0.10	\$0.10	\$0.04	\$0.04
Dil. Adj. E/ADR (\$)	\$0.29	\$0.30	\$0.12	\$0.12
Dil. Shrs O/S (mm)	47.3	60.5	50.5	57.6

Balance Sheet Summary

	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2008
(In millions)	RMB	RMB	RMB	US\$
Cash and term deposit	503,156	407,829	417,433	61,185
AR	1,238	5,555	14,854	2,177
Amounts due from related parties	105,522	127,481	150,472	22,055
Other current assets	27,013	19,483	24,237	3,553
Total current assets	636,929	560,348	606,996	88,970
PP&E and deposits for PP&E	132,770	167,114	170,544	24,997
Intangible assets	105,852	102,746	70,377	10,315
Goodwill	73,319	61,334	38,155	5,593
Other long-term assets	31,198	30,216	32,608	4,779
Total Assets	980,068	921,758	918,680	134,654
ST deferred revenue	83,816	25,946	96,068	14,081
AP	2,773	8,312	8,530	1,250
Accrued expenses	42,096	35,393	51,629	7,567
Amounts due to related parties	28,316	59,070	25,769	3,777
Taxes payable	29,121	39,194	39,925	5,852
Total current liabilities	186,122	167,915	221,921	32,528
LT deferred revenue	3,124	7,254	6,073	890
Long term debt	25,724	-	-	-
Def. tax liab. & unrecg'd tax benefit	28,368	27,911	16,542	2,425
Total long term liabilities	57,216	35,165	22,615	3,315
Minority interest	57,996	74,294	84,315	12,358
Total shareholders' equity	678,734	644,384	589,829	86,453
Total liabilities, MI and Shr Equity	980,068	921,758	918,680	134,654

- Significant reduction in intangibles and goodwill
- Increase in amounts due from related parties post fall recruiting season
 - Increase in deferred revenue post fall recruiting season
- Decrease in amounts due to related parties

Solid Cash Position

Cash and term deposits totaled US\$61mm as of year end 2008 which compares to US\$60mm as of end of 3Q08 and US\$69mm as year end 2007

<i>(in US\$mm)</i>	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008
Cash and cash equivalents	\$68.1	\$44.7	\$51.9
Term deposits	\$0.8	\$15.4	\$9.3
Total cash on B/S	\$68.9	\$60.1	\$60.9

- Major cash outflow items in 4Q08 include:
 - US\$2mm (first payment) of share repurchase from Tiger Global
 - US\$1mm mainly due to ongoing Anqing School's Phase II construction
- Please note that we also paid \$11mm in January as the second payment for the share repurchase from Tiger Global

Analysis of Cash Flow from Operations

Cash flow from Operations decreased by ¥6mm from ¥42mm for the 3rd quarter 2008 to ¥36mm for the 4th quarter

- Major movements in Cash Flow from Operations include:

Major movements	¥ in millions
Increase in amounts due from related parties	¥ 23.0
Decrease in amounts due to related parties	- ¥ 29.1
Net cash flow increase / (decrease)	- ¥ 6.1

Revenue Guidance for First Quarter 2009

Revenue Guidance for 1Q09

- 2009 First quarter revenue guidance is between ¥75mm and ¥78mm

Non-GAAP Financial Measures

To supplement the unaudited condensed consolidated financial information presented in accordance with Accounting Principles Generally Accepted in the United States of America (“GAAP”), the Company uses non-GAAP measures of income from operations and net income, which are adjusted from results based on GAAP to exclude certain non-cash items of share-based compensation, amortization of intangible assets, goodwill and intangibles impairment, one-time accounts receivable write-off and currency exchange loss. The Company also uses adjusted EBITDA, which is also a non-GAAP measure and is adjusted from GAAP results of net income to exclude minority interest, interest, taxes, depreciation, amortization, share-based compensation, goodwill and intangibles impairment, one-time accounts receivable write-off and currency exchange loss. 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.

Questions and Answers