

ChinaEdu
弘 成 教 育



2007 4th Quarter & Fiscal Year
Results Presentation

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.

Company Overview

- **We believe we are the largest service provider to the online degree education market in China**
- **Total enrollment for all business segments is approximately 200,000 students**

Online Delivery

Online Degree Program Services
76.3% of 2007 Revenue

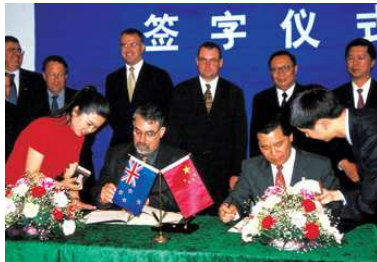


Online Tutoring and Test Preparation Programs
6.8% of 2007 Revenue



Site-Based Delivery

International Curriculum Programs
11.9% of 2007 Revenue



Private Primary and Secondary Schools
5.0% of 2007 Revenue



Note: Period ending December 31, 2007.

Q407 Highlights

- In December 2007, ChinaEdu successfully completed its initial public offering and listing on the Nasdaq Global Market
- Q4 07 net revenue reached RMB79.6 million, increased 37.6% Y-o-Y; net income increased Y-o-Y by 220.6% to RMB9.4 million, driven primarily by the improved performance of online degree programs
- Number of revenue students in online degree programs during the fourth quarter of 2007 increased by 23% to over 91,000 from approximately 74,000 for the same period in 2006
- Net revenue from online degree programs, the core business segment, increased by 54.5% to RMB64.8 million (\$8.9 million) for the fourth quarter of 2007 from RMB41.9 million for the same period in 2006
- Formed partnership with Shanghai University of Finance and Economics – one of the top finance and accounting universities in China
- Six learning centers in operation by the end of 2007

Q108 Highlights

- Build company through organic growth
 - Expand online degree business by securing new university partners. New partnership with Beijing Forestry University to provide exclusive online education services to the University
 - Currently eight learning centers in operation, additional two are expected to launch enrollment marketing campaigns by end of March
 - 101 Online School launched new products targeting school customers and new marketing strategy implemented
 - Acquired the remaining 20% interest in 101 Online School
 - All business lines remain solid with strong growth momentum

Commitment to Execute Our Growth Strategy

Build company through organic growth

Online Degree Programs

- Secure new university partners
- Increase enrollment at existing schools
- Aggressively expand learning center network

Online Tutoring

- Enhance website functionality
- Launch targeted marketing campaigns
- Introduce new products
- Improve post-sales services

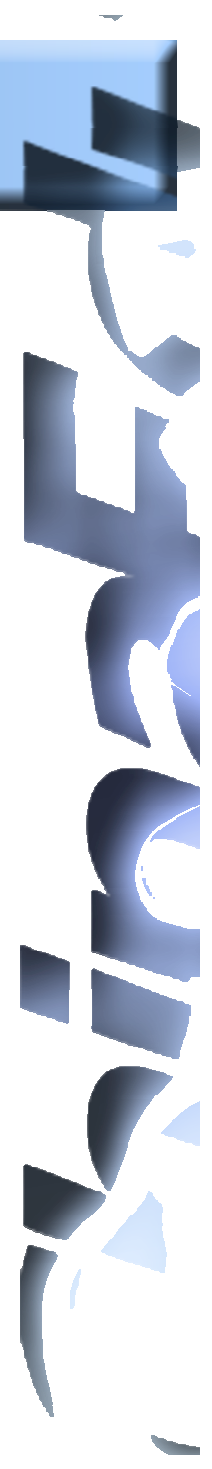
Private Primary and Secondary Schools

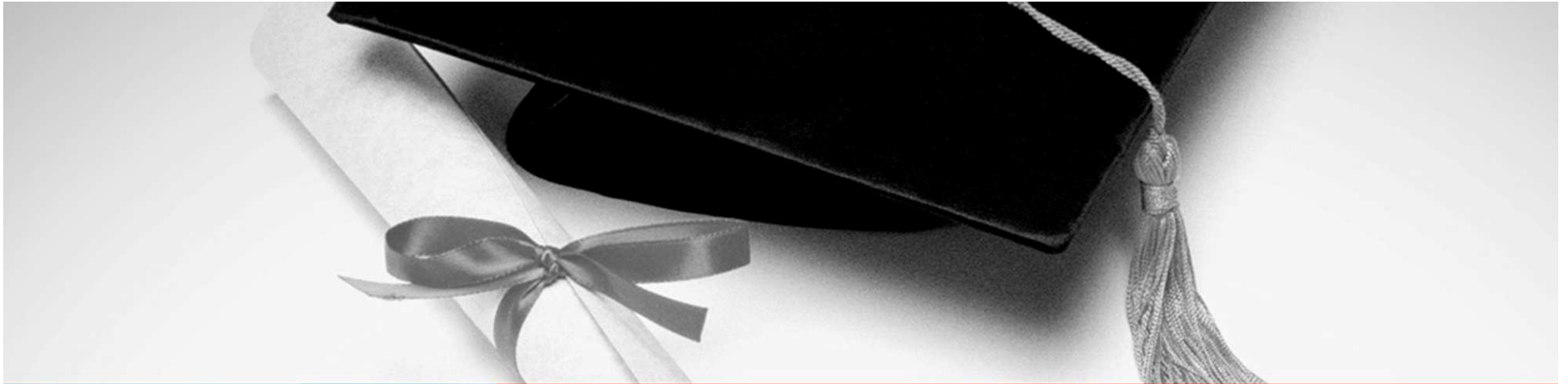
- Expand capacity and grade levels
- Increase enrollment

International Curriculum

- Increase penetration in school market
- Explore strategic relationships with overseas curriculum providers

Continue to seek acquisition opportunities that are complementary to existing lines of business





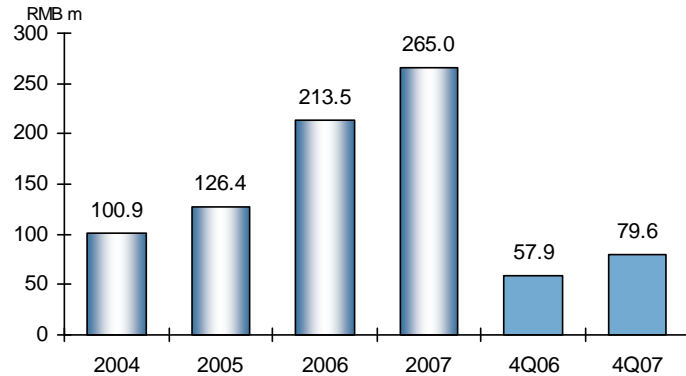
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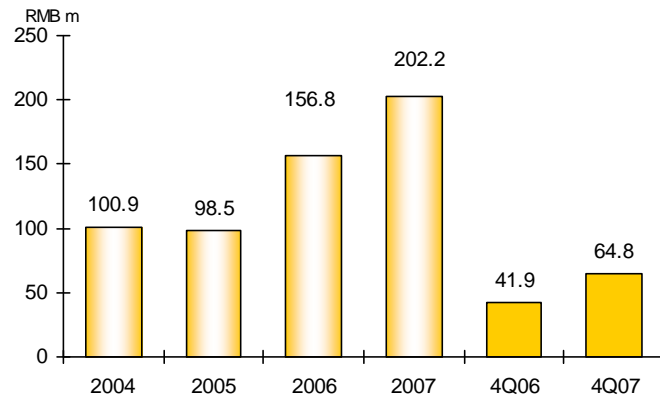
Financial and Operational
Review

Successfully Capitalizing on Market Trends Translates to Continuous Top Line & Gross Margin Growth

Net Revenue



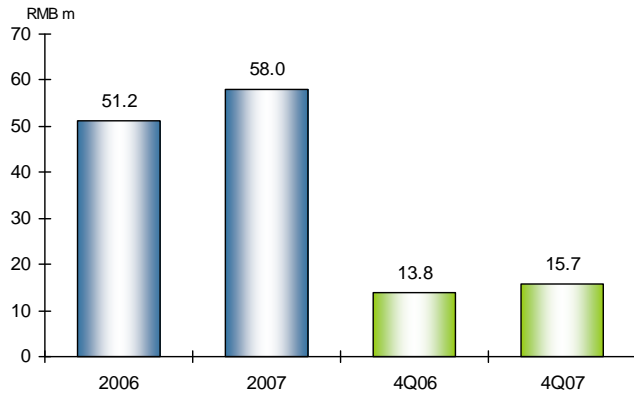
Online Degree Program Revenue



- Robust year-over-year top line growth of 24.1%, driven by 28.9% growth in online degree programs in fiscal 2007 vs. fiscal 2006
 - Total net revenue for fiscal year 2007 increased to RMB 265.0 m
 - Net revenue from online degree programs in fiscal year 2007 increased to RMB 202.2 m (\$27.7 m)
- Q4 total revenue increased by 37.6% to RMB 79.6 m (\$10.9 m) over same period in 2006
- Q4 net revenue from online degree programs increased by 54.5% to RMB 64.8 m (\$8.9 m) over the same period in 2006

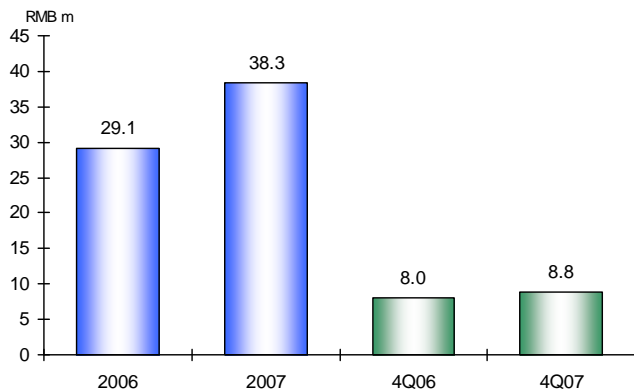
Cost of Revenue Increase in Line with Business Expansion

Cost of Revenue for Online Degree



- Costs increased due to more students participating in partners' online degree programs
- Higher recruiting expenses

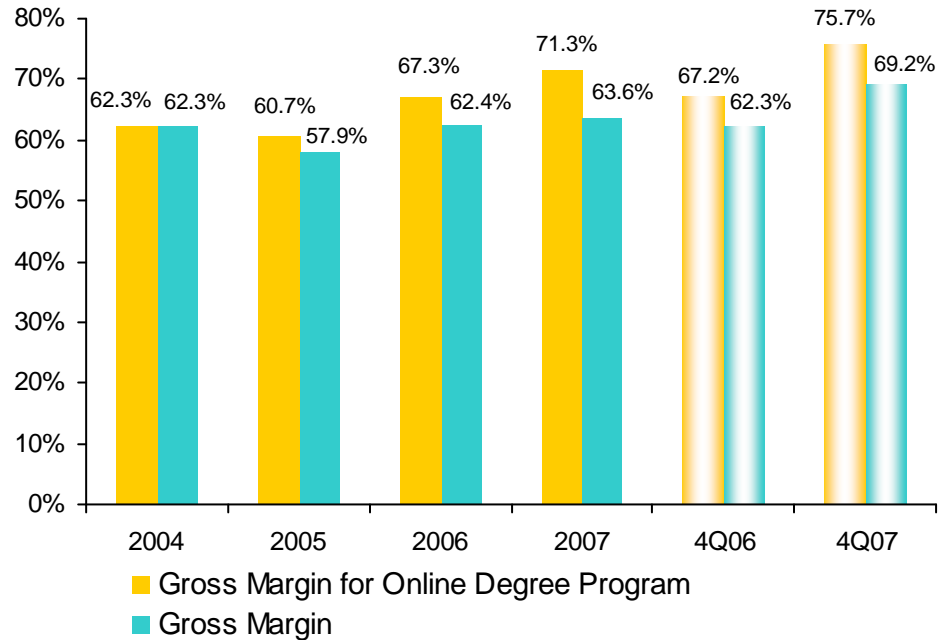
Cost of Revenue for Non-Online Degree



- Increase in number of faculty members in private schools
- Projected growth in private school student enrollments offset by delayed construction in one facility
- More students and teachers took part in academic tours in 2007 than 2006

Achieved Higher Margins Despite Increased Costs

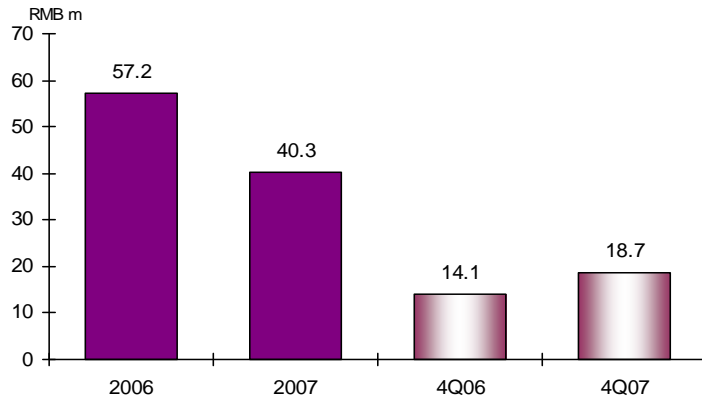
Higher Gross Margins Levels



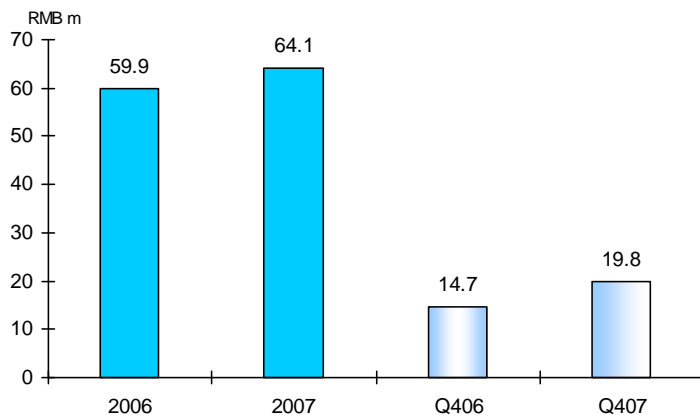
- Gross margin has continuously improved since 2005, reaching 63.6% in 2007
- Gross margin for online degree programs increased from 67.3% in 2006 to 71.3% in 2007

Full Year Operating Income Impacted by Q3 Goodwill Impairment Charge; Improvement in Q407

Operating Income



Operating Income (Non-GAAP)

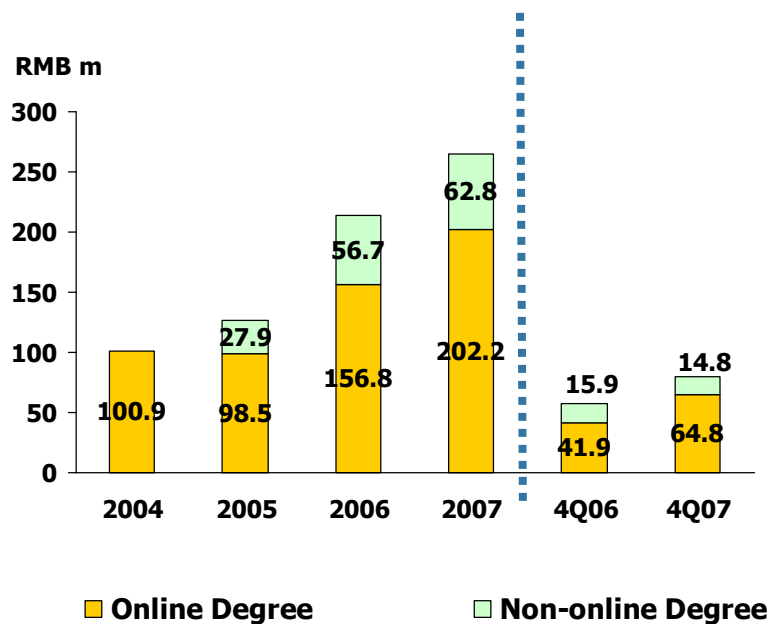


- Operating Income decreased by 29.6% to RMB40.3 m (\$5.5 m) for the year 2007 from RMB57.2 m due to a goodwill impairment charge and write-off of receivables for the prior owner of international curriculum programs
- Operating Income rebounded in the fourth quarter, increasing by 32.8% to RMB 18.7 m (\$2.6 m) as compared to RMB14.1 m in Q406
- Excluding a goodwill impairment charge, share-based compensation and write-off of receivables from the prior owner of the international curriculum programs (non-GAAP) increased by 7% to RMB64.1 m (\$8.8 m) in 2007 from RMB 59.9 m in 2006
- Q4 07 non-GAAP operating income increased by 35.3% to RMB19.8 m from RMB 14.7 m in the same period in 2006

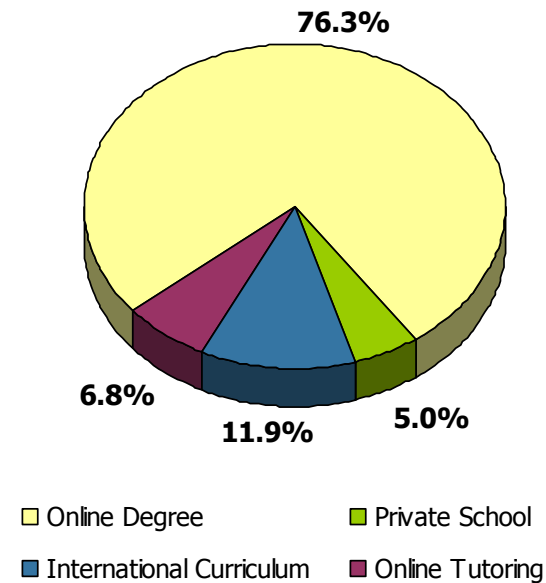
Diverse Revenue Mix Contributes Drives Earnings Growth

Our business continues to gain momentum across all product lines

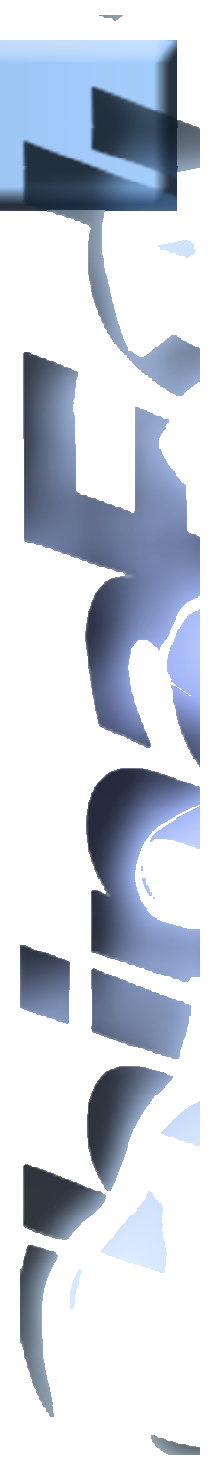
Revenue Growth by Product Line



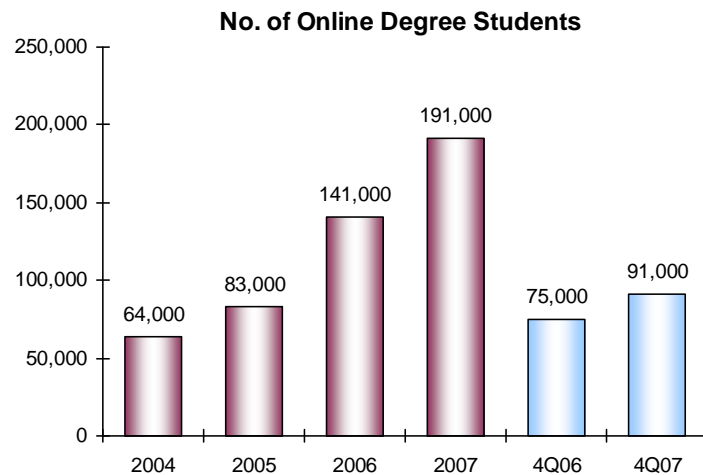
2007 Revenue



- Non-online degree revenue decreased in Q4 due to lower revenue from the FEC program within the international curriculum segment



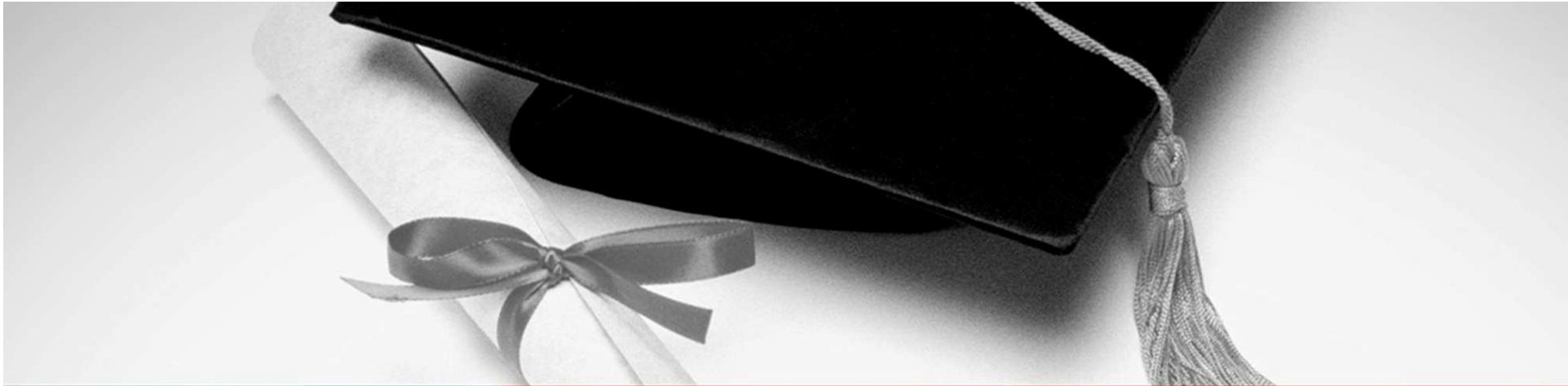
Online Degree Programs Continue to Be Core Growth Driver



- Significant growth in the number of revenue students
- Number of revenue students increased by 23% in Q4
- Partner university enrollment increased 36% to approximately 192,000 revenue students for the full year in 2007 vs. 2006
- RMB8.4 m refund by university partners for over-budget spending in previous years
- VAT refund of RMB3.5 m in Q407 was recognized as net revenue
- Increasing demand for learning center services - aggregate payments to third-party learning centers by university partners increased from 38% to 41% of gross tuition receipts in 2007

Strong Net Income Improvement in Q407; Full Year Impacted by Goodwill and Other Charges

- Q4 Net income increased by 220.6% to RMB 9.4 million (\$1.3 million) from RMB 2.9 million for the same period in 2006
- 2007 net income decreased by 90.3% to RMB 2.5 million (\$0.3 million) from RMB 25.5 for fiscal year 2006
- Q4 Net income excluding share-based compensation, goodwill impairment charges and write-off of receivables from the prior owner of international curriculum program (Non-GAAP) increased by 204.8% to RMB 10.3 million (\$1.4 million) from RMB3.4 million for the same period in 2006
- Non-GAAP net income for fiscal year 2007 decreased by 9.9% to RMB 24.9 million (\$3.4 m) from RMB27.7 million for fiscal year 2006



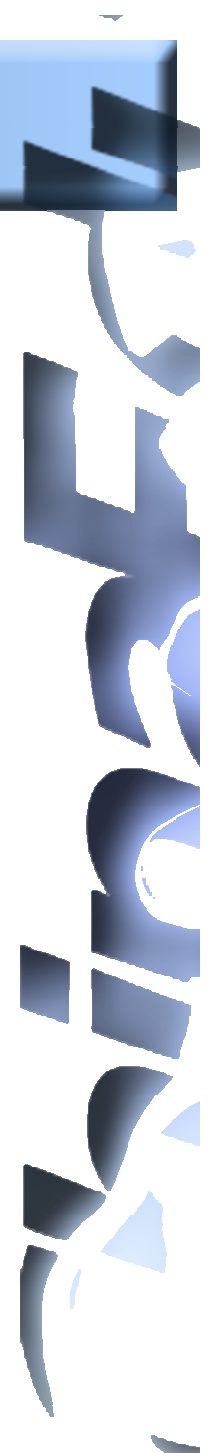
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Outlook

Outlook

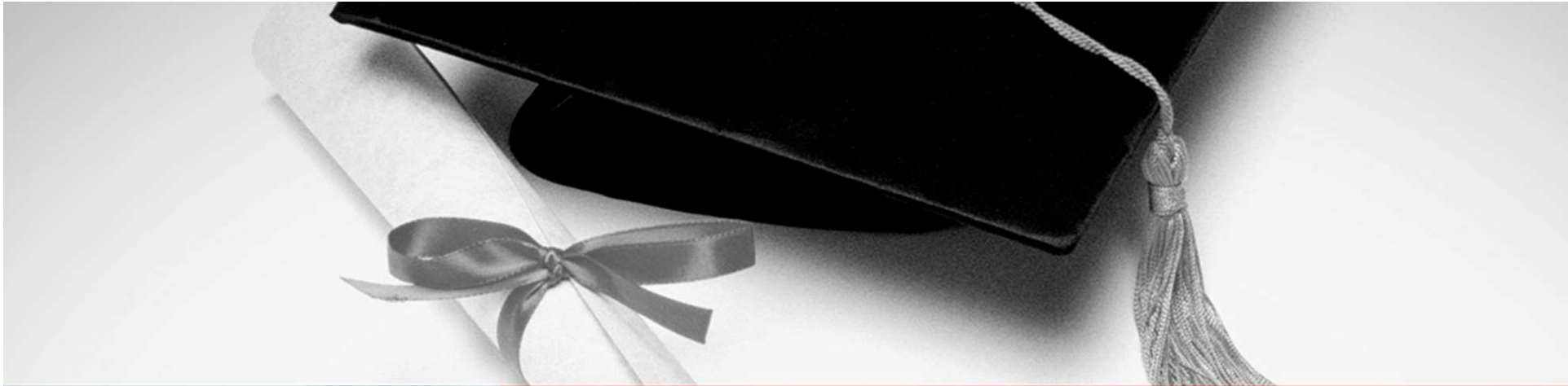
- Q1 2008 net revenue estimated to be in the range of RMB66 million (\$9.0 million) to RMB68 million (\$9.3 million), representing a growth rate of 17.3% to 20.8% over the same period in 2007



Non-GAAP Financial Measures

To supplement the consolidated financial results presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), ChinaEdu uses the following measures defined as non-GAAP financial measures by the Securities and Exchange Commission: (1) net income excluding share-based compensation, goodwill impairment charges and write-off of receivables from the prior owner of international curriculum program; (2) income from operations excluding goodwill impairment charge, share-based compensation, and write-off of receivables from the prior owner of the international curriculum programs; and (3) adjusted EBITDA, which is defined in this announcement as earning before interest, taxes, depreciation, amortization, share-based compensation, write-off of receivables from the prior owner of our international curriculum programs, other non-operating income, minority interest, and goodwill impairment charges.

ChinaEdu believes that excluding goodwill impairment charges, share-based compensation, and write-off of receivables from the prior owner of the international curriculum programs from its GAAP measures of net income and income from operations is useful to investors because the resulting non-GAAP measures enable a more meaningful periodic comparison of the Company's operating performance based on recurring items. The non-GAAP measures of net income and income from operations should not, however, be considered as alternatives to net income or income from operations calculated in accordance with GAAP as an indicator of the Company's financial performance. The accompanying tables present a reconciliation of: (1) net income to non-GAAP net income which excludes share-based compensation, goodwill impairment charges and write-off of receivables from the prior owner of international curriculum programs; and (2) income from operations to non-GAAP income from operations which excludes goodwill impairment charge, share-based compensation, and write-off of receivables from the prior owner of the international curriculum programs.



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Questions & Answers