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# Company Presentation

NYSE Arca: DL



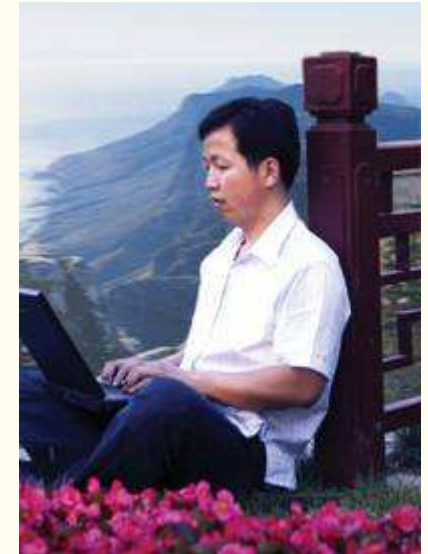
November 2008



**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 prospectus 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.**
















- ❖ Founded in 2000 with focus on online professional education
- ❖ We offer an extensive content library targeting a diverse customer base
  - 14 websites covering 13 subjects
  - 161 courses offerings
  - 1,591 classes
  - Over 10,000 hours of audio-video course content
- ❖ Strong brands with nationwide recognition
- ❖ > 743,000 course enrollments in FY 2008
- ❖ Our Mission: To establish a lifelong and comprehensive on-line learning eco-system
- ❖ Listed on NYSE Arca: DL



# Our Diverse Course Offerings

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<p><b>Online Professional Test Preparation Courses</b></p>	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p><b>Accounting</b></p> </div> <div style="text-align: center;">  <p><b>Healthcare</b></p> </div> <div style="text-align: center;">  <p><b>Law</b></p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">  <p><b>Construction Engineering</b></p> </div> <div style="text-align: center;">  <p><b>Information Technology</b></p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">  <p><b>Occupational Skills Exam</b></p> </div> <div style="text-align: center;">  <p><b>Occupational Training</b></p> </div> </div>
<p><b>Online Professional Continuing Education</b></p>	
<p><b>Online Higher Education for Self-Taught &amp; Adult Learners</b></p>	<div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  <p><b>Higher Education for Self-Taught Learners</b></p> </div> <div style="text-align: center;">  <p><b>Adult Higher Education</b></p> </div> </div>
<p><b>Other Online Courses (e.g. Foreign Language)</b></p>	<div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  <p><b>Graduate School Entrance Exam</b></p> </div> <div style="text-align: center;">  <p><b>Foreign Languages</b></p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  <p><b>Primary and Secondary Education</b></p> </div> <div style="text-align: center;">  <p><b>Chinese Language</b></p> </div> </div>
<p><b>Book &amp; Reference Materials</b></p>	<ul style="list-style-type: none"> <li>❖ Sell books and reference materials relating to various courses and exams</li> </ul>
<p><b>Other</b></p>	<ul style="list-style-type: none"> <li>❖ Provide course production services on a contractual basis</li> <li>❖ Provide in person professional training for “Big 4” accounting firms</li> </ul>

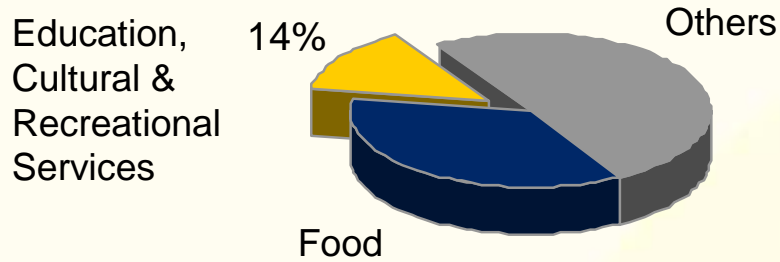


- 1. Huge Addressable Market with Rapid Growth Potential**
- 2. Leading Online Education Provider in China with the Highest Enrollment**
- 3. High-Quality Courses and Superior Support and Services for Course Participants**
- 4. Strong Brand with Nationwide Recognition**
- 5. Diverse Course Offerings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

# Huge Education Market Potentials in China

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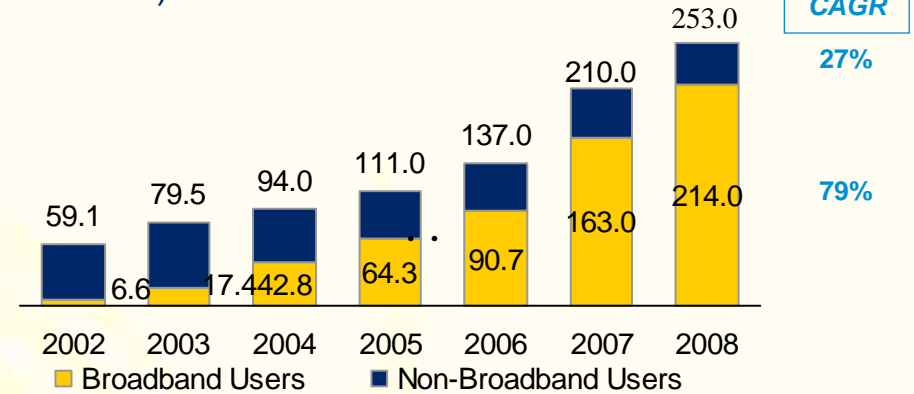
## 2006 China Urban Consumer Spending



**US\$1,240 Per Capita**  
2000 – 2006 CAGR: 10%

Source: NBSC.

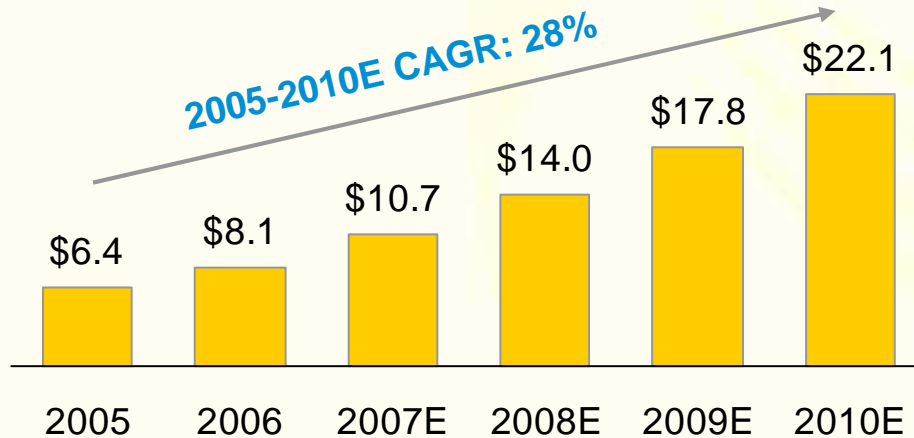
## China's Internet Users (in Millions)



Source: CNNIC.

Note: All December year-end numbers.

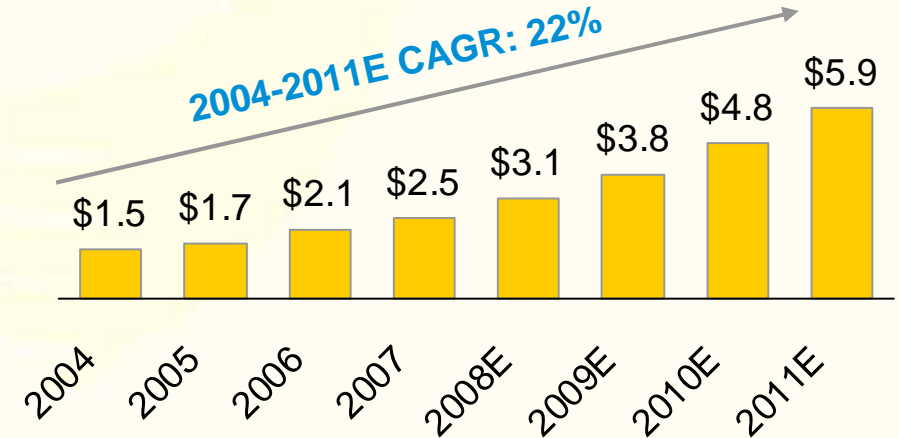
## China Prof. Education & Test Prep Market Size (US\$ in Billions)



Source: CCID Report.

Note: USD/RMB exchange rate of 7.0 assumed for conversion.

## China Online Education Market Size (US\$ in Billions)

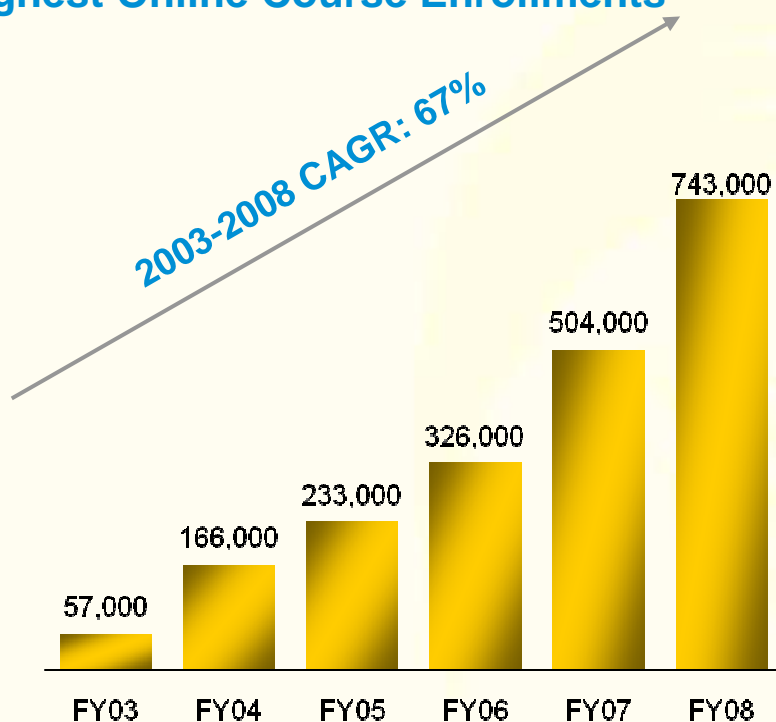


Source: 2008 iResearch Report.




- ❖ CDEL is the leading provider of online education in China focusing on professional education <sup>(1)</sup>
- ❖ chinaacc.com is the largest online professional accounting education provider in China <sup>(2)</sup>

## Highest Online Course Enrollments



## Largest On-line Education Provider in China <sup>(1)</sup>

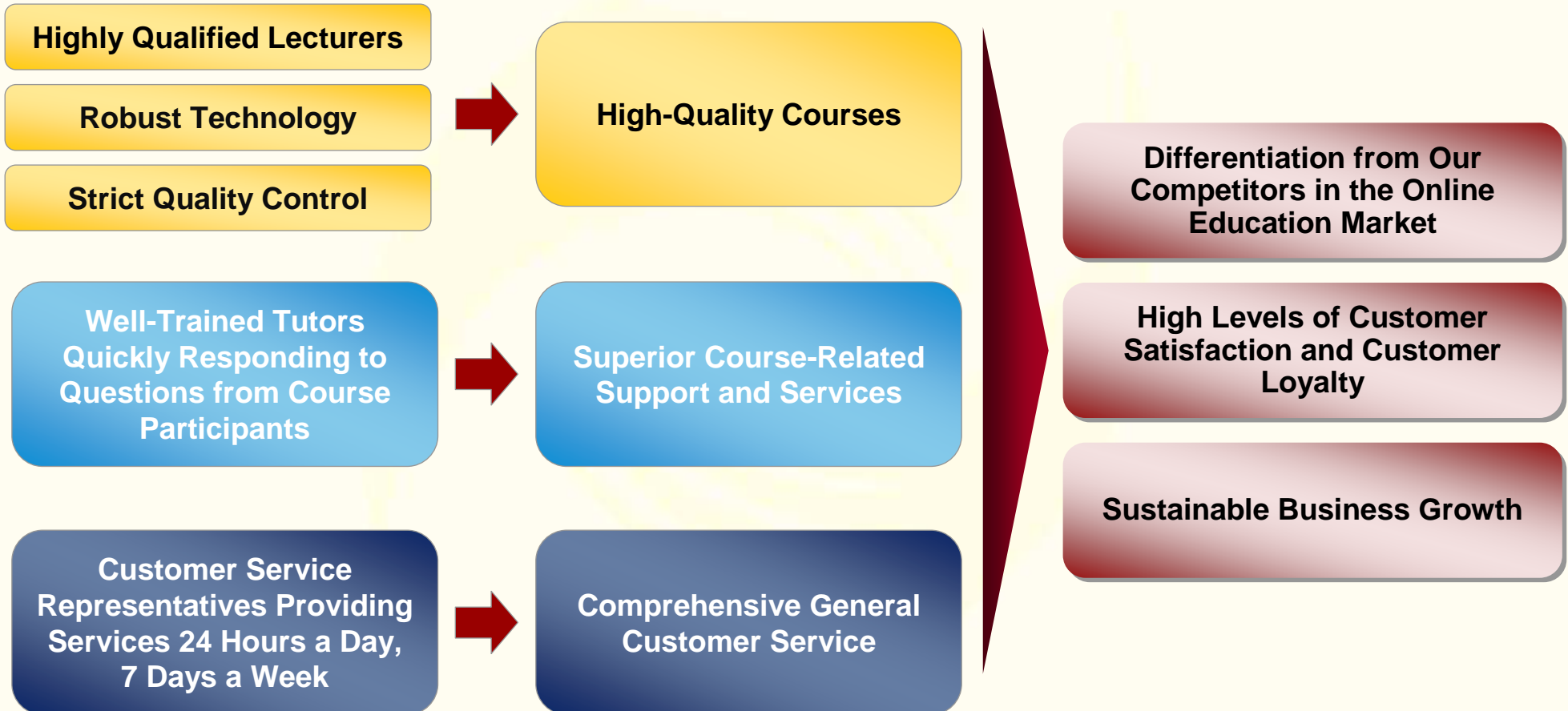
Rank	Enrollments	Course Focus
#1 	≥ 500,000	Covering 13 subject areas, including accounting, legal, healthcare etc.
#2	≥ 200,000	Primary, secondary, and post-secondary education
#3	≥ 20,000	Accounting
#4	≥ 20,000	Construction engineering, accounting and healthcare etc.
#5	≥ 10,000	Foreign languages

Source: 2008 iResearch.

(1) As measured by total number of course enrollments in 2007, according to 2008 iResearch and 2008 CCID reports commissioned by CDEL.

(2) As measured by total number of course offerings and course enrollments in 2007, according to 2008 iResearch and 2008 CCID reports commissioned by CDEL.

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



# Strong Brands with Nationwide Recognition

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We are one of the most recognized online education and test preparation brands in China, and "Chinaacc" is a leading educational brand in China's accounting industry



Accounting



Higher Education for Self-taught Learners



Law



Adult Higher Education



Primary and Secondary Education



Foreign Languages



Chinese Language



Healthcare



Graduate School Entrance Exam



Construction Engineering



Information Technology



Occupational Skills Exam



Occupational Training

## Award Winning Brand Recognition



"2007 Ten Best Educational Companies"  
(sohu.com)



"2007 Most Popular Professional Training Brands with Internet Users"  
(sohu.com)



"2007 Education Company that Best Serves the Needs of Course Participants"  
(sina.com and China Association Professional Education and Employment)



"2007 Top Ten Education Companies"  
(80 major Chinese media companies, including China Education and china.com)



## Summary of Our Current Course Offerings As of Sep 30, 2008

Subject Area	Year Introduced	Number of Courses Offerings	Number of Classes
Accounting	2001	15	286
Healthcare	2005	28	418
Construction Engineering	2005	10	108
Law	2003	4	146
Information Technology	2006	18	48
Higher Ed for Self Taught Learners	2005	60	343
Foreign Languages	2005	9	73
Graduate School Entrance Exams	2004	4	36
Adult Higher Education	2005	2	22
Primary and Secondary Schools	2006	6	57
Occupational Skills Exams	2007	5	54
<b>Total</b>		<b>161</b>	<b>1,591</b>

**CDEL has over 10,000 hours of audio-video content**

## Class Types

Regular Classes

Premium Classes

Elite Classes

❖ **All Regular, Premium and Elite Classes are Comprised of the Following Four Types**

Foundation Classes

Intensified Focus Classes

Exam Questions Analysis Classes

Crash-Course Classes

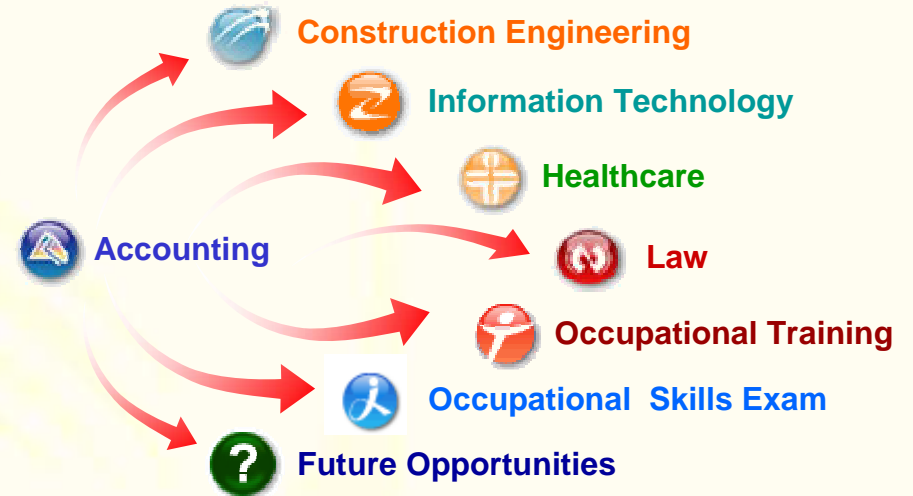
## Scalable – Significant Operating Leverage

- ❖ 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 to replicate the success gained to other cities

## Courses Offerings



## Geographic



# Experienced and Stable Management Team

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

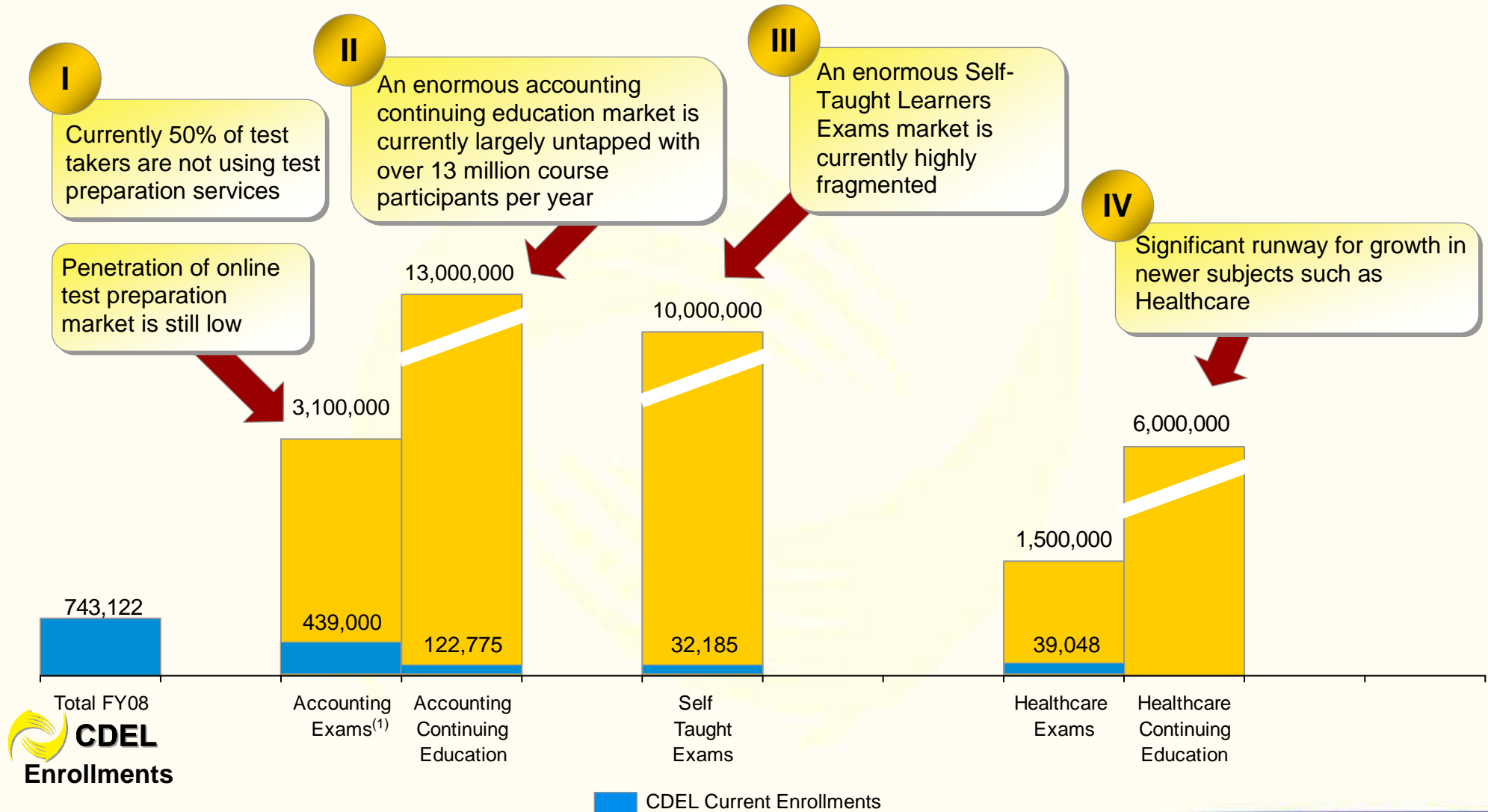
**Stable management team working together since inception**

# Large Expansion Opportunity in Existing Courses

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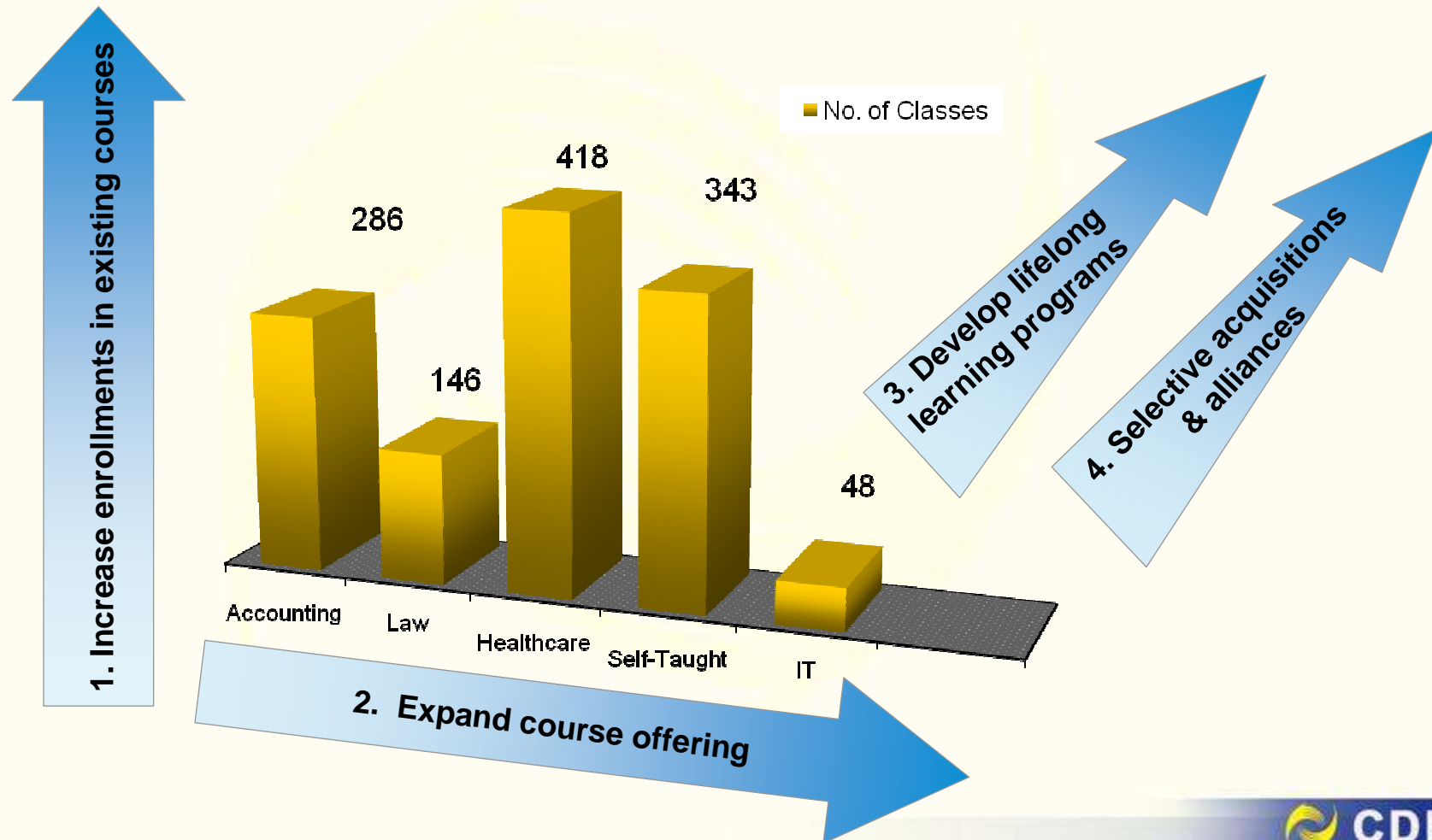


## CDEL's Enrollments vs. Annual Participants in Selected Courses





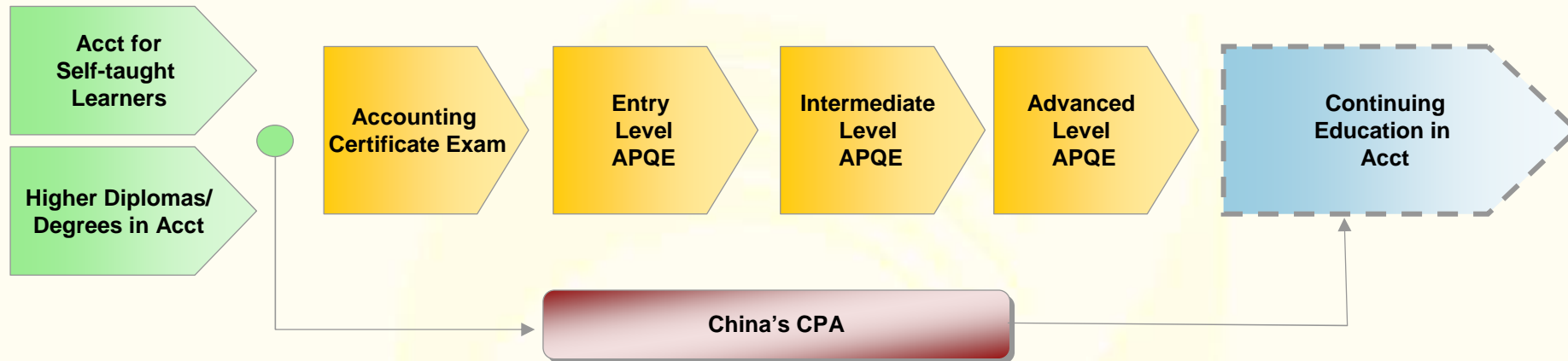
A multi-pronged strategy combining increasing enrollments in existing courses, expanding course offering to increase course enrollments, developing lifelong programs and pursuing selective acquisitions and alliances





## Example: Lifelong Education in Accounting Industry

Offer courses required for / related to qualification exams



- ❖ The continuing education program has been accredited by 23 provinces and regions to provide accounting continuous education courses.
- ❖ We will continue to develop cooperative arrangement with a number of local government authorities in China to be a recognized credit provider of:
  - Higher education for self-taught learners
  - Accounting continuing education

**Providing lifelong education programs increases our course participants' lifetime revenues to us, and also further solidifies our leadership position in online education**

# Strong and Consistent Financial Growth Performance

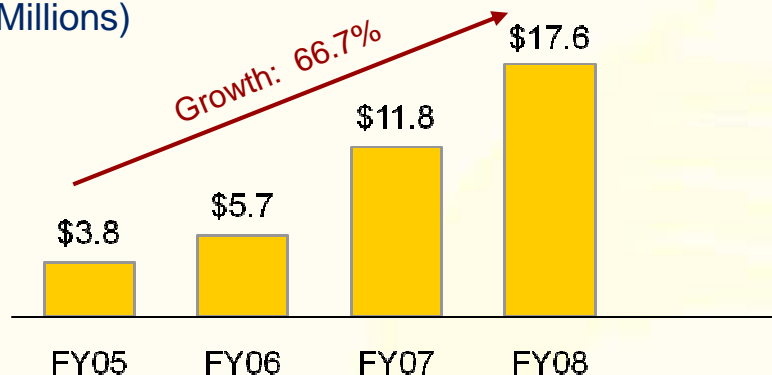
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CDEL has experienced rapid and sustainable growth in enrollments, which has driven our strong and consistent financial performance

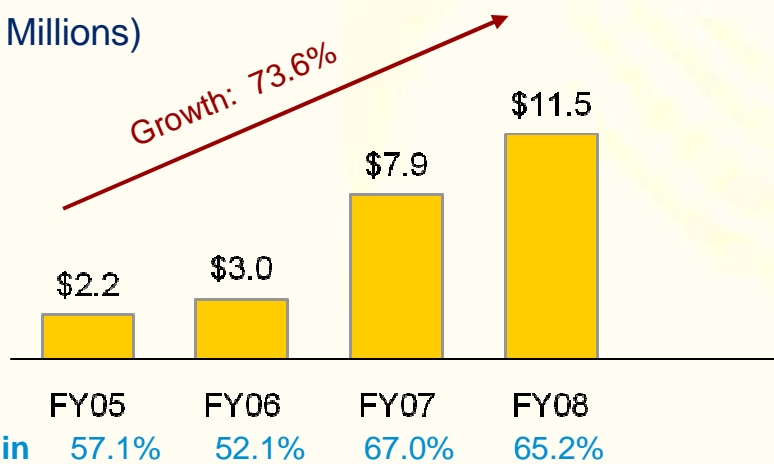
## Net Revenues

(US\$ in Millions)



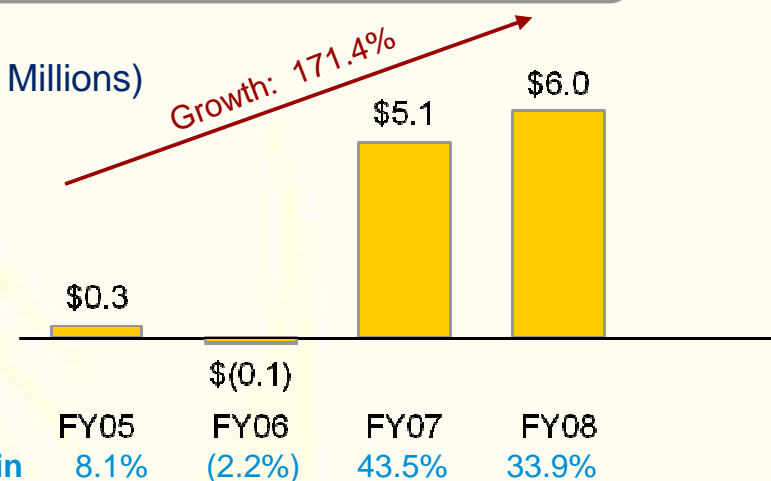
## Gross Profit

(US\$ in Millions)



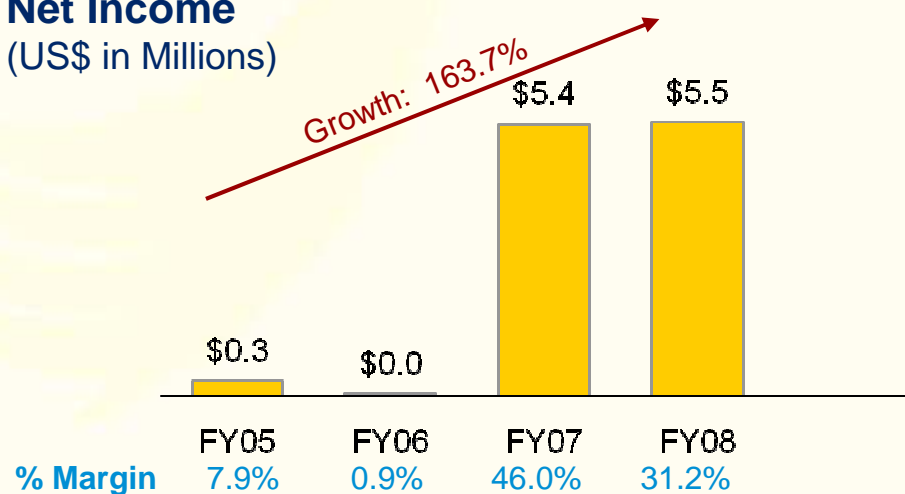
## EBIT

(US\$ in Millions)



## Net Income

(US\$ in Millions)



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

# Quarterly Financial Performance

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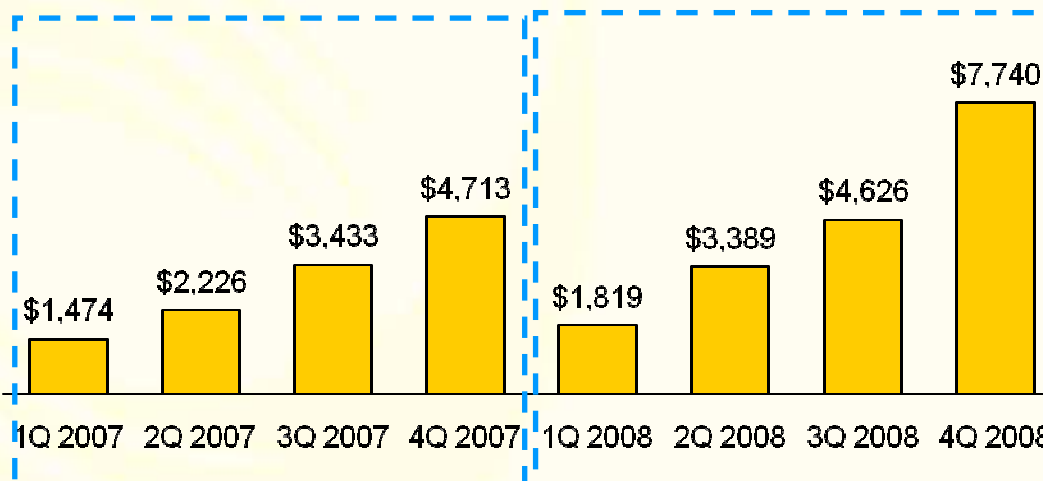
Our seasonality is primarily caused by exam dates, with Q3 and Q4 comprising a substantial portion of revenue

## 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)



## Gross Margin

47% 58% 69% 76% 44% 64% 63% 72.1%

## Net Margin

(12%) 26% 50% 70% 1% 22% 23% 47.0%

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

# Summary Balance Sheet and Cash Flow Statement

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## Balance Sheet Summary

(US\$ in Millions)

<b>Assets</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>
Cash and Cash Equivalents	\$0.7	\$7.1	66.2
Receivables	0.0	0.1	0.7
Inventories	0.0	0.1	1.8
Net PP&E	1.7	4.8	7.1
Other Assets	1.6	7.9	9.5
<b>Total</b>	<b>\$4.0</b>	<b>\$20.0</b>	<b>\$85.3</b>
<b>Liabilities and Shareholders' Equity</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>
Accrued Expenses	\$0.8	\$1.0	3.0
Deferred Revenues	1.8	2.5	3.9
Refundable Fees	0.1	1.9	4.7
Bank Debts	0.4	0.8	0.0
Other Liabilities	0.2	0.1	1.0
Preferred Shares	0.0	0.9	0.0
Shareholders' Equity	0.7	12.8	72.7
<b>Total</b>	<b>\$4.0</b>	<b>\$20.0</b>	<b>\$85.3</b>

## Cash Flow Summary

(US\$ in Millions)

	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>
Cash Flow from Operating Activities	\$1.4	\$7.0	\$9.1
Cash Flow from Investing Activities	(1.0)	(3.9)	(3.1)
Capital Expenditures	(0.3)	(3.2)	(1.8)
Cash Flow from Financing Activities	(0.8)	3.2	52.5
Free Cash Flow	0.3	3.0	2.5

Note: Free Cash Flow defined as EBIT \* (1-tax) + D&A + Non-cash adjustments + Cash Flow from Investing Activities.

# Thank You



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