

## China Education Resources Inc.

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Dear Shareholder:

I hope that all of you have by now received the press release sent out last Thursday on the launch of CEREM, our education based instant messaging system. We have received a considerable number of phone calls and emails from shareholders and other interested parties about what CEREM really means for the company and how it fits into our strategy.

I thought I would take this opportunity to explain in my own words how CEREM will be an important contributor to our future success.

First, CEREM stands for China Education Resources Education Messenger. We call it EM (Education Messenger). EM is China's first vertical instant messaging utility. It was specifically developed for and is targeted at China's vast K-12 education sector which is comprised of 12,000,000 teachers and 230,000,000 students! It was launched at the beginning of the month in beta form with the 16,000 teachers currently enrolled in our training program. These teachers are using EM on their computers and the reaction has been exceptionally good. EM is much more than instant messaging. It is also an education tool which allows teachers and students to access education resources e.g. lessons, homework, reference materials, customized lesson plans etc. A unique feature of EM is that it will direct selected information into the user's personal ePortfolio which is a life long record of educational activity allowing teachers to monitor the progress of individual students as they go through the education system. As you may know, CER is committed to becoming the world's largest provider of ePortfolios and EM will play a big role in adding richness to the content of ePortfolios for both students and teachers. Basically, EM will improve education by greatly facilitating the dissemination of educational resources to teachers and students. And that is just the first iteration of EM. Future versions will be designed for use by education administrators, government officials, and parents of students. I have attached a summary of EM which more fully describes its functions. While it is very important as an educational tool, EM also allows any user to communicate with any other user, thereby creating a social network of like-minded people. In fact, we are developing EM to read a user's personal profile and automatically build networks for them that are populated by subject matter experts in their teaching fields as well as teachers who work in the same subject areas.

Our portal ([www.cersp.com](http://www.cersp.com)) is well on its way toward becoming the most active learning portal in the world. As you may be aware, our recent teacher training programs have seen the portal support the downloading of well over 30 Terabytes of learning materials.

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We plan to increase EM's user base by giving the users of our portal access to EM. This will lead to the development of a very large on-line community and social network which many companies and individuals will want access to.

A question which many shareholders have asked is how EM will generate revenues for CER. Initially, the basic version of EM is being offered at no charge. In time, as we train more teachers and increase the user base on our portal, we will charge fees for special features. (I have attached a summary of EM which more fully describes its functions.) At this point, I would like to say that this is a brand new product and that with every new product, it will take time to gain market acceptance. The initial reaction has been very good and in the not too distant future, EM will be a big part of our business. There are already precedents in China. A number of general i.e. non-sector specific instant messaging companies are doing very well. The users of these instant messaging tools have no reason other than convenience to use these services. We, on the other hand, are education-focused and given the importance of education in China, we think that this will be a powerful motivator for people to use EM and become part of a large education-based social network.

Thank you for your support. I believe that the coming months and years will be very successful ones for the company.

Yours truly,

**CHINA EDUCATION RESOURCES INC.**

CF. Zhou  
Chairman & CEO