

ChinaEdu
弘成教育

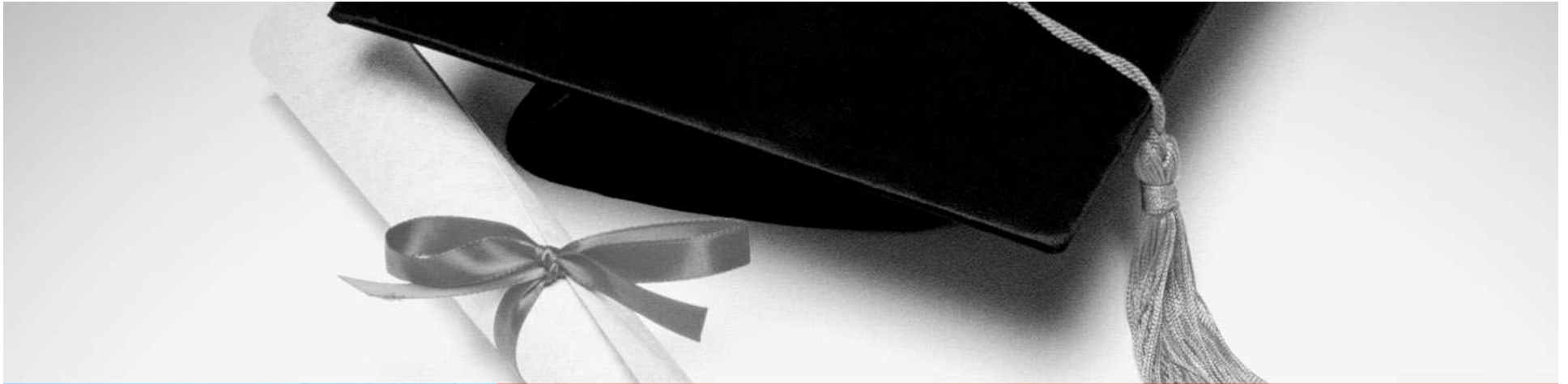


Solid Execution of Growth Strategy
Continued Strong Momentum in Online Degree Programs

2008 Second Quarter Results Presentation
August 20, 2008

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.



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**Business and
Operational Highlights**

Strong Results from Organic Growth

■ Online Degree Programs

- 33.9% Y/Y revenue growth in existing programs
- Strong growth in student enrollment - approximately 125,000 revenue students, or +25% Y/Y
- Continued expansion of learning center network
 - 10 wholly-owned learning centers fully operational by the end of 2Q
 - Added 12 franchised learning centers, with provincial-level approval to expand the network

Other Business Updates

- Online Tutoring
 - Significantly improved service quality of online curriculum and customer support
 - New product roll-out
 - Continuous effort to improve product development, sales & marketing and services
- International Curriculum Programs
 - Steady performance in line with expectations
- K-12 Primary and Secondary School
 - Jingzhou school construction is being re-evaluated to determine best course of action
 - Operation of other schools remains on track, despite pressure on operating costs as a result of higher inflation

Recent Developments and Key Initiatives

Focused on increasing student enrollment and providing the best services in the industry

- Continuously developing online degree program comprehensive service partners
- Signed eight new service agreements with leading universities to provide recruiting and support services
- Operating 10 wholly-owned and 32 franchised learning centers
- Marketing and developing new products in high-demand tutoring business
- Implementing initiatives to improve technology and enhance customer satisfaction
- Exploring a sustainable professional training business model to leverage and compliment online degree programs



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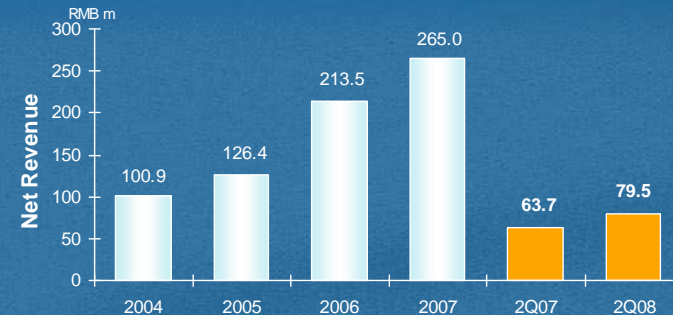


Financial Highlights

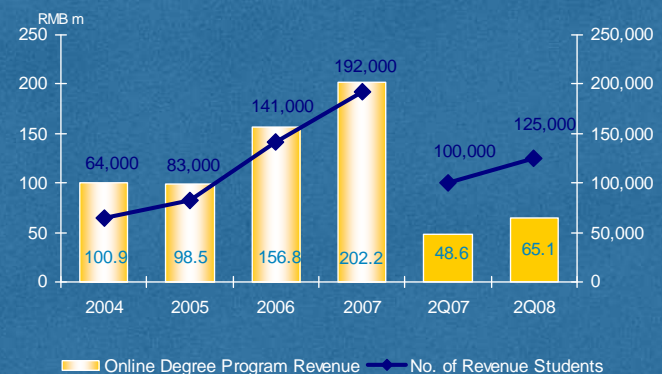
Robust Revenue Growth Driven by Student Enrollment in Online Degree Programs

- Total net revenue increased by 24.9% to RMB79.5 million (\$11.6 million) vs. RMB63.7 million in 2Q07
 - Total net revenue increased 14.2% vs. RMB69.7 in 1Q08
- Net revenue from online degree programs increased by 33.9% to RMB65.1 million (\$9.5 million) vs. RMB48.6 million in 2Q07
 - Net revenue from online degree programs increased 18.5% vs. RMB54.9 million in 1Q08
- Number of revenue students increased by 25% to approx. 125,000 vs. 100,000 in 2Q07
 - Increased 37.4% vs. 91,000 revenue students in 1Q08

Continued Strong Revenue Growth...

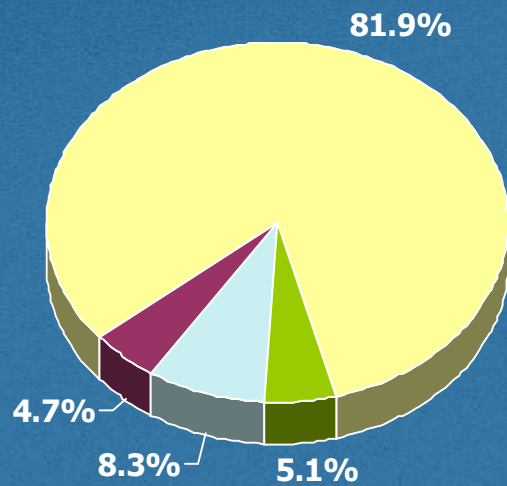


...Driven by Success of Online Degree Programs



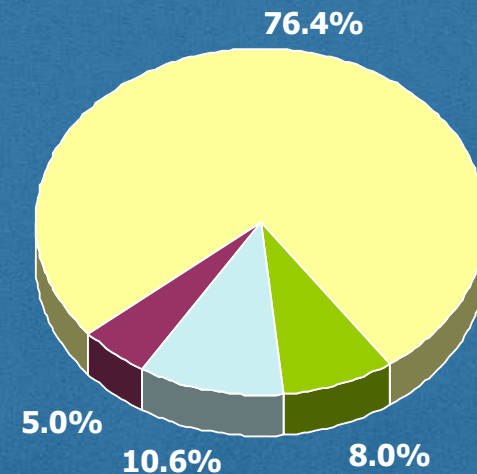
Online Degree Programs Continue to Gain Momentum

2Q08 Revenue Breakdown



■ Online Degree ■ Online Tutoring
■ International Curriculum ■ Private Schools

2Q07 Revenue Breakdown



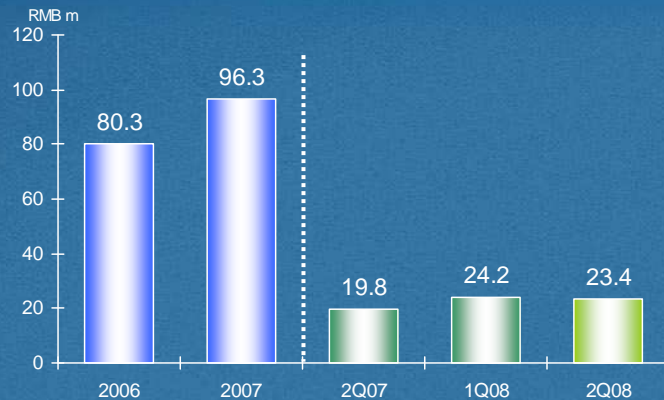
■ Online Degree ■ Online Tutoring
■ International Curriculum ■ Private Schools

- Revenue contribution from online degree programs increased to 81.9% in 2Q08 versus 76.4% in 2Q07, driven by strong market demand and the increase in student enrollment

Note: Period ending June 30

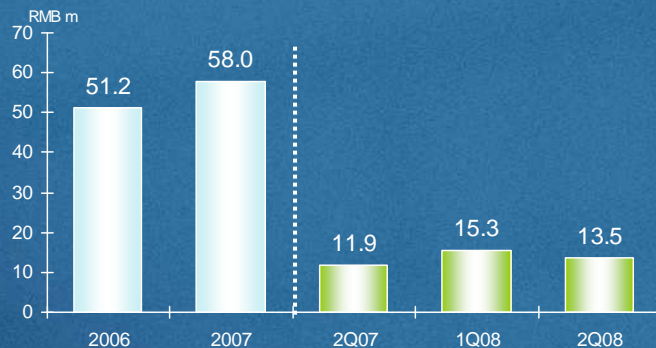
Incrementally Slower Increase in Cost of Revenue Supports Margin Strength

Total Cost of Revenue



- Cost of revenue increased 18.1% to RMB23.4 million in 2Q08, from RMB19.8 million in 2Q07
 - Cost of revenue was RMB24.2 million in 1Q08
 - Revenue growth exceeded growth in cost of revenue as a result of an increase in student enrollments

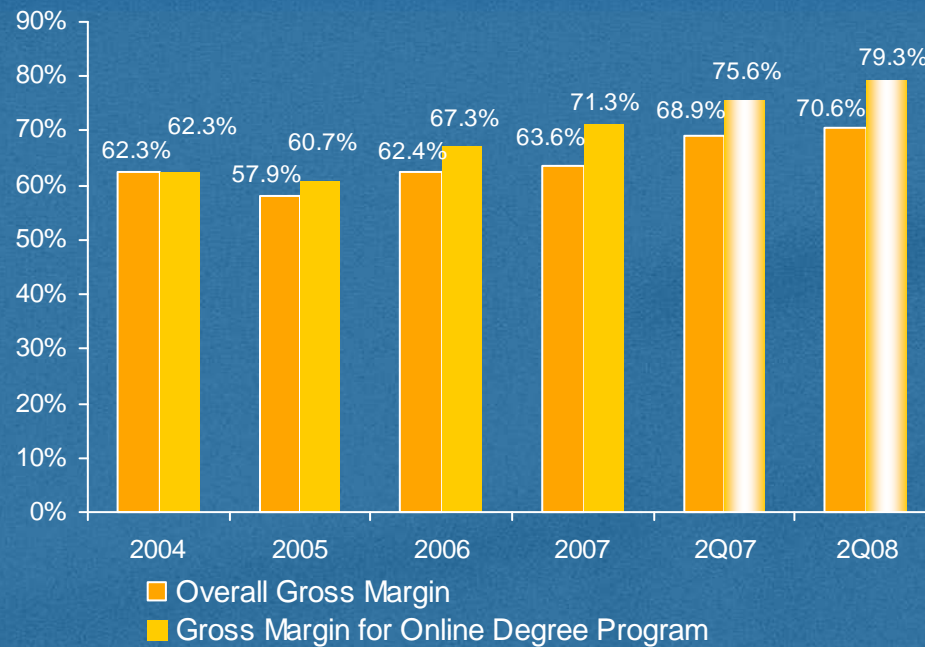
Cost of Revenue for Online Degree Programs



- Cost of revenue for online degree programs increased by 13.5% to RMB13.5 million from RMB11.9 million in 2Q07
 - Increase due to the expansion of the services necessary to support university partners

Consistent Growth in Overall Gross Margin

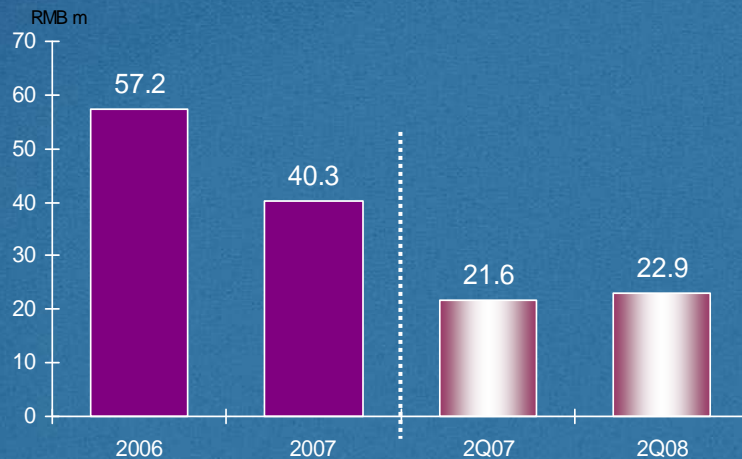
Strong Gross Margin Improvement



- Overall gross margin increased to 70.6% in 2Q08 vs. 68.9% in 2Q07
- Gross margin for online degree programs increased to 79.3% in 2Q08 vs. 75.6% in 2Q07

Improved Operating Income Despite Increased Expenses

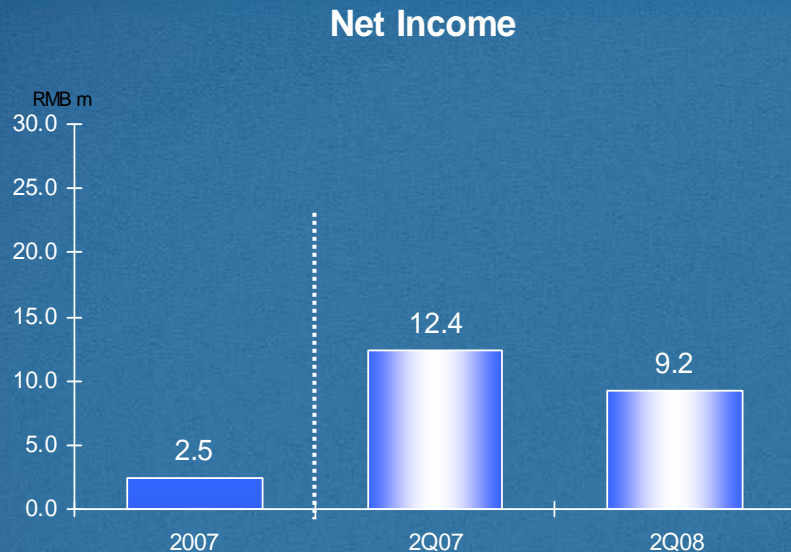
Operating Income



Note: RMB16.2 m impairment loss was recorded in FY2007

- Operating income was up 5.9% Y/Y to RMB22.9 million in 2Q08, and up 78.5% sequentially
- Non-GAAP operating income amounted to RMB26.8 million, representing an 8.3% Y/Y increase
- In line with management expectations:
 - G&A expenses were RMB20.4 million
 - Selling & marketing expenses were RMB7 million
 - Research & development expenses were RMB5.8 million
- Other non-operating income was RMB2.1 million in 2Q08, attributable to a one-time government reimbursement
- Adjusted EBITDA (non-GAAP) increased by 11% to RMB29.9 million in 2Q08, vs. RMB26.9 million in 2Q07

Net Income Impacted by New Tax Legislation, Costs Associated with Business Growth



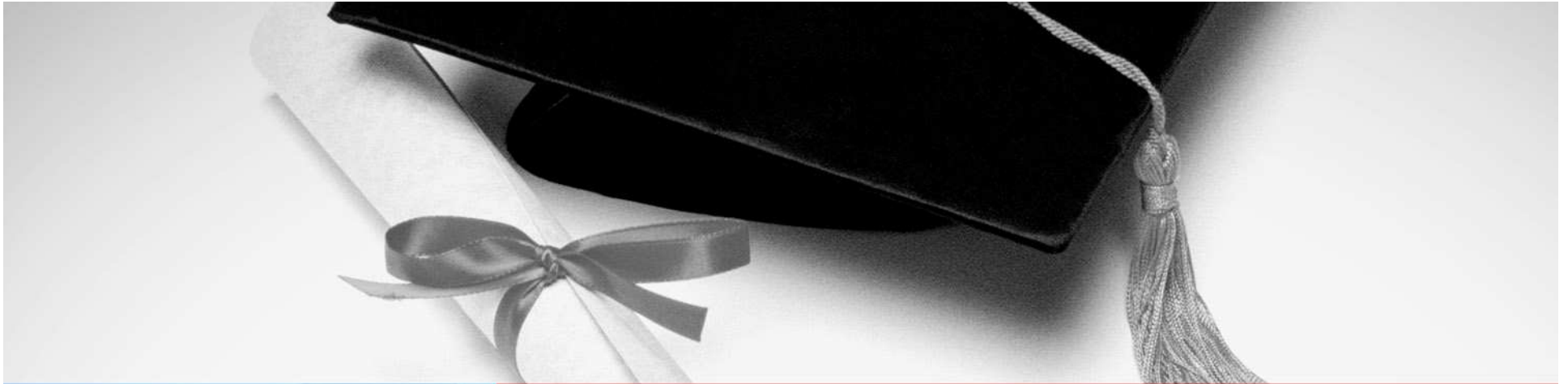
Note: RMB16.2 m impairment loss was recorded in FY2007

- Net income in 2Q08 decreased to RMB9.2 million vs. RMB12.4 million in 2Q07
 - Higher income tax expense as new Income Tax Law came into effect
 - Increased costs associated with the growth of our business
- Diluted EPS for 2Q08 was RMB0.15 (\$0.022) vs. RMB0.26 in 2Q07
 - Diluted EPS for 1Q08 was RMB0.03 (\$0.005)
- Pre-tax and minority interest earnings grew by 21.8% to RMB27.0 million vs. RMB22.2 million in 2Q07
- Non-GAAP net income was RMB12.8 million in 2Q08 vs. RMB15.5 million in 2Q07

(Non-GAAP net income excludes share-based compensation, minority interest for share-based compensation and amortization of intangible assets)

Solid Balance Sheet

<i>(in thousands)</i>	<i>June 30, 2008</i>	<i>June 30, 2008</i>	<i>December 31, 2007</i>
	<i>RMB</i>	<i>US\$</i>	<i>RMB</i>
<i>Cash and cash equivalents</i>	<i>400,737</i>	<i>58,424</i>	<i>497,114</i>
<i>Accounts receivable, net</i>	<i>13,722</i>	<i>2,001</i>	<i>1,238</i>
<i>Term deposit</i>	<i>33,000</i>	<i>4,811</i>	<i>6,042</i>
<i>Amounts due from related parties</i>	<i>168,610</i>	<i>24,582</i>	<i>105,522</i>
<i>Total current assets</i>	<i>634,498</i>	<i>92,505</i>	<i>636,929</i>
<i>Deferred revenues</i>	<i>80,963</i>	<i>11,804</i>	<i>83,816</i>
<i>Total current liability</i>	<i>197,199</i>	<i>28,750</i>	<i>186,122</i>
<i>Long term debt</i>	<i>23,568</i>	<i>3,436</i>	<i>25,724</i>



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Financial Outlook

3Q08 Net Revenue Guidance

- Third quarter 2008 revenue is expected to be in the range of RMB78 million (\$11.4 million) to RMB80 million (\$11.7 million), representing growth of 20% to 23.1% compared with the same period in 2007

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 share-based compensation and amortization of intangible assets. 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 uses both GAAP and non-GAAP information in evaluating and operating business internally and therefore deems it important to provide all of this information to investors.



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Questions & Answers