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Brean Murray 2009 China Growth Conference

NYSE: DL



November 19, 2009



This presentation contains forward-looking statements intended to qualify for the “safe harbor” from liability established by the U.S. Private Securities Litigation Reform Act of 1995. These statements do not present historical facts, but include descriptions regarding the intent, belief or current expectations of the Company with respect to its business, consolidated results of operations and financial condition. These statements can be recognized by the use of words such as “expects,” “anticipates,” “plans,” “will,” “may,” “should,” “is/are/likely to,” “estimates,” “projects,” “intends,” “potential,” “future,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Such factors include, but are not limited to, the following: the Company’s ability to attract course participants and to develop and introduce new products that meet its target customers’ expectations; the Company’s ability to compete with its competitors; the continued success of the Company’s key brand “Chinaacc” and the further enhancement of its newer brands; changes in the timing and requirements of professional examinations in China; the Company’s ability to attract and retain qualified lecturers, qualified personnel and experienced senior management; the Company’s ability to protect its intellectual property rights; the Company’s potential exposure to liability for information on its websites; the performance and reliability of the Internet infrastructure and telecommunications networks in China; the Company’s ability to manage its growth and expansion effectively; and Chinese laws, regulations and policies, including those applicable to the Internet and Internet content providers, the education and telecommunications industries, mergers and acquisitions, taxation and foreign exchange. Certain of these factors, as well as other risks and uncertainties which may cause actual results to differ materially from those in the forward-looking statements, are more fully described under the heading “Risk Factors” in the Company’s annual report on Form 20-F and other documents as filed with the U.S. Securities and Exchange Commission. Investors are cautioned not to place undue reliance on forward-looking statements contained in this presentation, which speak only as of the date of this presentation. The Company undertakes no obligation to revise forward-looking statements to reflect future events or circumstances.

Company Overview

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- ✓ Founded in 2000 with focus on online professional education
- ✓ We offer an extensive content library targeting a diverse customer base
 - § 16 websites covering 13 subjects
 - § 174 courses offerings
 - § 2,111 classes
 - § Over 10,000 hours of audio-video course content
- ✓ Strong brands with nationwide recognition
- ✓ 1,134,000 course enrollments in FY 2009
- ✓ Our Mission: To establish a lifelong and comprehensive on-line learning ecosystem
- ✓ Listed on NYSE: DL



Our Diverse Course Offerings

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Online Professional Test Preparation Courses



Accounting



Healthcare



Law



Construction Engineering



Information Technology



Occupational Skills Exam



Occupational Training

Online Professional Continuing Education

Online Higher Education for Self-Taught & Adult Learners



Higher Education for Self-Taught Learners



Adult Higher Education

Other Online Courses (e.g. Foreign Language)



Graduate School Entrance Exam



Foreign Languages



Primary and Secondary Education



Chinese Language

Book & Reference Materials

- ✓ Sell books and reference materials relating to various courses and exams

Other

- ✓ Provide course, platform and magazine content production services on a contractual basis
- ✓ Provide in person professional training for “Big 4” accounting firms
- ✓ Provide in person business start-up training for new graduates



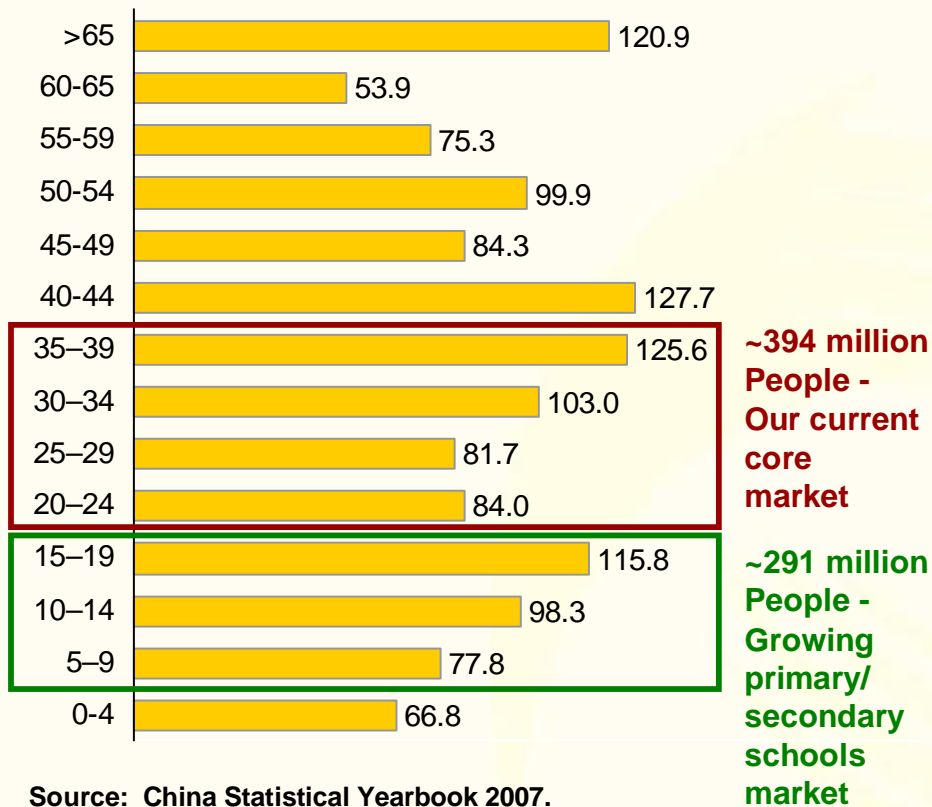
- 1. Huge Addressable Market with Rapid Growth Potential**
- 2. Leading Online Education Provider in China with the Highest Enrollment**
- 3. High-Quality Courses and Superior Support and Services for Course Participants**
- 4. Strong Brand with Nationwide Recognition**
- 5. Diverse Course Offerings that Address the Needs of a Sizeable Market**
- 6. Highly Scalable and Replicable Business Model**
- 7. Experienced and Stable Management Team**

Huge Education Market Potential in China

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Population By Age Group (Millions)

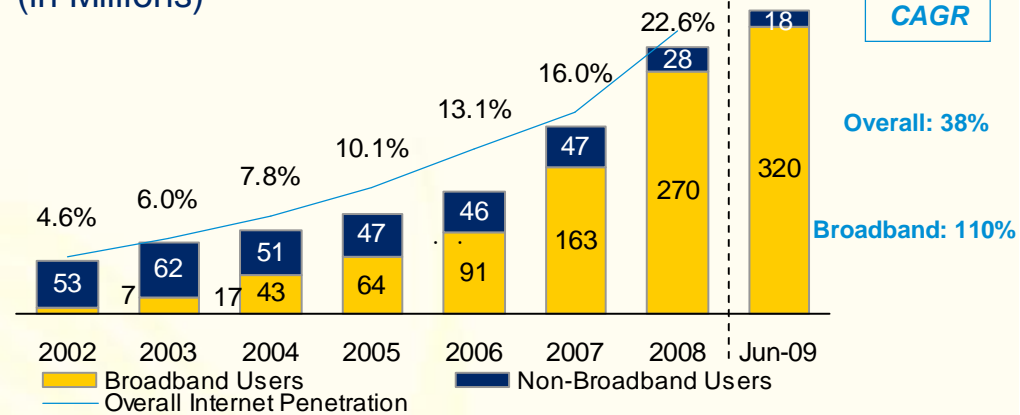


Source: China Statistical Yearbook 2007.

Penetrating into a market segment of comparable size as current core market

Source: *Deloitte.

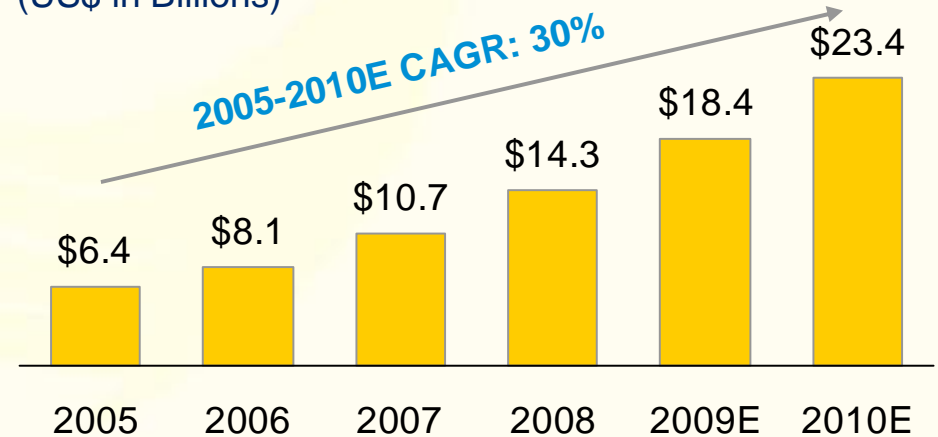
China's Internet Users and Penetration (in Millions)



Source: CNNIC

Note: All December year-end numbers.

China Prof. Education & Test Prep Market Size (US\$ in Billions)



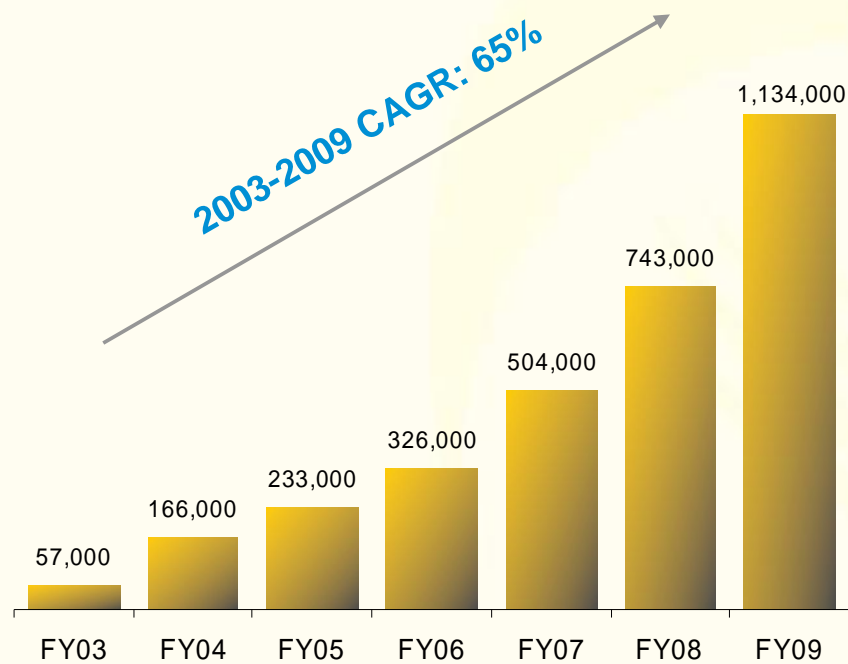
Source: CCID Report

Note: USD/RMB exchange rate of 6.82 assumed for conversion



- ✓ CDEL is the leading provider of online education in China focusing on professional education ⁽¹⁾
- ✓ Number one service provider in terms of market share in core subject areas

Highest Online Course Enrolments



Largest Market Share in Core Subject Areas ⁽¹⁾

Rank	Subject Area	Market Share
#1	Accounting	70.5%
#1	Healthcare	65%
#1	Higher Education for Self-taught Learners	51%
#1	Law	33.5%
#1	Construction Engineering	26%

Source: 2008 iResearch.

(1) As measured by total number of course enrollments in 2008, according to 2009 CCID reports commissioned by CDEL

By raising the standard in the online education market we have created a high barrier of entry for competitors

Highly Qualified Lecturers

Robust Technology

Strict Quality Control

High-Quality Courses

Well-Trained Tutors
Quickly Responding to
Questions from Course
Participants

Superior Course-Related
Support and Services

Customer Service
Representatives Providing
Services 24 Hours a Day,
7 Days a Week

Comprehensive General
Customer Service

Differentiation from Our
Competitors in the Online
Education Market

High Levels of Customer
Satisfaction and Customer
Loyalty

Sustainable Business Growth

Scalable – Significant Operating Leverage

- ✓ Online delivery permits high course enrollment to lecturer ratios
- ✓ Almost no limit to the number of course participants per course
- ✓ Low marginal cost to increase enrollments
- ✓ No need for costly physical classroom space
- ✓ Low demand on headcounts

Replicable – Exponential Growth

- ✓ Quickly replicate successful accounting model in other course offerings
- ✓ Geographical expansion – leading position allows CDEL to replicate successful programs in other cities and regions

Courses Offerings



Geographic



Experienced and Stable Management Team

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	<u>Name</u>	<u>Title</u>	<u>Year Joined CDEL</u>
	Zhengdong ZHU	Chairman, Chief Executive Officer and Co- Founder	2000
	Ping WEI	Chief Financial Officer	2008
	Zheng LIANG	Chief Operating Officer	2000
	Songjiang QIN	Chief Technical Officer	2002
	Hongfeng SUN	Chief Learning Officer	2000
	Feijia JI	Chief Service Officer	2000

Proven track record in the education industry

In-depth knowledge and extensive experience in online education

Dedication towards China's education market

Well-respected in China's education sector

Stable management team working together since inception

Growth Strategies

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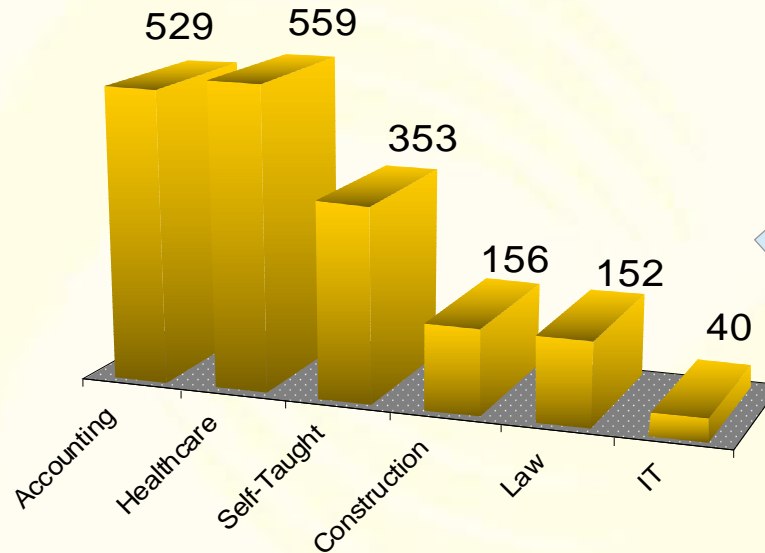


A multi-pronged strategy combining increasing enrollments in existing courses, expanding course offering to increase course enrollments, developing lifelong programs and pursuing selective acquisitions and alliances

As of September 30, 2009

■ No. of Classes

1. Increase enrollments in existing courses



3. Develop lifelong learning programs

4. Selective acquisitions & alliances

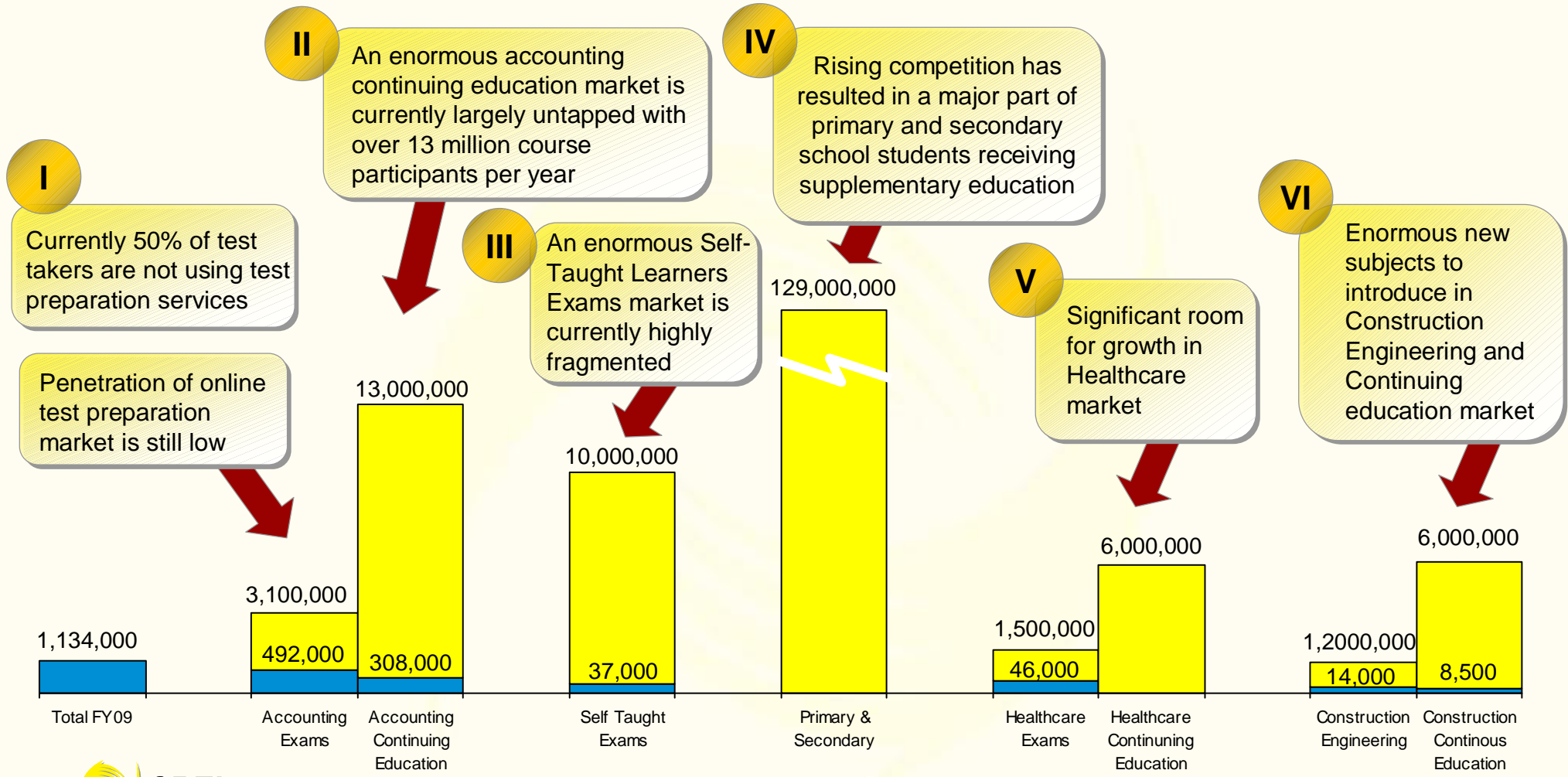
2. Expand course offering

Large Expansion Opportunity in Existing Courses

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CDEL's Enrollments vs. Annual Participants in Selected Courses



I Currently 50% of test takers are not using test preparation services

Penetration of online test preparation market is still low

II An enormous accounting continuing education market is currently largely untapped with over 13 million course participants per year

III An enormous Self-Taught Learners Exams market is currently highly fragmented

IV Rising competition has resulted in a major part of primary and secondary school students receiving supplementary education

V Significant room for growth in Healthcare market

VI Enormous new subjects to introduce in Construction Engineering and Continuing education market



■ CDEL Current Enrollments

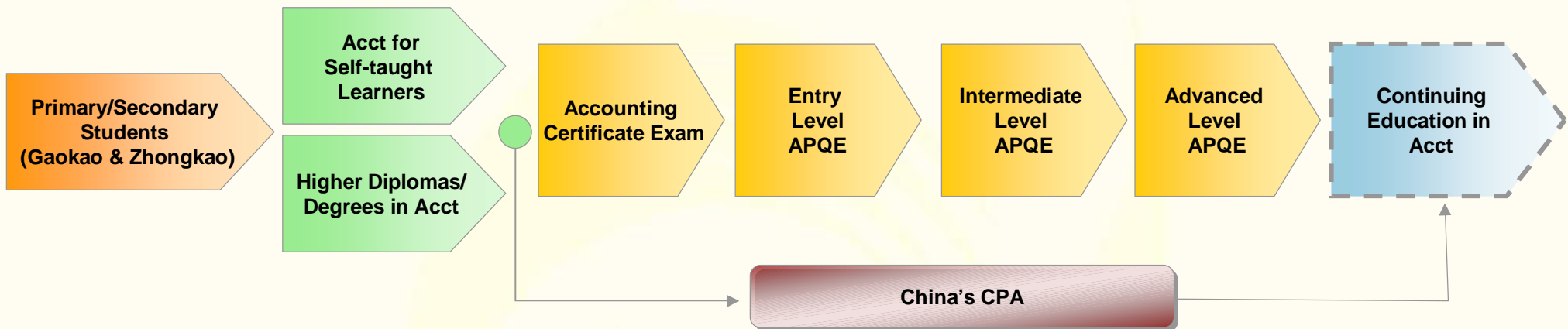
Source: 2009 iResearch report commissioned by CDEL.

14 Note: Bars are not proportionate, but rather for demonstration purposes only





Providing Lifelong Education from Primary School through Continuing Education



CDEL Lifelong Learning Programs Include:

- ✓ Tutoring for primary and secondary school students
- ✓ Online higher education for self-taught & adult learners
- ✓ Online professional test preparation courses
- ✓ Online professional continuing education

Providing lifelong education programs increases our course participants' lifetime revenues to us, while further solidifying our leadership position in online education



Building on a successful track record

✓ 2005 – Acquisition of www.zikao365.com

- Self-taught programs, including test prep and process monitoring – key long-term growth driver
- 32,000 enrollments in FY08

✓ 2008 – Acquisition of CK100

- Expanded CDEL course offering into low-cost accounting test prep market
- Gaining enrollment momentum; expect 20,000+ enrollments in FY09

✓ 2009 – Acquisition of Yucai

- Expansion into business start-up training market, an important initiative by the government to divert graduates from the job market
- Yucai has contracts with designated parties of the Chinese government authorities to provide training

✓ 2009 – Acquisition of stake in Xinlixiang

- Provider of Gaokao (nationwide college entrance exam) retake preparation and high school supplementary tutoring courses.
- CDEL gains immediate access to the large and growing Gaokao retake and primary/secondary school supplementary education markets

Financial Highlights

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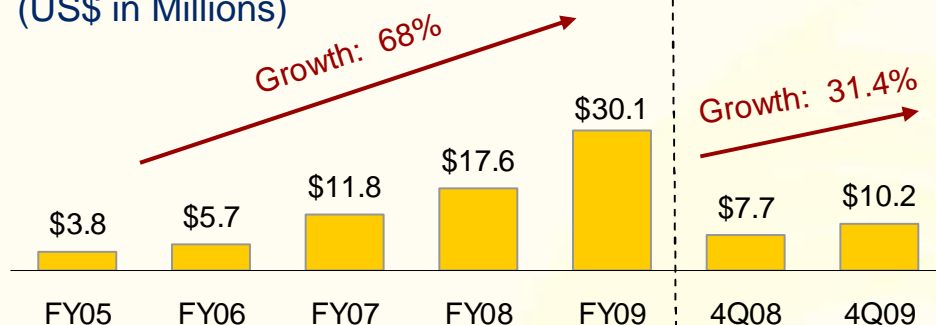
Strong and Consistent Financial Growth Performance

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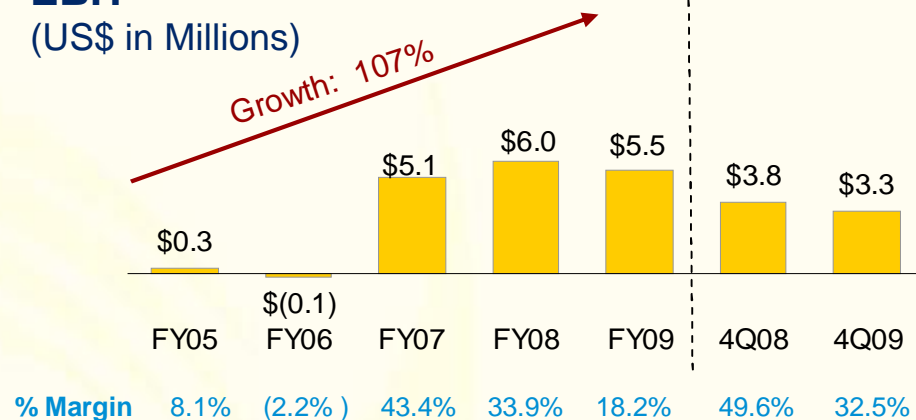


CDEL has experienced rapid and sustainable growth in enrollments, which has driven our strong and consistent financial performance

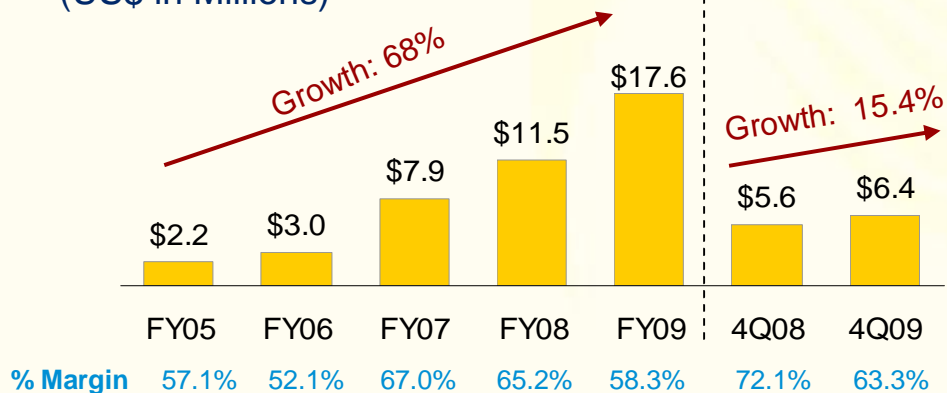
Net Revenues (US\$ in Millions)



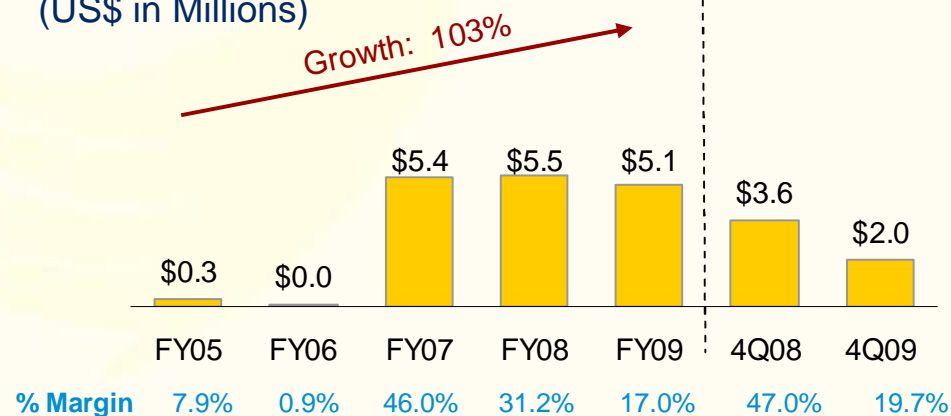
EBIT (US\$ in Millions)



Gross Profit (US\$ in Millions)



Net Income (US\$ in Millions)



Note: Before share-based compensation (i.e. non-GAAP) figures are shown for FY08, FY09, 4Q08 and 4Q09

Quarterly Financial Performance

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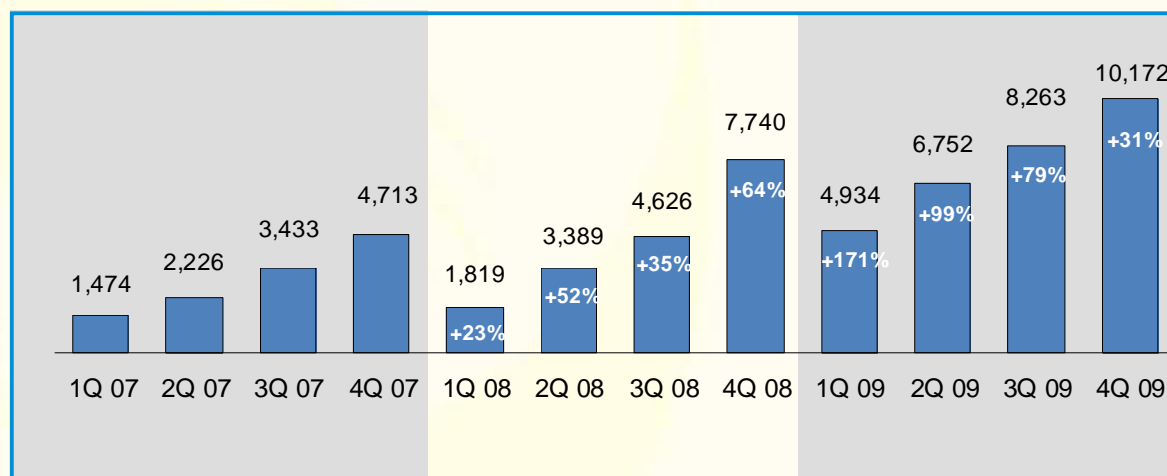
Our seasonality is primarily caused by exam dates, with Q3 and Q4 comprising a substantial portion of revenue

Key Test Dates (Typical)

	Q1	Q2	Q3	Q4
Quarter Ended:	Dec	Mar	Jun	Sept
Entry, Intermediate & Advanced Level APQE			May	Sep
CPA				Sep
Healthcare			May	Sep
Legal				Sep
Self-Taught Learners	Oct	Jan	Apr	July

Revenues

(US\$ in Thousands) (% Growth Y-o-Y)



Gross Margin

47% 58% 69% 76% 44% 64% 63% 72% 58% 57% 53% 63%

Net Margin

(12%) 26% 50% 70% 1% 22% 24% 47% 9% 20% 16% 20%

Note: Before share-based compensation (i.e. non-GAAP) figures are shown for 3-4Q FY08 and 1-4Q FY09.

Summary Balance Sheet and Cash Flow Statement

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Balance Sheet Summary

(US\$ in Millions)

Assets	FY07	FY08	FY09
Cash and Cash Equivalents	\$7.1	66.2	57.4
Receivables	0.1	0.7	7.2
Inventories	0.1	0.2	0.3
Net PP&E	4.8	7.1	7.9
Other Assets	7.9	11.1	20.2
Total	\$20.0	\$85.3	\$93.0

Liabilities and Shareholders' Equity

	FY07	FY08	FY09
Accrued Expenses	\$1.0	3.0	4.5
Deferred Revenues	2.5	3.8	7.9
Refundable Fees	1.9	4.7	1.8
Bank Debts	0.8	0.0	0.0
Other Liabilities	0.1	1.0	1.9
Preferred Shares	0.9	0.0	0.0
Shareholders' Equity	12.8	72.8	73.9
Total	\$20.0	\$85.3	\$92.9

Cash Flow Summary

(US\$ in Millions)

	FY07	FY08	FY09
Cash Flow from Operating Activities	\$7.0	\$9.1	\$1.6
Capital Expenditures	(4.1)	(2.4)	(2.3)
Cash Flow from Financing Activities	3.2	52.5	(0.1)



Flexible Deployment of Cash, Strong Balance Sheet to Support Expansion

- ✓ Strong balance sheet to support future acquisitions and business expansion
- ✓ Raised US\$52.50 million in IPO in July 2008
- ✓ Deployed US\$3.9 million in share repurchase during the first three quarters
- ✓ Invested US\$5.3 million and approximately US\$2.3 million in acquisitions
 - Acquired Yucai – a business start-up training service provider – in February 2009
 - Acquired minimum 60% stake in holding company established to acquire Zhejiang Xinlixiang
- ✓ Low capex nature – FY capex: US\$2.3 million



**1Q10 revenue expected in the range of \$5.0 million to \$6.0 million,
1.3% to 21.6% y-o-y growth**

Thank You



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