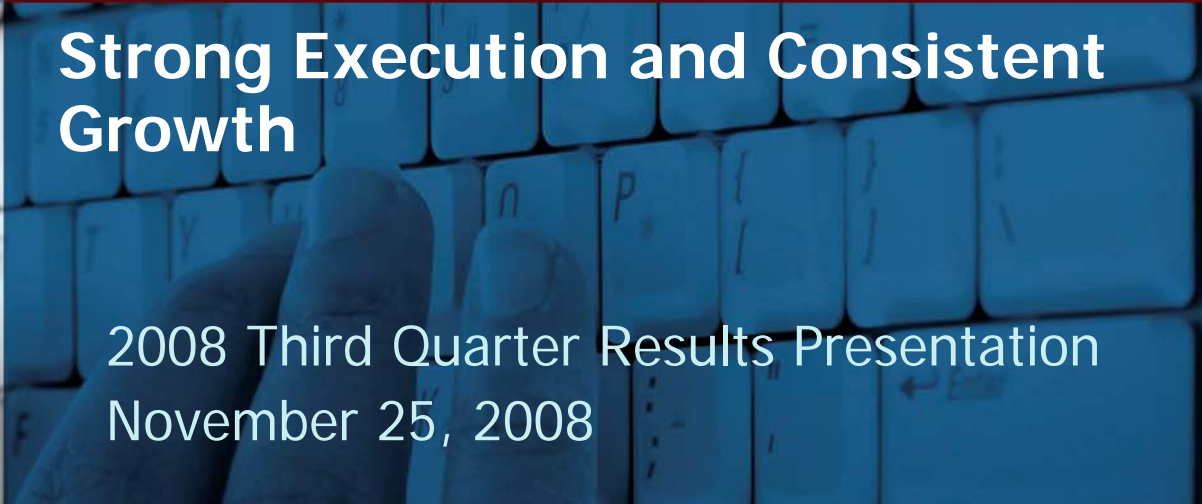




**ChinaEdu**  
弘成教育

**Strong Execution and Consistent Growth**

2008 Third Quarter Results Presentation  
November 25, 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.



**ChinaEdu**  
弘成教育



Financial and Business Highlights

# Financial Highlights – Strong Execution

- 34.4% Y/Y growth in online degree programs net revenue
  - 25.4% Y/Y growth in total net revenue
- Online degree programs gross margin of 70.5% is significantly higher than 61.9% in 3Q07
  - Overall gross margin improved to 62.0% this quarter from 54.5% last year
  - Gross margin in all business lines expanded except for private schools which recorded a one-time special employee bonus
- Adj. operating margin has also expanded significantly from 18.2% in 3Q07 to 26.1% this quarter
  - Adjustments include certain non-cash items, i.e. share based comp, amortization, goodwill impairment, and one-time write-off, and exchange loss
  - GAAP operating margin is -1.8% this quarter, compared to -17.9% in 3Q07, due to a goodwill impairment charge in the international curriculum division
- Adj. EBITDA was ¥24.6mm compared to ¥14.0mm in 3Q07, representing an increase of 75.6%
- Adj. net income was ¥7.4mm vs. ¥3.2mm in 3Q07, an increase of 129.3%

# Business Update – Online Degree Program

## ■ Online Degree Programs

- Increase in revenue student from 100,000 to 125,000 (year over year)
  - Signed eight new recruitment contracts with leading universities
  - Build 10 wholly-owned, 25 franchised learning centers in operation
  - Continues to develop new school partners and have ongoing communication with MOE regarding approval process
- ⇒ Focus in operational improvements and organic growth

## ■ Recent Developments

- Signed a new long-term exclusive JV contract with Guangxi Radio and Television University for building a provincial learning center network
- Signed recruitment contract with Xiamen University
- Continue expansion of franchised learning center network

# Online Degree Programs Growth Strategy

## ■ Four growth strategies:

1. Significant room for enrollment growth in existing programs, especially at newer programs signed in the last two years
2. Continue to develop new long-term exclusive cooperative alliances
3. Growth from learning center network through better execution, expansion of programs and geographic coverage, expansion of regional network
4. Develop new relationship with schools outside 68 universities, pending MOE approval



*Long term sustainable growth + continued dominant position in China's online degree market*

# Competitive Advantages

- Nearly 10 years of track record in the online education market, the longest in the industry
- Long-term exclusive relationships with 9 out of 68 universities approved for online programs
- The only player with the exclusive cooperative alliance business model
- The only player who provides a turn-key solution with fully vertical integrated functions
- One of the only three institutions approved to establish nationwide learning center network



*We are by far the #1 player in the online higher education market, with no competitor comparable in size or offering*

# Business Updates (Cont'd)

## ■ Online Tutoring

- Operational improvements, particularly product and sales - successfully passed the ISO9000 certification
- Launched preschool product "Yo-Yo Bear"

## ■ International Curriculum Programs

- Steady performance for the existing programs in line with expectations
- Seeking new partners to support future growth

## ■ K-12 Primary and Secondary School

- Anqing School's new campus began Fall semester enrollment after completion of construction (phase two construction underway)
- Jingzhou school construction has been put on hold, open to strategic alternatives

# Update on Learning Center Network

## Learning Center Operations Timeline



- We are focused on profitable growth rather than aggressive expansion of geographic coverage
- Added new recruiting contract with Xiamen University
- The network is currently serving a total of 14 schools, five of which we also have long-term exclusive cooperative alliances with us
- Overall revenue contribution from Learning Centers is at an early stage as different learning centers' revenue contribution came in at different times



**ChinaEdu**  
弘成教育



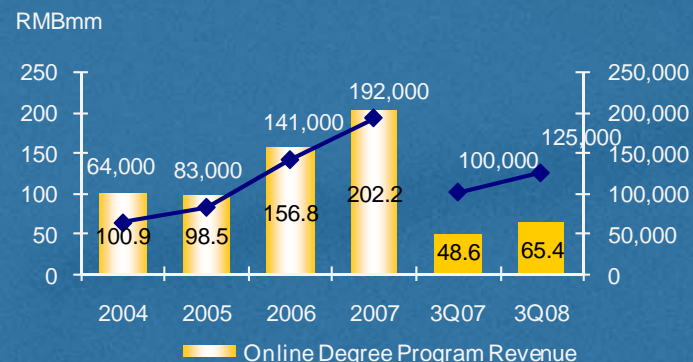
3<sup>rd</sup> Quarter Financial Review

# Solid Revenue Growth – Core Online Degree Programs Continues to Deliver

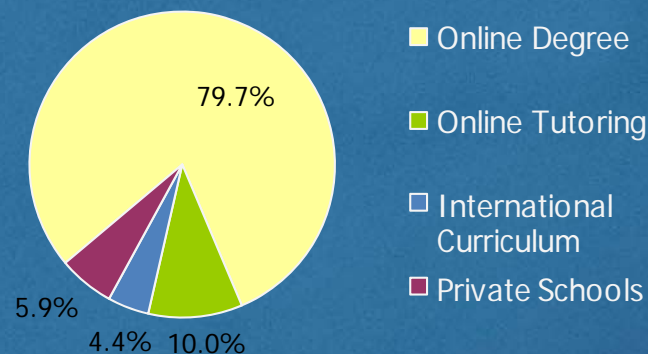
- Total net revenue increased by 25.4% to RMB82.0mm (\$12.1mm) vs. RMB65.4mm in 3Q07
- Net revenue from online degree programs increased by 34.4% to RMB65.4mm (\$9.6 million) vs. RMB48.6mm in 3Q07
- Revenue contribution of online degree programs is 80% in 3Q08 vs. 74% in 3Q07
- Number of revenue students is the same as the previous quarter of 125,000 vs. 100,000 in 3Q07
- Other revenue highlights:
  - Int'l Curriculum revenue increase in Q3 due to summer student group revenue
  - Anqing school revenue increase due to enrollment at new campus in Sept

## Continued Revenue Growth in Online Degree Programs

'04-'07 Rev CAGR: 26%  
3Q07-3Q08 Rev Growth: 34%

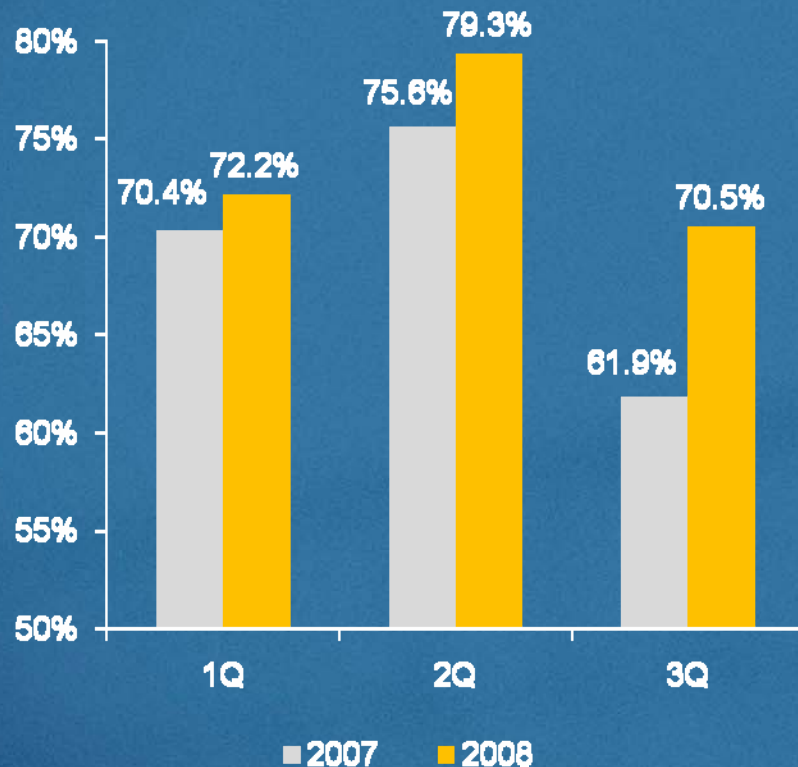


## 3Q08 Revenue Contribution by Business Line



# Consistent Year-over-Year Gross Margin Improvement

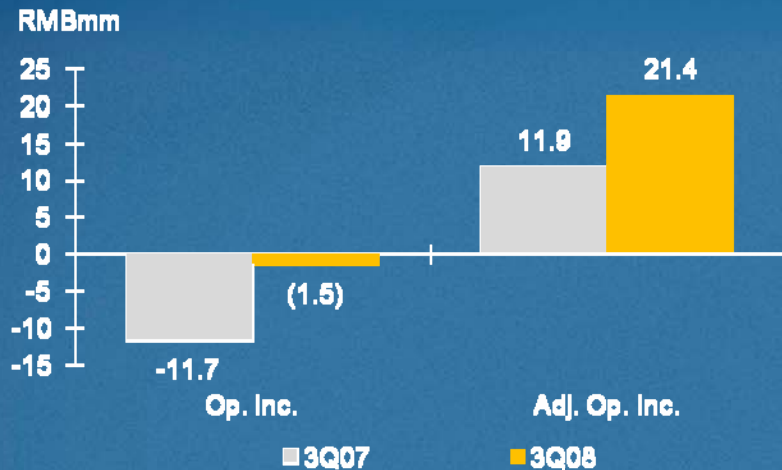
Online Degree Programs Gross Margin  
Y/Y Quarterly Comparison



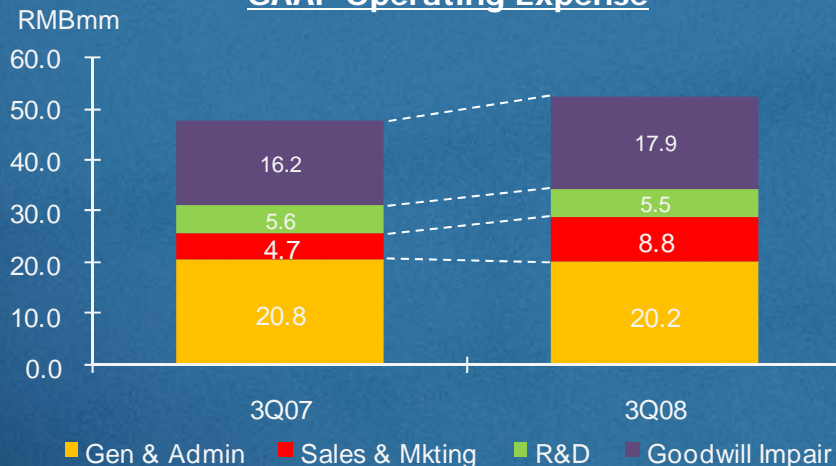
- Online degree programs 3<sup>rd</sup> quarter gross margin improved from 61.9% to 70.5%
- Overall gross margin increased to 62.0% vs. 54.5% in 3Q07
- Consistent year over year gross margin improvement due to scale effect of the business
- 3<sup>rd</sup> quarter online degree programs gross margin may be lower than other quarters due to graduation related costs
- Other gross margin highlights:
  - Private schools gross margin lower in 3Q08 due to a one-time employee bonus

# Continued Improvement in Adj. Op. Income

## Improvement in Operating Income



## GAAP Operating Expense



- Adj. Op. Income increased by 81% from RMB11.9mm in 3Q07 to RMB21.4mm in 3Q08
  - Adj. op. income excludes certain non-cash items, i.e., share-based comp, amortization, goodwill impairment, and one-time write-off, and exchange loss
  - Adj. operating margin increased to 26.1% from 18.2% in 3Q07
- Recorded a RMB17.9mm charge of goodwill impairment this quarter in int'l curriculum division
  - Operating income was RMB-1.5mm this quarter compared to RMB-11.7mm last year
- Sales and marketing expense increased significantly compared to 3Q07, primarily due to a marketing campaign at online tutoring program and a one-time marketing event at one of our JV universities

# Solid EBITDA Results

(in thousands of RMB)

3Q07

3Q08

<b>GAAP Operating Income</b>	<b>-11,696</b>	<b>-1,484</b>
<i>Depreciation</i>	1,997	3,005
<i>Amortization</i>	2,300	2,284
<b>EBITDA</b>	<b>-7,399</b>	<b>3,805</b>
<i>Share-based compensation</i>	1,180	1,494
<i>Goodwill impairment</i>	16,192	17,857
<i>One-time write-off</i>	4,031	-
<i>Exchange rate loss</i>	-	1,433
<b>Adjusted EBITDA</b>	<b>14,004</b>	<b>24,589</b>
<b>Net revenue</b>	<b>65,412</b>	<b>82,004</b>
<b>Adj. EBITDA margin</b>	<b>21.4%</b>	<b>30.0%</b>



An increase  
of 75.6%

# Net Income Impacted by New Tax Legislation

## Net Income and Adj. Net Income



- Net income in 3Q08 was RMB-15.3mm, compared to RMB-19.4mm in 3Q07
- Negative impact on this quarter's net income includes:
  - RMB17.9mm goodwill impairment expense vs. RMB16.2mm in 3Q07
  - Income tax provision of RMB8.8mm vs. RMB2.5mm in 3Q07 due to higher statutory income tax rate from the new Income Tax Law; we are in process of applying for the new High Tech status
  - Minority interest grew from RMB5.1mm in 3Q07 to RMB7.4mm, a 46% increase which reflects the increased profitability of our JV programs
- Positive impact includes an interest income of RMB2.3mm vs. RMB0.5mm in 3Q07

Note: Adj. NI includes adjustment for share-based compensation, goodwill impairment, one-time write-off and exchange loss

# Strong Cash Position

<i>(in US\$mm)</i>	<i>Dec. 30, 2007</i>	<i>June 30, 2008</i>	<i>Sept. 30, 2008</i>
<b><i>Cash and cash equivalents</i></b>	<b><i>\$68.1</i></b>	<b><i>\$58.4</i></b>	<b><i>\$44.7</i></b>
<b><i>Term deposit</i></b>	<b><i>\$0.8</i></b>	<b><i>4.8</i></b>	<b><i>15.4</i></b>
<b><i>Total cash on balance sheet</i></b>	<b><i>\$68.9</i></b>	<b><i>\$63.2</i></b>	<b><i>\$60.1</i></b>

- Third quarter major cash outflow items include:
  - US\$3.0mm of share repurchase
  - US\$3.5mm long term loan payment
  - US\$2.5mm purchase of PP&E

# Solid Balance Sheet

<i>(in millions)</i>	<i>December 31, 2007</i>	<i>Sept. 30, 2008</i>	<i>Sept. 30, 2008</i>
	<i>RMB</i>	<i>RMB</i>	<i>US\$</i>
<i>Cash and cash equivalents</i>	<i>497.1</i>	<i>303.3</i>	<i>44.7</i>
<i>Accounts receivable, net</i>	<i>1.2</i>	<i>5.6</i>	<i>0.8</i>
<i>Term deposit</i>	<i>6.0</i>	<i>104.5</i>	<i>15.4</i>
<i>Amounts due from related parties</i>	<i>105.5</i>	<i>127.5</i>	<i>18.8</i>
<i>Total current assets</i>	<i>636.9</i>	<i>560.3</i>	<i>82.5</i>
<i>Total Assets</i>	<i>980.1</i>	<i>921.8</i>	<i>135.8</i>
<i>Deferred revenues</i>	<i>83.8</i>	<i>25.9</i>	<i>3.8</i>
<i>Total current liability</i>	<i>186.1</i>	<i>167.9</i>	<i>24.7</i>
<i>Long term debt</i>	<i>25.7</i>	<i>-</i>	<i>-</i>
<i>Total liabilities</i>	<i>243.3</i>	<i>203.1</i>	<i>29.9</i>
<i>Total shareholders' equity</i>	<i>678.7</i>	<i>644.4</i>	<i>94.9</i>



**ChinaEdu**  
弘成教育



Financial Outlook

# 4Q08 Guidance and Share Repurchase

- Revenue guidance for the 4th quarter is expected to be in the range of RMB82 million (\$12.0 million) to RMB85 million (\$12.4 million)
  - Goodwill impairment will be assessed and finalized for all divisions in the 4th quarter
- On Nov. 20<sup>th</sup>, the Company entered into a share repurchase agreement with Tiger Global to repurchase their outstanding ordinary shares of 8,364,634 at \$3.95 per ADR (each ADR represents 3 ordinary shares), which was the closing stock price on Nov. 19<sup>th</sup>, 2008
  - Total purchase price is approximately \$11.0mm
  - Warrants which represent right to purchase 1,768,300 ordinary shares shall be cancelled in connection with the transaction
  - Tiger's decision to sell is based on Tiger Global Private Investments II, L.P.'s decision to close the fund after no new investment since investment in New Oriental Education and ChinaEdu in 2004

# 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 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 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.



**ChinaEdu**  
弘 成 教 育



Questions & Answers